



2023年 人民币国际化报告

2023 RMB INTERNATIONALIZATION REPORT

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KEY ABBREVIATIONS

AMCM	Monetary Authority of Macao
BIS	Bank for International Settlements
CFETS	China Foreign Exchange Trade System
CIBM	China Interbank Bond Market
CIPS	Cross-border Interbank Payment System
CPC	Communist Party of China
CSRC	China Securities Regulatory Commission
FX	Foreign Exchange
GBA	Guangdong-Hong Kong-Macao Greater Bay Area
HIBOR	Hong Kong Interbank Offered Rate
HKMA	Hong Kong Monetary Authority
HKSF	Hong Kong Securities and Futures Commission
HKEX	Hong Kong Exchanges and Clearing Limited
IMF	International Monetary Fund
MAS	Monetary Authority of Singapore
MOFCOM	Ministry of Commerce
NAFR	National Administration of Financial Regulation
NDRC	National Development and Reform Commission
PBOC	People's Bank of China
SAFE	State Administration of Foreign Exchange
SAR	Special Administrative Region
SDR	Special Drawing Right
SHIBOR	Shanghai Interbank Offered Rate
SWIFT	Society for Worldwide Interbank Financial Telecommunications



PART ONE

Executive Summary

Since 2022, following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the People's Bank of China (PBOC) has resolutely implemented the decisions and arrangements of the Communist Party of China (CPC) Central Committee and the State Council. Pursuing progress while ensuring stability, the PBOC has committed to reform and opening up for mutual benefit, coordinated development and security, and promoted RMB internationalization in an orderly manner to serve the creation of a new development dynamic and promote high-quality development. The internationalization of the RMB has been advancing steadily, presenting a series of new progress and changes.

The Capacity of Cross-border RMB Business to Serve the Real Economy Has Been Enhanced. The institutional arrangements of cross-border RMB business have been improved, accompanied by the strengthening of the RMB and foreign currency policy synergies. In addition, the self-generated momentum of business entities to use cross-border RMB settlement to hedge currency mismatch risks has also been enhanced. In 2022, the total amount of cross-border RMB settlement made by banks on behalf of their clients was RMB 42.1 trillion yuan, a year-on-year (yoy) increase of 15.1%. The amount of cross-border RMB settlement of trade in goods accounted for 18.2% of total cross-border settlement of trade in goods during the same period. In the first nine months of 2023, the cross-border RMB settlement amounted to RMB 38.9 trillion yuan, a yoy increase of 24%. The cross-border RMB settlement of trade in goods accounted for 24.4% of total cross-border settlement of trade in goods, up by 7 percentage points compared with the same period last year, recording the highest level in recent years.

The Financing Currency Function of the RMB Has Improved. With the successive introduction of policies on overseas lending by domestic banks and domestic bond issuance by overseas institutions, the environment for RMB investment and financing has continued to improve. At the end of 2022, the outstanding amount of RMB international debt securities published by the Bank for International Settlements (BIS)

was 173.3 billion dollars, rising to seventh in ranking, up two places yoy. According to the statistics of the Society for Worldwide Interbank Financial Telecommunication (SWIFT), the RMB's share in global trade finance was 3.91% at the end of 2022, up by 1.9 percentage points yoy, ranking third. The share rose to 5.8% in September 2023, up 1.6 percentage points yoy, moving up to second.

Trading in Offshore RMB Markets Became More Active. In 2022, The PBOC and the Hong Kong Monetary Authority (HKMA) signed a standing swap agreement and expanded the size of the arrangement, which further deepened the financial cooperation between mainland China and the Hong Kong Special Administrative Region (SAR). Since 2022, new RMB clearing banks have been established in Laos, Kazakhstan, Pakistan, and Brazil successively, enabling the consistent optimization of overseas RMB clearing network. At the end of 2022, the RMB deposit balance in major offshore markets was about RMB 1.5 trillion yuan, returning to a record high. The BIS 2022 survey showed that the share of the RMB used in foreign exchange transactions in the global markets increased from 4.3% to 7% in the past three years, ranking up to fifth from eighth.

In the next stage, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC will thoroughly implement the guidelines of the 20th National Congress of the CPC, and promote RMB internationalization in an orderly manner with a market-oriented approach and leaving choices to enterprises. Focusing on trade and investment facilitation, the PBOC will further improve the institutional and infrastructure arrangements for cross-border RMB investment and financing as well as transaction settlement, accelerate the transition of financial markets towards institutional opening-up, and build a more favorable investment environment. The PBOC will deepen bilateral currency cooperation, support the healthy development of offshore RMB markets, and facilitate a virtuous cycle of RMB usage between onshore and offshore markets. Meanwhile, the PBOC will improve the macroprudential management framework for cross-border capital flows integrating the RMB and foreign currencies, and enhance the capabilities of risk prevention and control while pursuing opening-up, thereby defending the bottom line whereby no systemic risks will occur.

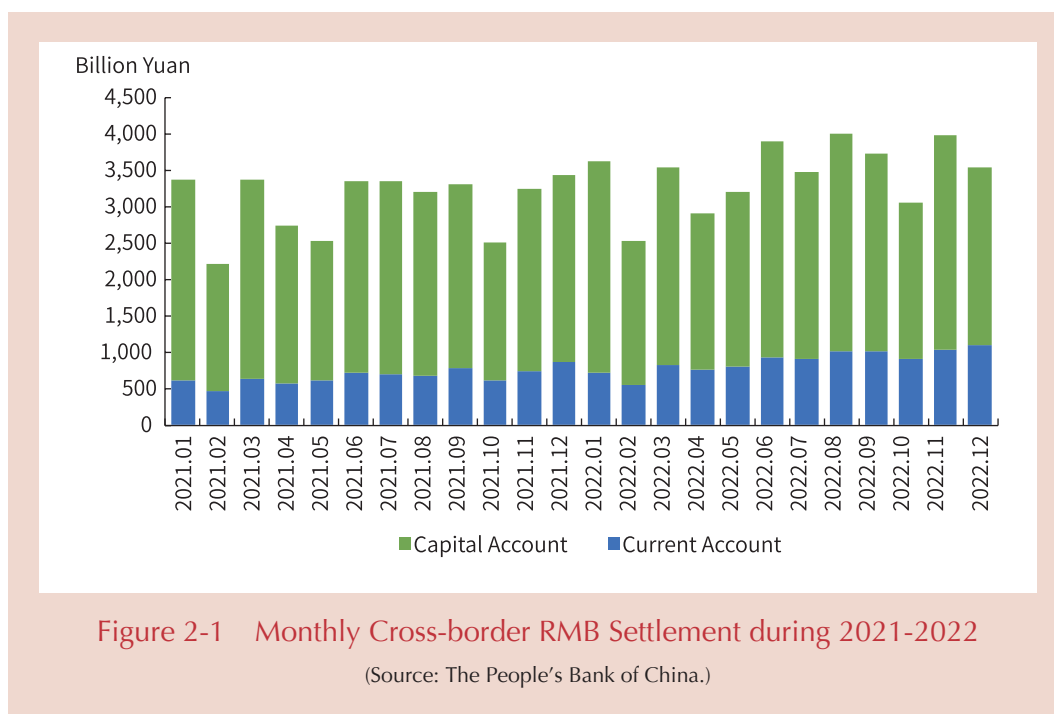
PART TWO

International Use of the RMB Since 2022

Since 2022, the cross-border use of the RMB has continued to grow steadily. The share of the RMB in total cross-border settlement has further increased, and the overall balance of payments and receipts has been maintained.

I. Cross-border Use of the RMB

In 2022, the total amount of cross-border RMB settlement was RMB 42.1 trillion yuan, a yoy increase of 15.1%. Receipts totaled RMB 20.5 trillion yuan, a yoy increase of 10.9%, while payments totaled RMB 21.6 trillion yuan, a yoy increase of 19.5%. The ratio of receipt-to-payment was 1:1.05. In the first nine months of 2023, the amount of cross-border RMB settlement was RMB 38.9 trillion yuan, a yoy increase of 24.4%. According to the statistics of SWIFT, the RMB's share as a global payments currency stood at 2.15% in December 2022. This share has risen every month since February 2023 to hit 3.71% in September 2023, and remained fifth.



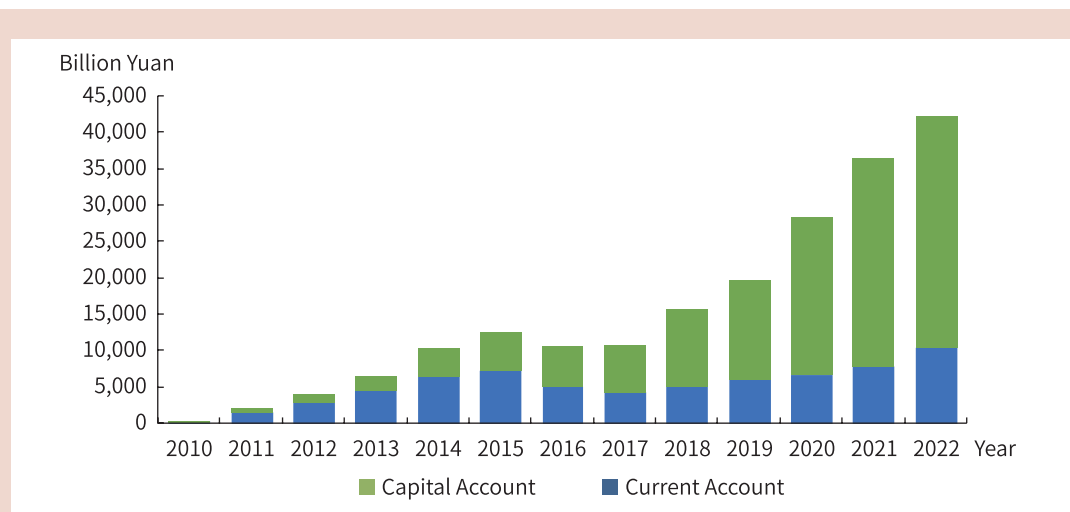


Figure 2-2 Annual Cross-border RMB Settlement during 2010-2022

(Source: The People's Bank of China.)

Box 1 Currency Internationalization Composite Index

The PBOC set up a composite index for assessing the status of currency internationalization by referencing other currency internationalization indices and indicators used in the SDR review. At the end of 2022, the RMB internationalization composite index was 3.16, a yoy increase of 5.9%. During the same period, the index of major international currencies, namely the USD, the EUR, the GBP, and the JPY was 58.3, 22.18, 7.73, and 5.24 respectively. At the end of the first quarter of 2023, the RMB internationalization composite index was 3.26, a yoy increase of 10.2%. During the same period, the index of major international currencies, namely the USD, the EUR, the GBP, and the JPY was 57.68, 22.27, 7.66, and 5.48 respectively.

Table 2-1 The Currency Internationalization Composite Index Indicators

Primary Indicators	Secondary Indicators	Data Source
Payment	Share in Global Payment	SWIFT
Investment	Share in International Banking Sector's External Liabilities	BIS, State Administration of Foreign Exchange (SAFE)
	Share in Global Foreign Exchange Turnover	BIS

continued

Primary Indicators	Secondary Indicators	Data Source
Investment	Share in Foreign Exchange Spot Trading	SWIFT
	Share in Interest Rate Derivatives Market	BIS
Financing	Share in Global Trade Financing	SWIFT
	Share in International Banking Sector's External Claims	BIS, SAFE
	Share in International Bond Issuance	BIS
Reserve	Global Foreign Exchange Reserve Currency Composition	IMF

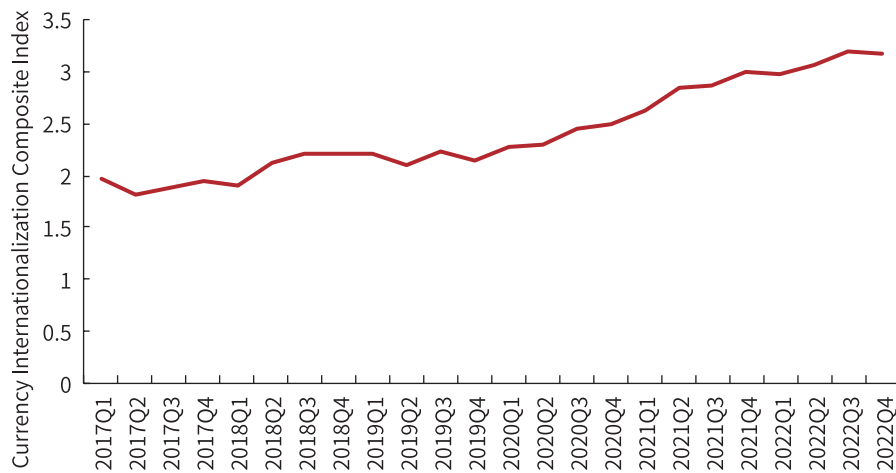


Figure 2-3 The Steady Uptrend of the International Status of the RMB

(Source: Society for Worldwide Interbank Financial Telecommunications, Bank for International Settlements, International Monetary Fund, and State Administration of Foreign Exchange.)

Shanghai, Beijing, and Shenzhen continued to rank top 3 in terms of cross-border RMB settlement volume. In 2022, they each accounted for 46.4%, 21.4%, and 7.8% of the total cross-border RMB settlement nationwide. In 2022, there were 18 provinces (autonomous regions and municipalities directly under the central government) each having cross-border RMB settlement over RMB 200 billion yuan. 8 border provinces and autonomous regions shared aggregated RMB settlement of RMB 881.62 billion

yuan, a yoy increase of 40.1%. In the first nine months of 2023, Shanghai, Beijing, and Shenzhen accounted for 43.6%, 20.9%, and 8.3% of the total RMB cross-border settlement nationwide, respectively.

Table 2-2 Cross-border RMB Settlement by Region in 2022

Unit: billion yuan, %

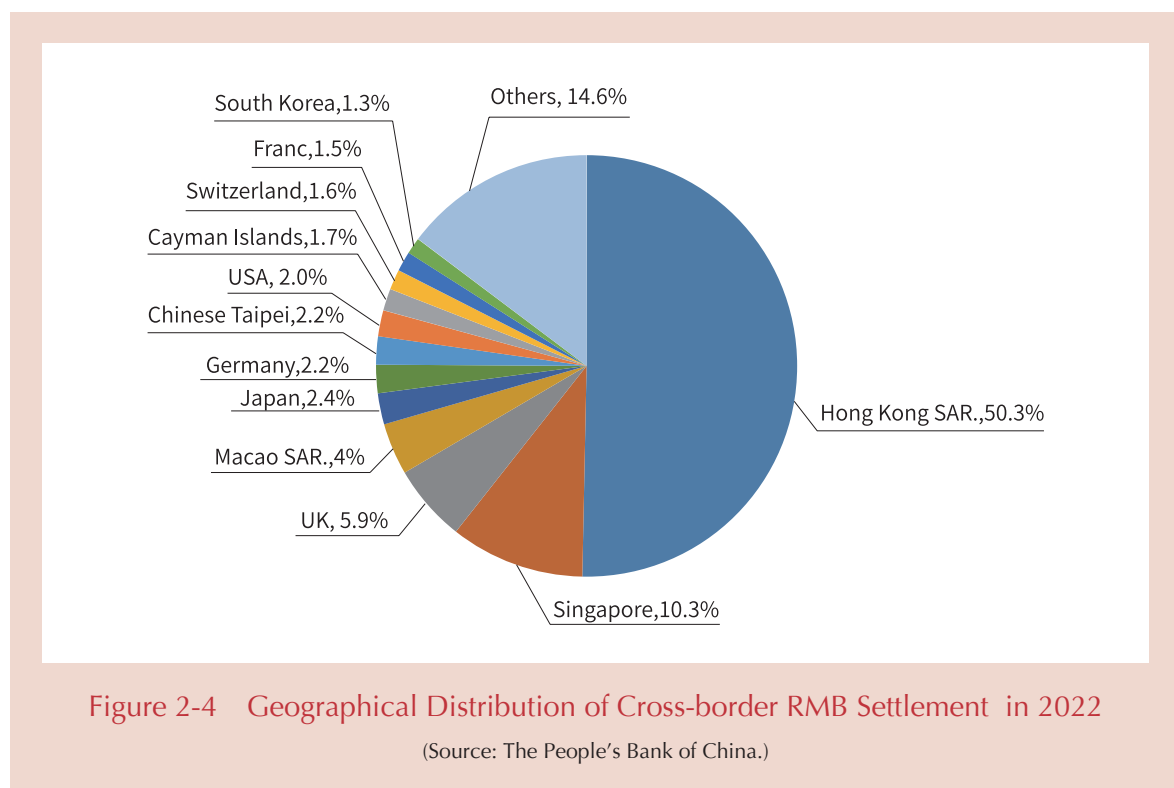
Ranking	Region	Current Account	Capital Account	Total	Share
1	Shanghai	2,263.84	17,270.39	19,534.23	46.4
2	Beijing	1,367.40	7661.13	9,028.53	21.4
3	Shenzhen	1,096.79	2,178.78	3,275.57	7.8
4	Guangdong	1,328.21	1,300.97	2,629.18	6.2
5	Jiangsu	922.66	633.89	1,556.55	3.7
6	Zhejiang	749.07	459.60	1,208.67	2.9
7	Fujian	142.09	457.60	599.69	1.4
8	Shandong	316.05	168.37	484.42	1.1
9	Tianjin	190.25	151.66	341.91	0.8
10	Chongqing	276.99	49.03	326.02	0.8
	Others	1,863.84	1,297.40	3,161.24	7.5
	Total	10,517.19	31,628.82	42,146.01	100.0

Source: The People's Bank of China.

In 2022, cross-border RMB settlement between mainland China and the Hong Kong SAR accounted for 50.3% of the total amount, ranking first. Singapore (10.3%), the United Kingdom (5.9%), and the Macao SAR (4.0%) ranked from second to fourth. The settlement of the top 10 countries and regions accounted for 82.5% of the total cross-border RMB settlement, up from 77.8% in 2021.

In 2022, cross-border RMB settlement between China and BRI (Belt and Road Initiative) participating countries registered RMB 7.1 trillion yuan, a yoy increase of 4.4%, accounting for 16.9% of the total cross-border RMB settlement. Among them, RMB 2.3 trillion yuan was for trade in goods, a yoy increase of 75.7%; RMB 230.75 billion yuan was for service trade, a yoy increase of 35.4%; and RMB 780.79 billion yuan was for direct investment, a yoy increase of 13.9%. In the first nine months of 2023, cross-border RMB settlement between China and BRI participating countries

totaled RMB 6.5 trillion yuan, a yoy increase of 19%, accounting for 16.7% of the total cross-border RMB settlement.



By the end of September 2023, China had signed bilateral local currency swap agreements with 30 BRI participating countries and established RMB clearing arrangements in 17 BRI participating countries.

II. Use of the RMB in Current Account Transactions

In 2022, cross-border RMB settlement under the current account grew by 32.3% yoy to RMB 10.5 trillion yuan, of which the receipts amounted to RMB 5.5 trillion yuan, increasing by 53.4% yoy, and the payments reached RMB 5 trillion yuan, increasing by 14.8% yoy. In 2022, the cross-border RMB settlement under the current account comprised 20.7% of the total cross-border settlement. In the first nine months of 2023, the cross-border RMB settlement volume under the current account increased by 35.3% yoy to RMB 10.2 trillion yuan.

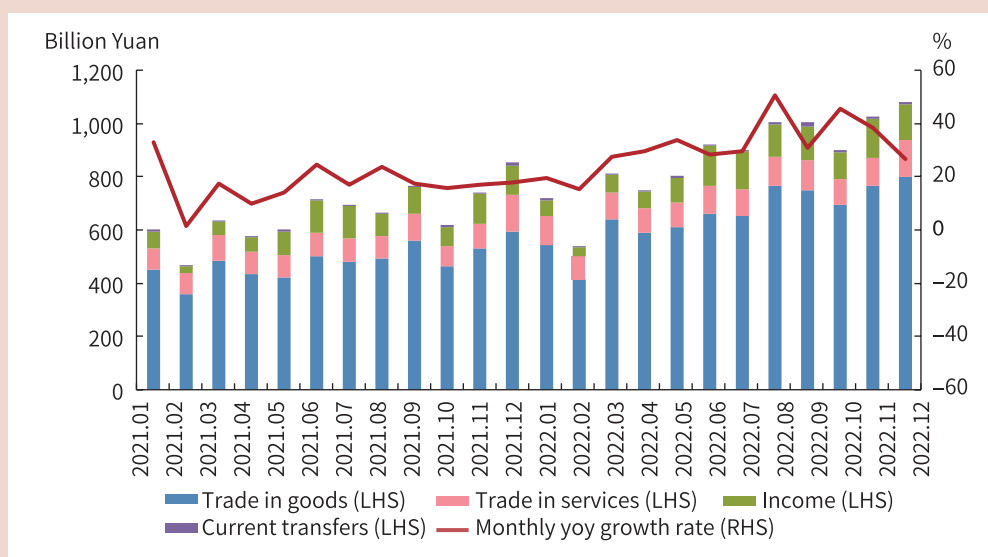


Figure 2-5 Monthly Cross-border RMB Settlement under Current Account during 2021-2022

(Source: The People's Bank of China.)



Figure 2-6 Share of Cross-border RMB Settlement under Current Account during 2021-2022

(Source: The People's Bank of China.)

1. Trade in Goods

In 2022, the total amount of the cross-border RMB settlement of trade in goods reached RMB 7.9 trillion yuan, a yoy increase of 37.2%, accounting for 18.2% of the total cross-border settlement of trade in goods during the same period, 3.5 percentage points

higher than that in 2021. Among them, the cross-border RMB settlement of general trade reached a value of RMB 5 trillion yuan, a yoy increase of 30.3%, while that of imported materials processing trade reached RMB 1.5 trillion yuan, a yoy increase of 52.7%. In the first nine months of 2023, the cross-border RMB settlement of trade in goods amounted to RMB 7.7 trillion yuan, a yoy increase of 36.6%, accounting for 24.4% of the total cross-border settlement of trade in goods during the same period, 6.2 percentage points higher than 2022.

2. Trade in Services

In 2022, cross-border RMB settlement of trade in services totaled RMB 1.2 trillion yuan, a yoy increase of 14.8%, accounting for 25.7% of total cross-border trade in services, 1.4 percentage points higher than that in 2021. In the first nine months of 2023, cross-border RMB settlement of trade in services registered RMB 1.1 trillion yuan, a yoy increase of 24.5%, accounting for 31.6% of total cross-border trade in services during the same period and an increase of 5.9 percentage points over the 2022 level.

3. Income and Current Transfers

In 2022, cross-border RMB settlement of income amounted to RMB 1.3 trillion yuan, a yoy increase of 24.3%, while that of current transfers amounted to RMB 90.2 billion yuan, a yoy increase of 17.5%. Cross-border RMB settlement of income and current transfers accounted for 56.8% of the total settlement amount under this category, 5 percentage points higher than that in 2021. In the first nine months of 2023, cross-border RMB settlement of income and current transfers totaled RMB1.3 trillion yuan, a yoy increase of 37.6%, accounting for 65.1% of the total settlement amount under this category, 8.3 percentage points higher than that in 2022.

Box 2 The Capacity of Cross-border RMB Business to Serve the Real Economy Has Been Enhanced

In recent years, with the growth of China's economy and the continuous deepening of reform and opening-up, the demands for RMB cross-border payments and settlements, RMB investment and financing by domestic and foreign business entities have been increasing. The PBOC has attached great importance to the market demands and

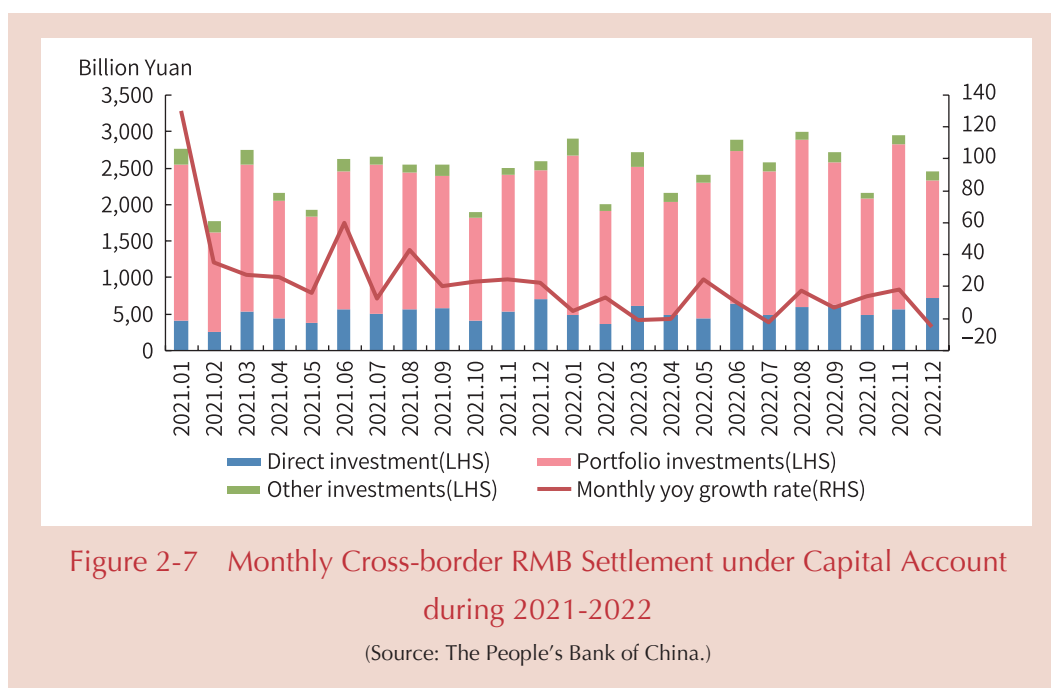
responded proactively. To serve the building of a new development dynamic and promote trade and investment facilitation, the PBOC, joined by the Ministry of Commerce (MOFCOM) and the SAFE, has been improving the institutional infrastructure for cross-border RMB settlement of trade, investment and financing, and made efforts to enhance the convenience of using the RMB in cross-border trade and investment, thereby further supporting cross-border RMB business in serving the real economy.

The PBOC, jointly with the SAFE, has enhanced the cross-border RMB policy support to new forms and models of foreign trade, including new types of offshore international trade and cross-border e-commerce, facilitating cross-border RMB settlement for new forms of offshore international trade including transit trade, global sourcing, overseas contract manufacturing, overseas procurement for construction contract, etc. The PBOC has supported and standardized the offshore lending business of banks, and prioritized the use of local currency via setting differentiated macroprudential parameters as well as encouraging the issuance of RMB loans. Working with the SAFE, the PBOC expanded the pilot cash pooling scheme integrating the RMB and foreign currency management for multinational corporations, further facilitating the integrated allocation of funds in China and abroad by multinationals. In addition, the PBOC has orderly carried out pilot schemes of facilitating RMB settlement of trade and investment at a higher level, and encouraged banks to include more high-quality enterprises and large-sized key foreign trade companies in the coverage of the facilitation measures. The PBOC has also guided banks to simplify business processes, provide high-quality cross-border RMB financial services, and improve the time-efficiency of cross-border RMB business handling. In the first nine months of 2023, the RMB's share in total cross-border settlement of trade in goods increased to 24.4%, up by 7 percentage points from the same period last year.

In the next stage, the PBOC will continue to focus on trade and investment facilitation based on a market-oriented approach by leaving choices to enterprises; further consolidate the institutional infrastructure for cross-border RMB investment and financing, and transaction settlement; continue to promote the cross-border RMB business in serving the real economy, so as to better support business entities' cross-border trade and investment in the RMB by making the RMB more convenient to use.

III. Use of the RMB in Capital Account Transactions

In 2022, cross-border RMB settlement under the capital account totaled RMB 31.7 trillion yuan, a yoy increase of 10.4%. Receipts amounted to RMB 15 trillion yuan, a yoy increase of 0.5%, while payments totaled RMB 16.7 trillion yuan, a yoy increase of 21%. Cross-border RMB settlement of direct investment, portfolio investment, and cross-border financing, accounted for 20.4%, 74.5%, and 3.1% of the total amount of settlement under the capital account, respectively. In the first nine months of 2023, cross-border RMB settlement under the capital account totaled RMB 28.8 trillion yuan, a yoy increase of 19.8%.



1. Direct Investment

In 2022, cross-border RMB settlement for direct investments amounted to RMB 6.5 trillion yuan, a yoy increase of 11.3%. Among them, the amount of outbound direct investment (ODI) settlement was RMB 1.9 trillion yuan, a yoy increase of 17%, and the amount of foreign direct investment (FDI) settlement reached RMB 4.5 trillion yuan, a yoy increase of 9.1%. In the first nine months of 2023, cross-border RMB settlement for direct investment totaled RMB 5.6 trillion yuan, a yoy increase of 19.2%.

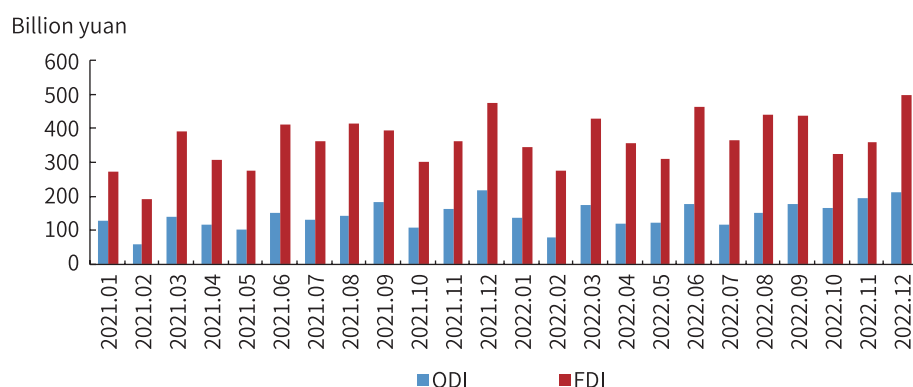


Figure 2-8 Monthly Cross-border RMB Settlement for Direct Investment during 2021-2022

(Source: The People's Bank of China.)

2. Cross-border RMB Cash Pooling Business

At the end of 2022, there was a total of 3,512 cross-border RMB cash pools nationwide. In 2022, cross-border RMB settlement under the cash pooling business amounted to RMB 4.6 trillion yuan, an increase of 20.8% yoy. In the first nine months of 2023, the cross-border RMB settlement under the cash pooling business amounted to RMB 4.6 trillion yuan.

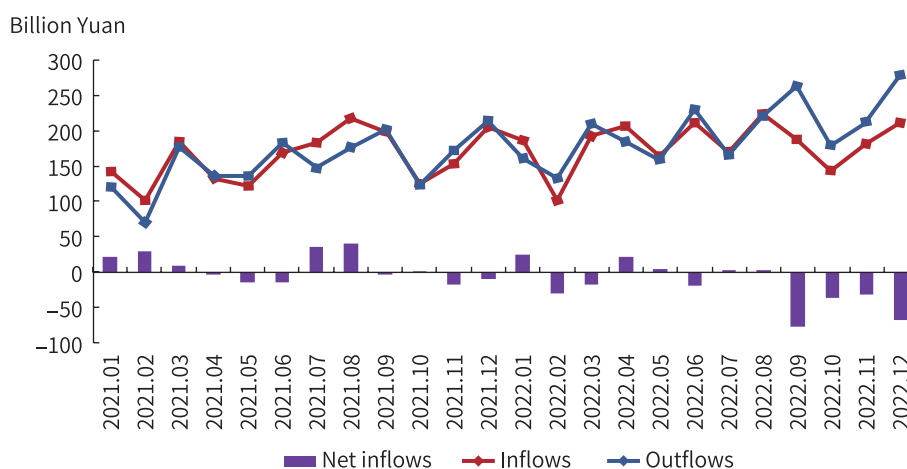
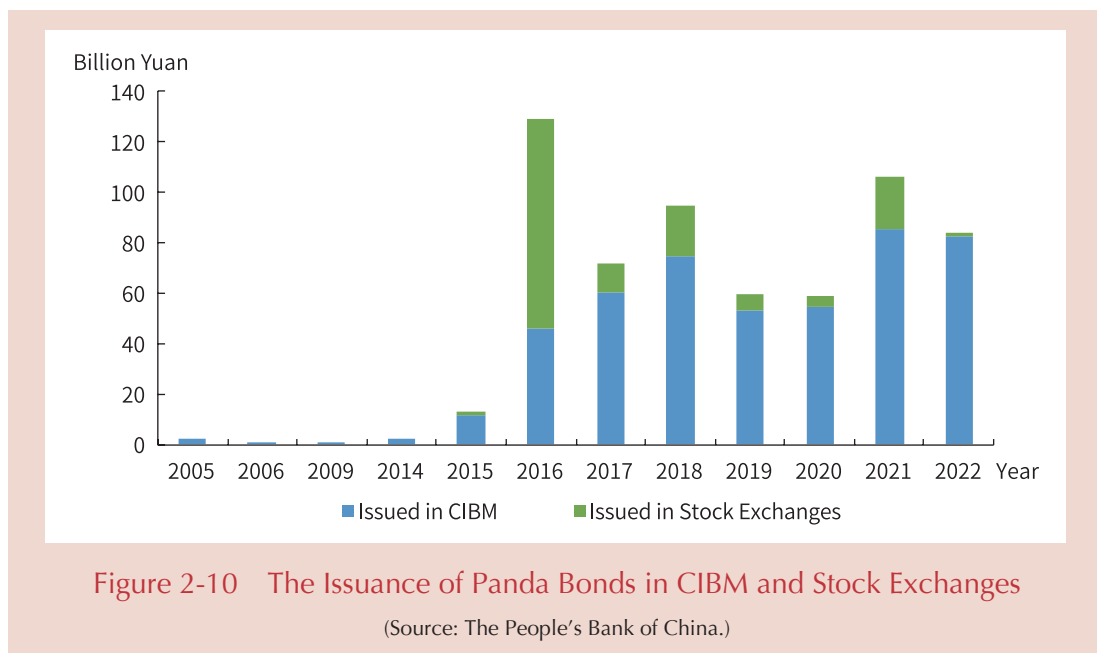


Figure 2-9 Monthly Cross-border RMB Settlement under Cash Pooling Business during 2021-2022

(Source: The People's Bank of China.)

3. Panda Bonds

At the end of 2022, the issuers of Panda Bonds included government-linked organizations, international development agencies, financial institutions, and non-financial enterprises, with cumulative issuances of RMB 630.8 billion yuan. In 2022, there were 52 Panda Bonds issued through China Interbank Bond Market (CIBM) and stock exchanges, with total issuances of RMB 85.07 billion yuan. In the first nine months of 2023, there were 66 Panda Bonds issued through the CIBM and stock exchanges, with total issuances of RMB 118.2 billion yuan.



Box 3 Panda Bonds Steadily Enhance the Use of the RMB as a Financing Currency

In recent years, along with the increase in scale and further opening-up of China's bond market, the convenience and standardization for overseas institutions' bond issuance in China have been increasingly optimized. In December 2022, the PBOC and the SAFE jointly issued the Notice on Matters Concerning the Proceeds Management for Yuan-Denominated Bonds Issued by Overseas Issuers in China, unified the fund management rules of "Panda Bonds" issued in the interbank bond market and the stock exchange

bond market, promoted the integrated management of the RMB and foreign currencies, and further enhanced the convenience for overseas institutions to raise funds in China's bond markets. In an environment of significant interest rate hikes in major developed economies, the financing cost of the RMB has thereby been reduced. By the end of September 2023, a total of 454 Panda bonds had been issued by overseas institutions in China's bond markets with a cumulative volume of RMB 755.92 billion yuan, of which, the issuance in 2022 was RMB 85.07 billion yuan, and the issuance for the first nine months of 2023 was RMB 118.2 billion yuan, a yoy increase of 56.8%.

The Panda Bonds market presented the following features: Firstly, the issuance took place primarily through the interbank market. In 2022, the issuances in the interbank bond market were RMB 82.5 billion yuan, accounting for 97% of the total. In the first nine months of 2023, the proportion reached 97.2%. Secondly, the willingness of non-financial enterprises to issue Panda Bonds has grown. In 2022, non-financial enterprises accounted for 80% of overseas issuers. This upward trend continued in the first nine months of 2023, rising to 89.3%. Thirdly, the maturities were mainly for 3 years or less. In 2022, the Panda Bonds issuances with maturities of 3 years or less reached RMB 80.87 billion yuan, accounting for 95.1% of the total issuances. Among them, short-term bonds with maturities less than or equal to 1 year accounted for 39.8%. In the first nine months of 2023, the issuance of Panda Bonds with maturities of 3 years and less reached RMB 111.7 billion yuan, accounting for 94.5% of the total, among which the short-term bonds with maturities less than or equal to 1 year accounted for 43.5%.

In the next stage, the PBOC will further promote the development of the Panda Bonds market, enhance the breadth and depth of China's bond market, continue to pursue a high-level two-way opening-up of the bond market in a steady and orderly manner, and optimize the policy environment for cross-border RMB investment and financing, so as to better serve the development of the real economy.

4. Portfolio Investment

In 2022, cross-border RMB settlement of portfolio investment totaled RMB 23.6 trillion yuan, a yoy increase of 10.9%. In the first nine months of 2023, cross-border RMB settlement of portfolio investment totaled RMB 21.6 trillion yuan, a

yoy increase of 19.7%.

Bond Investment. At the end of 2022, there was a total of 1,071 foreign institutions investing in CIBM, of which 526 were via direct access, 784 via the Bond Connect, and 239 via both channels. The RMB cross-border settlement of bond investment totaled RMB 17.7 trillion yuan in 2022, and RMB 16.7 trillion yuan in the first nine months of 2023.

Stock Investment. In 2022, cross-border RMB settlement via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect totaled RMB 1.6 trillion yuan. In the first nine months of 2023, cross-border RMB settlement via these schemes totaled RMB 1.4 trillion yuan.

Qualified Foreign Institutional/ RMB Qualified Foreign Institutional Investors (QFII/RQFII). Cross-border RMB settlement under QFII/RQFII totaled RMB 3.6 trillion yuan in 2022, and RMB 2.9 trillion yuan in the first nine months of 2023.

Cross-boundary Wealth Management Connect. At the end of 2022, there were more than forty thousand residents in the Guangdong-Hongkong-Macao Greater Bay Area (GBA) and 64 banks participating in the Cross-boundary Wealth Management Connect pilot scheme, with cross-border RMB settlement reaching RMB 2.22 billion yuan. The cumulative net inward remittance via Northbound reached RMB 290 million yuan, and the cumulative net outward remittance via Southbound was RMB 390 million yuan. In the first nine months of 2023, the cross-border RMB settlement of the wealth management connect scheme totaled RMB 5.16 billion yuan. In September 2023, the PBOC, the National Administration of Financial Regulation (NAFR), the China Securities Regulatory Commission (CSRC), the SAFE, the HKMA, the Hong Kong Securities and Futures Commission (HKSF), and the Monetary Authority of Macao (AMCM) jointly decided to further enhance the Cross-boundary Wealth Management Connect pilot scheme in the GBA. In the next step, joint efforts will be made to revise and refine the relevant implementation rules or operational guidelines, in order to implement as soon as practicable.

Table 2-3 Domestic RMB Financial Assets Held by Overseas Entities

Unit: billion yuan

Instruments	Dec.2021	Mar. 2022	Jun.2022	Sep.2022	Dec.2022
Stocks	3,941.99	3,186.04	3,574.16	3,028.54	3,195.99
Bonds	4,090.45	3,958.68	3,645.31	3,477.07	3,458.24
Loans	1,137.23	1,189.63	1,173.18	1,153.14	1,222.37
Deposit	1,660.02	1,471.94	1,672.73	1,853.53	1,741.82
Total	10,829.69	9,806.29	10,065.38	9,512.28	9,618.42

Source: The People's Bank of China.

5. Other Investments

In 2022, cross-border RMB settlement under other investment categories, such as cross-border financing and overseas lending, reached RMB 1.6 trillion yuan, a yoy decrease of 0.6%. In the first nine months of 2023, cross-border RMB settlement under other investment categories totaled RMB 1.6 trillion yuan, a yoy increase of 22.9%.

IV. RMB-denominated Commodity Trading

In 2022, cross-border RMB settlement for commodity trading maintained a relatively rapid growth. Cross-border RMB settlement for major commodities amounted to RMB 985.73 billion yuan, among which cross-border RMB settlement for green energy metals was RMB 162.36 billion yuan. In the first nine months of 2023, cross-border RMB settlement for major commodities amounted to RMB 1.5 trillion yuan.

At present, there are 23 varieties of international standardized futures and options products listed in China, including crude oil, iron ore, and purified terephthalic acid (PTA). Overseas traders have been introduced to provide pricing benchmarks for commodity trading settlement in the RMB. Shanghai crude oil futures and Dalian iron ore futures grew rapidly in terms of volume and open interest. In 2022, the total volume of crude oil futures in the Shanghai Futures Exchange was 53.581 million lots, with an average daily volume of 221,000 lots and an average daily open interest of 69,000 lots. Shanghai crude oil futures have become the world's third-largest crude oil futures after the U.S. West Texas Intermediate Base Crude (WTI Crude) and the U.K. Brent Crude futures. The total volume of iron ore futures in the Dalian Commodity Exchange was 220 million lots, with an average daily volume of 913,000 lots and an average daily open interest of 1.182 million lots.

V. Use of the RMB in Domestic Foreign Exchange Market

Trading entities in China interbank foreign exchange (FX) market have been diversified. At the end of 2022, there were 782 members in RMB/FX spot market, 292 in RMB/FX forward market, 283 in RMB/FX swap market, 233 in RMB/FX cross currency swap market, 168 in RMB/FX option market, and 25 RMB/FX market makers.

China interbank foreign exchange market operated smoothly, and the product structure was further improved. The annual volume of RMB/FX trading was equivalent to USD 28.7 trillion, a yoy decrease of 8.3%, and the average daily volume was equivalent to USD 118.75 billion. Among them, RMB/FX spot transactions amounted to an equivalent of USD 8.3 trillion, a yoy decrease of 16.6%. RMB/FX swap transactions reached a volume equivalent to USD 19.3 trillion, a yoy decrease of 4.9%, among which overnight dollar swaps amounted to an equivalent of USD 12.6 trillion, taking 65% of the total swap volume. Currency swap amounted to an equivalent of USD 21.58 billion, a yoy decrease of 29.1%. RMB/FX forward transactions and option transactions amounted to an equivalent of USD 129.92 billion and USD 926.39 billion respectively, with a yoy increase of 19.3% and 3.7%.

In 2022, RMB transactions against non-USD foreign currencies grew steadily, with spot transactions amounting to RMB 2.1 trillion yuan, accounting for 3.7% of spot transactions in the interbank foreign exchange market, slightly down 0.4 percentage points from the previous year.

Table 2-4 Trading Volume of the RMB against Currencies in the Interbank Foreign Exchange Spot Market in 2022

Unit: 100 million yuan

Currency	USD	EUR	JPY	HKD	GBP	AUD	NZD
Trading Volume	542,148.4	14,395.8	2,614.8	2,352.7	362.6	318.5	95.1
Currency	SGD	CHF	CAD	MYR	RUB	ZAR	KRW
Trading Volume	103.6	152.4	288.7	4.9	41.9	1.4	46.5
Currency	AED	SAR	PLN	DKK	SEK	NOK	TRL
Trading Volume	1.6	33.2	0.3	6.8	19.9	5.4	1.1

continued

Currency	THE	IDR(Regional Trade)					
Trading Volume	22.2	19.2					

Source: China Foreign Exchange Trade System (CFETS).

VI. The RMB as an International Reserve Currency

According to the IMF statistics, at the end of 2022, the volume of RMB reserves held by global central banks amounted to USD 298.4 billion, accounting for 2.69% of global foreign exchange reserves, up 1.62 percentage points from 2016 when the RMB was first included in the SDR currency basket, and ranking fifth among major reserve currencies. According to incomplete statistics, more than 80 overseas central banks or monetary authorities have held RMB reserves.

VII. Cross-border Circulation of RMB Banknotes

In 2022, due to the impact of the COVID-19 pandemic, overseas RMB clearing banks and participating banks had less demand for RMB banknotes, and the volume of cross-border transportation of RMB banknotes declined accordingly. The cross-border transportation of RMB banknotes by RMB clearing banks in the Hong Kong SAR, the Macao SAR, the Chinese Taipei, and Singapore totaled RMB 4.62 billion yuan. The total cross-border transportation of RMB banknotes by the RMB participating banks in neighboring countries was RMB 150 million yuan.

VIII. RMB Cross-border Interbank Payment System

In 2022, the RMB Cross-border Interbank Payment System (CIPS) operated smoothly, handling a total of 4.4 million cross-border RMB transactions with an overall value of RMB 96.7 trillion yuan, a yoy increase of 31.7% and 21.5% respectively. It processed an average of 17,671 transactions with a value of RMB 388.35 billion yuan on a daily basis. By the end of 2022, a total of 1,360 domestic and foreign institutions linked with CIPS directly or indirectly, of which 77 institutions were direct participants and 1,283 institutions were indirect participants.

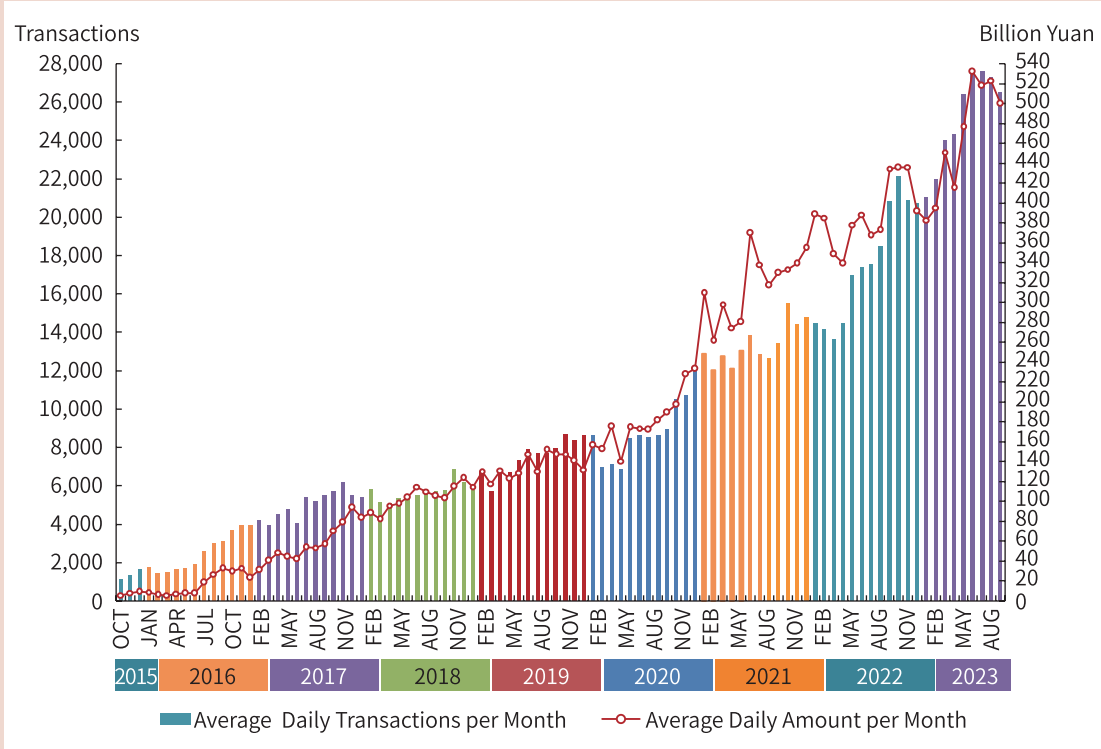


Figure 2-11 Average Daily Frequency and Value of Cross-border RMB Transactions Processed by CIPS on a Monthly Basis from 2015 to 2022

(Source: RMB Cross-border Interbank Payment System.)

IX. Central Bank Cooperation

1. Bilateral Local Currency Settlement

Since the launch of the China-Indonesia Local Currency Settlement (LCS) cooperation framework in September 2021, the business has been running smoothly and the market has been active. By the end of 2022, an accumulative amount of RMB 8.19 billion yuan of cross-border RMB settlement and an accumulative amount of RMB 3 billion yuan of CNY/IDR transactions had been completed under the China-Indonesia LCS cooperation framework. In 2022, CNY/IDR ranked 16th out of 28 currency pairs between the RMB and other currencies listed in the interbank foreign exchange market.

2. Bilateral Local Currency Swap

In 2022, the PBOC and the HKMA upgraded the local currency swap agreement to a

long-standing arrangement, which is effective for the long-term. In 2022, the PBOC renewed bilateral local currency swap agreements with central banks or monetary authorities of 7 countries and regions including the Bank Indonesia, the Monetary Authority of Singapore (MAS), and the European Central Bank. The PBOC has signed bilateral local currency swap agreements with central banks or monetary authorities of 40 countries and regions so far, of which 29 remained effective with an overall size of over RMB 4 trillion yuan. The size of the swap agreements differs from the actual amount being used. At the end of September 2023, the outstanding amount of RMB funds used by foreign monetary authorities was RMB 117.1 billion yuan, while that of foreign currency funds used by the PBOC was equivalent to RMB 3.43 billion yuan.

Box 4 The PBOC Signed the First Standing Swap Agreement

On 4 July 2022, the PBOC and the HKMA announced an upgrade of the existing currency swap agreement to make it a long-standing arrangement, expanding the size of the arrangement to RMB 800 billion / HKD 940 billion. This is the first standing swap agreement signed by the PBOC. Different from the bilateral currency swap agreements signed before, the standing swap agreement is effective for the long-term with no need for renewal, thereby increasing the convenience of the use of funds.

The establishment of standing swap arrangements between monetary authorities is a common international practice, and upgrading to a standing swap is in line with the trend of financial cooperation between mainland China and the Hong Kong SAR. Internationally, some central banks have already established standing swap arrangements with each other. For example, the Federal Reserve, the European Central Bank, the Bank of Japan, the Bank of England, the Bank of Canada, and the Swiss National Bank have standing swap arrangements with each other, without maturity and size limits. The European Central Bank also maintains standing swap arrangements with the Danmarks Nationalbank and the Sveriges Riksbank, with no maturity limit but a limit on the size. In recent years, the capital market interconnectivity and collaboration between the Hong Kong SAR and mainland China has deepened. The offshore RMB market in the Hong Kong SAR has grown steadily, becoming the most important offshore RMB clearing hub, as well as a financing products center, and capital pool. The standing swap

agreement between the PBOC and the HKMA with a bigger facility size is not only in line with the need for deepening financial cooperation between the two markets, but also meets the inherent requirement from the opening-up of financial markets. It provides the Hong Kong market with more stable, long-term liquidity support, and is conducive to stabilizing market expectations as well as enhancing the market's endogenous development momentum. All this enhances the Hong Kong SAR's function as an offshore RMB business hub as well as an international financial center, and helps to promote the long-term prosperity and development of its financial sector.

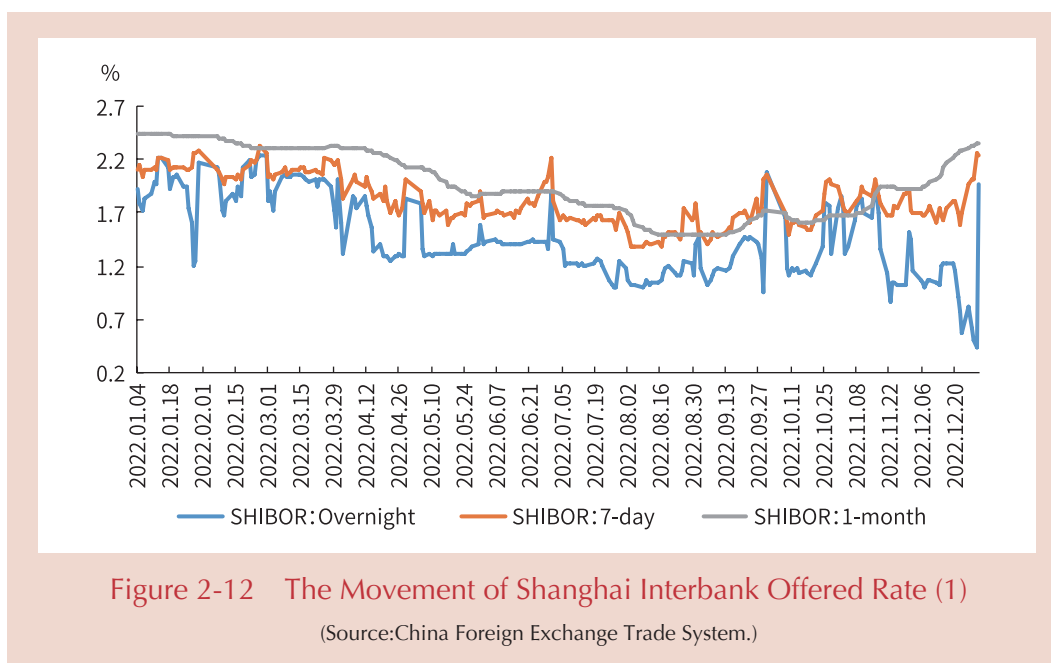
3. Overseas Clearing Arrangements of the RMB

Since 2022, the PBOC has kept improving the RMB overseas clearing network, and designated clearing banks in Laos, Kazakhstan, Pakistan, and Brazil. At the end of September 2023, there were 31 overseas RMB clearing banks designated in 29 countries and regions.

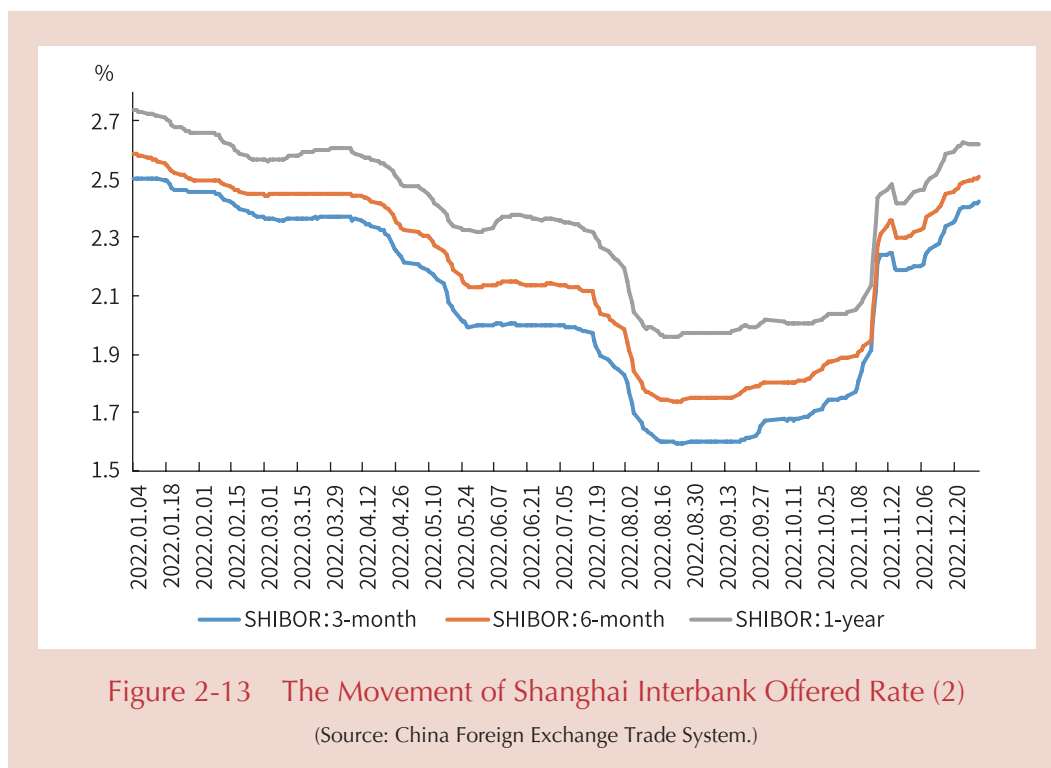
X. RMB Interest Rate and Exchange Rate

1. RMB Interest Rate

In 2022, the RMB prime rate in the domestic money market went down first and then rose, picking up after reaching a low point in September, and closing down slightly at



the end of 2022 from a year earlier. At the end of 2022, the overnight, 7-day, 1-month, 3-month, 6-month and 1-year Shanghai Interbank Offered Rate (SHIBOR) dropped by 172 basis points(bps), 48bps, 85bps, 78bps, 82bps and 117bps respectively from the end of last year, closing at 1.96%, 2.22%, 2.35%, 2.42%, 2.51%, 2.62%, respectively.



2. RMB Exchange Rate

In 2022, the RMB exchange rate moved in both directions based on market supply and demand. The RMB depreciated against a basket of currencies throughout the year. At the end of 2022, the CFETS RMB exchange rate index was 98.67, down 3.7% from the end of 2021. The RMB fluctuated up and down against major international currencies. The highest central parity rate of the RMB against the USD was 6.3014, while the lowest was 7.2555. During 242 trading days, the RMB appreciated in 114 days and depreciated in 128 days. The biggest single-day rise and drop were 1.4% (1008bps) and 1% (681bps), respectively. The central parity of the RMB against the EUR, the GBP, and the JPY depreciated by 2.7%, appreciated by 2.5%, and appreciated by 5.8% respectively from the end of 2021.

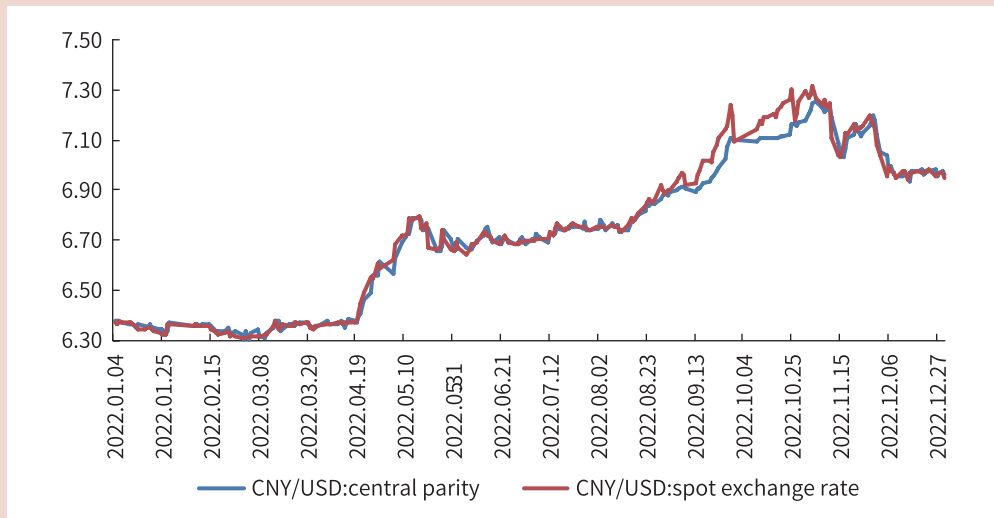


Figure 2-14 The Movement of Exchange Rate of CNY/USD

(Source: The People's Bank of China, China Foreign Exchange Trade System.)



PART THREE

Updates of Policies and Relevant Reforms

Since 2022, the policy framework for cross-border RMB business has been further improved to better serve the real economy and promote trade and investment facilitation. The two-way opening-up of financial markets has been consistently enhanced and the RMB exchange rate formation mechanism has been further improved, thereby playing a better role as an automatic stabilizer in adjusting the macroeconomy and the balance of payments.

I. Optimizing Policies on Cross-border RMB Settlement

In January 2022, the PBOC, together with the SAFE, issued *the Notice on Overseas Lending by Banking Institutions*, putting banks' RMB and foreign currency overseas lending into integrated management, expanding the scope of banks' RMB overseas lending business, and further supporting and standardizing domestic banks' overseas lending business.

In May 2022, the PBOC, together with the MOFCOM and the SAFE, issued *the Notice on Supporting Foreign Economic and Trade Enterprises to Enhance the Capability of Exchange Rate Risk Management*, to promote the cross border RMB usage, support foreign economic and trade enterprises to hedge currency mismatch risks and encourage them to increase the scale and proportion of cross-border RMB settlement under trade in goods.

In June 2022, the PBOC issued *the Notice on Supporting Cross-border RMB Settlement for New Forms of Foreign Trade*, improving policies regarding cross-border RMB business for new forms of foreign trade such as cross-border e-commerce, and supporting the development of new forms and new models of foreign trade in a sound, sustainable and innovative way.

In July 2022, the PBOC, together with the SAFE, expanded the cash pooling pilot integrating the RMB and foreign currency management for multinationals, and rolled

out the second batch of pilots in Shanghai, Guangdong, Shaanxi, Beijing, Zhejiang, Shenzhen, Qingdao, and Ningbo, to further facilitate the integrated deployment of funds in China and abroad by multinationals.

In January 2023, the PBOC, together with the MOFCOM, issued *the Notice on Further Supporting Foreign Economic and Trade Enterprises in Expanding the Cross-border Use of the RMB to Facilitate Trade and Investment*, further facilitating the use of the RMB in cross-border trade and investment and better meeting market needs of foreign economic and trade enterprises for transaction settlement, investment and financing, risk management and so on.

In May 2023, the PBOC, together with the SAFE, decided to launch pilot programs in Beijing, Guangdong, and Shenzhen to optimize and upgrade the policies on centralized operation and management of cross-border RMB and foreign currency funds for multinational corporations, giving more freedom to enterprises in their cross-border funds management.

Box 5 Further Optimizing Cross-border RMB Settlement Policies for New Forms of Trade

The new forms and new models of foreign trade are effective forces in the development of China's foreign trade and represent an important trend of international trade development. To implement the Opinions of the General Office of the State Council for Accelerating the Development of New Forms and New Models of Foreign Trade, and to support the sustainable and healthy development of cross-border RMB settlement for new forms of foreign trade, the PBOC issued the Notice on Supporting Cross-border RMB Settlement for New Forms of Foreign Trade to guide banks and relevant institutions to better meet the financial service needs of the business entities engaged in these new forms of foreign trade.

Firstly, the PBOC has broadened the business scope of payment institutions from trade in goods and trade in services to all current account items. The PBOC supports banks' cooperation with payment institutions to provide cross-border RMB settlement

services for business entities engaged in new forms of foreign trade such as cross-border e-commerce and individuals' cross border transactions under the current account. In addition, the PBOC supports payment institutions to handle salary repatriation for overseas migrant workers.

Secondly, the PBOC has specified what is required from banks, payment institutions and other related business entities for business filing and handling. It is clearly stipulated that in the process of business handling, banks and payment institutions should sign cross-border RMB settlement agreements, clearly defining the responsibilities and obligations of both parties, and continuously improving their own capabilities of verifying the authenticity and legality of transactions to ensure that the business is genuine and compliant.

Thirdly, the PBOC has specified the requirements for business authenticity verification, anti-money laundering, anti-terrorist financing, anti-tax evasion, and data reporting, to prevent and control business risks. The cross-border RMB business for new forms of foreign trade must be based on genuine and legitimate transactions. Banks and payment institutions should conduct transaction authenticity verification through management over market entities, transaction limit setting, collection and use of the electronic data of transactions, anti-money laundering and post transaction review, etc.

In the next step, the PBOC will continue to closely monitor the development of new forms of foreign trade, optimize the policy support system for the cross-border use of the RMB according to market demands, promote the high-quality development of new forms of trade, and help achieve stable macroeconomic performance.

II. Promoting the Two-way Opening-up of Financial Markets

In July 2022, the PBOC, the HKSFC, and the HKMA jointly announced to initiate the collaboration to develop mutual access between the Mainland and Hong Kong interest rate swap markets (Swap Connect), facilitating the participation of overseas investors in the domestic RMB interest rate swap market and supporting the construction of high-level financial opening-up.

In November 2022, the PBOC, together with the SAFE, issued *the Rules on Funds Invested by Overseas Institutional Investors in China's Bond Market*. Clarifying how funds invested in the market by overseas institutional investors shall be managed, the *Rules* is conducive to making China's bond market more accessible to overseas institutional investors.

In December 2022, the PBOC, together with the SAFE, issued *the Notice on Matters Concerning the Proceeds Management for Yuan-Denominated Bonds Issued by Overseas Issuers in China*, which clarified the requirements of proceeds management for yuan-denominated bonds issued by overseas institutions in China, to facilitate overseas institutions' financing activities in China's bond market.

In April 2023, the PBOC issued *the Interim Measures for the Administration of Cooperation on the Mutual Access Between Chinese Mainland and Hong Kong Interest Rate Swap Markets*, which regulated interconnection and cooperation of interest rate swap markets between the two markets, to protect the legitimate rights and interests of both domestic and overseas investors, and maintain the order of the interest rate swap market.

Box 6 The Mainland-Hong Kong Swap Connect Was Officially Announced and Launched

To implement the strategic plan of the CPC Central Committee and the State Council on steadily promoting the opening-up of China's financial markets, and to promote the collaborative development of the financial derivatives markets in mainland China and the Hong Kong SAR, the PBOC, the HKSF, and the HKMA issued a joint announcement, on July 4, 2022, on the initiation of the Swap Connect between the two markets. This was officially launched on May 15, 2023. On the first day of trading, the market operations went smoothly, and there was active trading by both domestic and overseas investors. There was a total of 162 transactions of RMB interest rate swaps completed between 20 onshore dealers and 27 offshore investors, with a total notional principal amount of RMB 8.26 billion yuan.

The opening up of China's interbank bond market has deepened over recent years, and the demand for RMB interest rate-related risk management tools for overseas market participants has risen. Using the successful experiences of the bond market's opening up as a basis, the PBOC, together with the HKSF, and the HKMA, has conducted in-depth research on the clearing model of cross-border derivatives transactions, and formulated the Swap Connect collaborative outline. Under the Swap Connect mechanism, domestic and overseas investors can easily complete RMB interest rate swap transactions and centralized clearing through the connections between the infrastructure service institutions in the Mainland and Hong Kong markets, without any change of their trading habits while complying with the relevant laws and regulations of the two markets. The establishment of Swap Connect has helped investors manage interest rate risk, encouraged overseas institutions to participate in China's bond market, promoted RMB internationalization and strengthened the Hong Kong SAR's position as an international financial center.

In the next step, the PBOC will collaborate with the HKSF, the HKMA, and the financial market infrastructure institutions of the two markets, to further improve the relevant institutional arrangements based on the operation of Swap Connect, which, in turn, will support the prosperous development of the Hong Kong SAR as an international financial center, as well as promote the high-quality development and high-level opening-up of China's financial market.

III. Improving the RMB Exchange Rate Formation Mechanism

In 2022, the PBOC continued to advance the market-based reform of the RMB exchange rate, and to improve the managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, thus enabling it to play a role as an automatic stabilizer in adjusting the macroeconomy and the balance of payments. When the global economic and financial situation was complex and fluid, and the volatility in global foreign exchange market became higher, China's cross-border capital flows as well as foreign exchange supply and demand remained in balance. Market expectations were generally stable. The RMB exchange rate moved

in both directions based on market supply and demand with more flexibility. In 2022, the CFETS RMB exchange rate index ran above 100 most of the time. Overall, the RMB has performed soundly among major global currencies and remained stable at a reasonable equilibrium level.

Box 7 Interbank Foreign Exchange Market Serves High-Level Opening-up

In recent years, the PBOC and the SAFE have taken multiple measures to promote the two-way opening-up of China's financial markets. The interbank FX market has kept improving its arrangement for currency conversion and exchange rate risk management, and its capacity to serve the high-level opening-up has continued to improve.

Firstly, the development of the FX market is harmonized with that of the cross-border financial investment. Following the opening-up of the financial markets and the advancement of RMB internationalization, China's FX market is more open, while gradually absorbing various types of overseas investors' demands for FX transactions in cross-border financial activities. In conjunction with the launch of Bond Connect, the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, CIBM Direct and other financial market opening-up channels, the PBOC has been supporting overseas investors in FX conversion and exchange rate risk hedging in China's FX market. The FX market, the bond market, and the stock market have actively interacted in the process of opening-up. In 2022, 88% of the transactions conducted by overseas banks in the interbank FX market were related to bond investment.

Secondly, an open system to facilitate the diversified needs of investors is being built. The interbank FX market aligns with the international market practices by providing prime brokerage and trade allocation services for overseas non-bank financial institution, and agency trading services for overseas sovereign institutions, such as foreign central banks, to meet more diversified demands from overseas investors. At the end of 2022, there were 197 overseas participants in the interbank FX market, with a trading volume accounting for 7% of total transactions. The type of participants has been extended from offshore RMB clearing banks to offshore sovereign institutions, offshore participating banks, and

offshore non-bank financial institutions.

Thirdly, trading efficiency is being coordinated with risk prevention. Since 2020, third-party FX arrangements have been launched under CIBM Direct and Bond Connect respectively. Bond investors under these two schemes can trade with third parties in the FX exchange process to obtain better prices and to manage exchange rate risk both more proactively and more efficiently. To facilitate the smooth operation of the third-party FX arrangement, bond and FX transaction information on an investor basis have been monitored and the foreign exchange risk management information has been shared with banks.

Fourth, a 20-hour trading period per day has been established. According to the relevant requirements of the IMF SDR review, starting from January 3, 2023, trading hours of the interbank FX market have been further extended, with G10 currency pairs market and FX money market opening at 7:00 a.m. (closing at 23:30), and the RMB/FX market closing at 3:00 a.m. (opening at 9:30 a.m.). The total trading hours are 20 hours, covering the major trading periods of Asian, European, and North American markets. As a result, global investors' RMB exchange rate risk management has become more convenient, the depth and breadth of the domestic FX market has been further improved, and the development of onshore and offshore FX markets has become more coordinated.

In the next step, the PBOC and the SAFE will further deepen the FX market development, focusing on building an open, diversified, well-functioning, orderly, and competitive market, to better support the high-level opening-up.



PART FOUR

Development of the Offshore RMB Markets

Since 2022, the offshore RMB markets have developed smoothly. The offshore and onshore RMB interest rate spreads at various tenors were mixed. The movement of offshore and onshore exchange rates was generally consistent, and the spread slightly widened. The interconnection and cooperation among domestic and overseas financial markets have kept deepening with more offshore RMB products offered, and the level of cross-border investment facilitation and liberalization continued to improve.

I. Offshore RMB Interest Rate and Exchange Rate

1. Interest Rate

Since 2022, offshore RMB interest rates have been generally stable, with higher volatility across different tenors in the first half of the year than in the second half. Overnight rate became less volatile than in 2021, and long-term rates remained generally stable. At the end of 2022, the CNH Hong Kong Interbank Offered Rate (HIBOR) for overnight and 7-day period were 1.1% and 1.6% respectively, down 582 bps and 94 bps from a year earlier respectively. The 3-month, 6-month, and 1-year CNH HIBOR were 2.5%, 2.8%, and 3.3% respectively, down 44 bps, down 27 bps, and up 11 bps from a year earlier respectively.

In 2022, interest rates in the offshore RMB market were overall higher than in the onshore market, with the CNH HIBOR 0.64 percentage points higher than the SHIBOR on average. The spread between the CNH HIBOR and the SHIBOR for 1-month period narrowed from 66 bps in the first half of the year to 43 bps in the second half. The spread between the CNH HIBOR and the SHIBOR for 3-month period widened from 72 bps in the first half of the year to 78 bps in the second half.

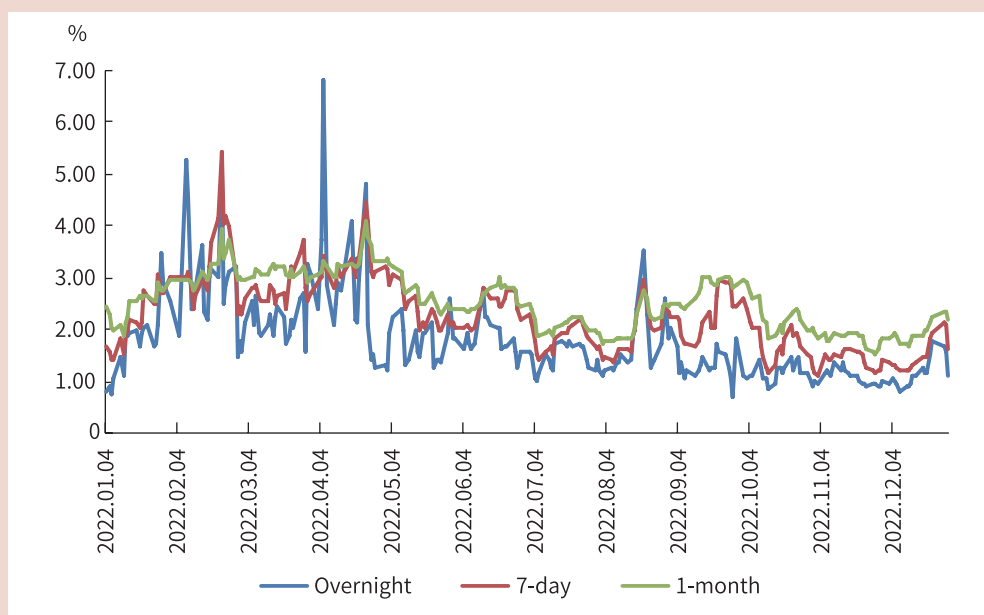


Figure 4-1 Movements of CNH Hong Kong Interbank Offered Rates in 2022 (1)

(Source: Treasury Market Association(HongKong SAR).)

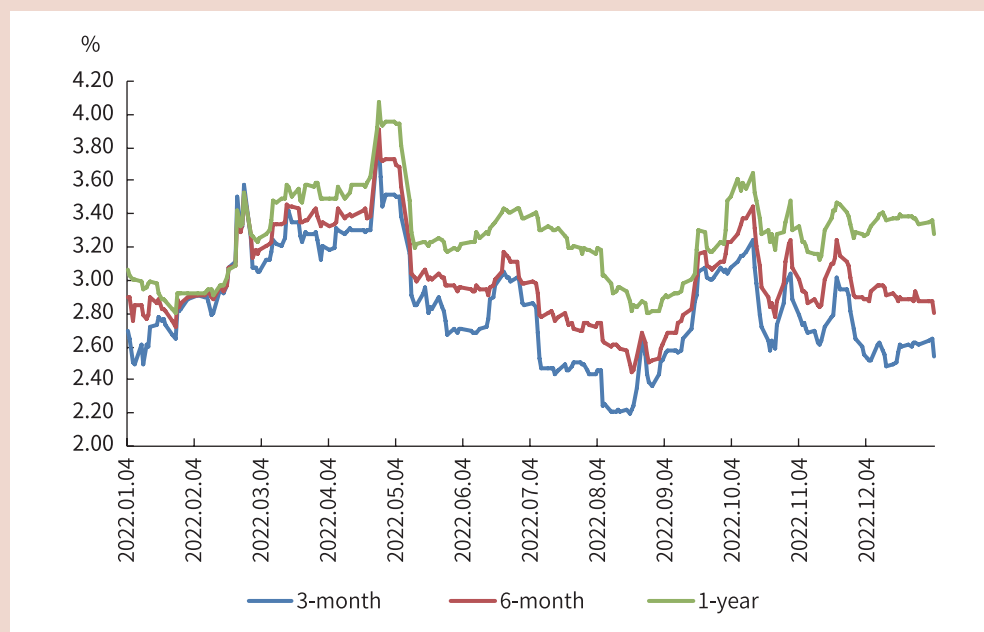


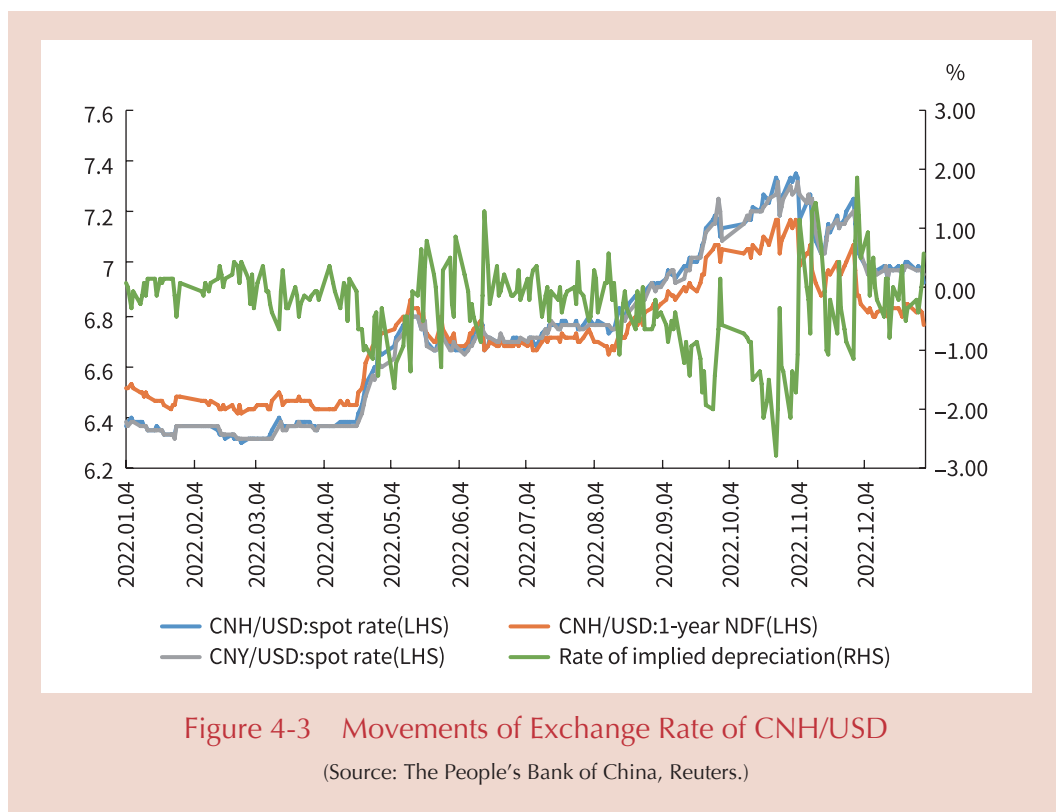
Figure 4-2 Movements of CNH Hong Kong Interbank Offered Rates in 2022 (2)

(Source: Treasury Market Association(HongKong SAR).)

2. Exchange Rate

In 2022, the offshore RMB exchange rate moved in both directions, generally consistent

with the movement of the onshore RMB exchange rate, and the spread between the offshore and onshore exchange rate was stable overall. The percentage of trading days when the offshore RMB exchange rate was stronger or weaker than the onshore RMB exchange rate during the year was 31.5% and 68.5% respectively. The average daily exchange rate spread between offshore and onshore RMB for the year was 171 bps, 88 bps wider than in 2021.



II. Offshore RMB Deposits

In 2022, offshore RMB deposits remained stable. At the end of 2022, the RMB deposit balance in major offshore markets exceeded RMB 1.5 trillion yuan, basically the same as the previous year. The RMB deposit balance in the Hong Kong SAR was RMB 835.7 billion yuan, ranking first among all of the offshore RMB markets and accounting for 5.4% of all the deposit balance in the Hong Kong SAR and 10.5% of its foreign currency deposit balance. The RMB deposit balance in Chinese Taipei was RMB 195.2 billion yuan, ranking second. The RMB deposit balance in the United Kingdom was RMB 105.9 billion yuan, ranking third.

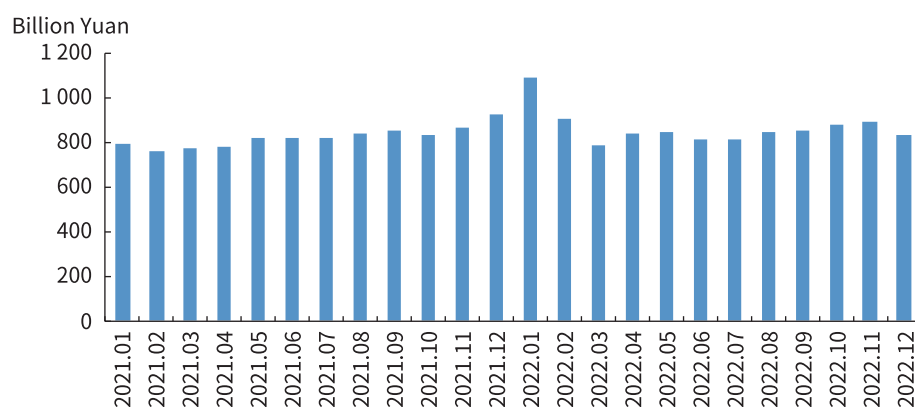


Figure 4-4 RMB Deposit Balance in the Hong Kong SAR

Source: Hong Kong Monetary Authority.

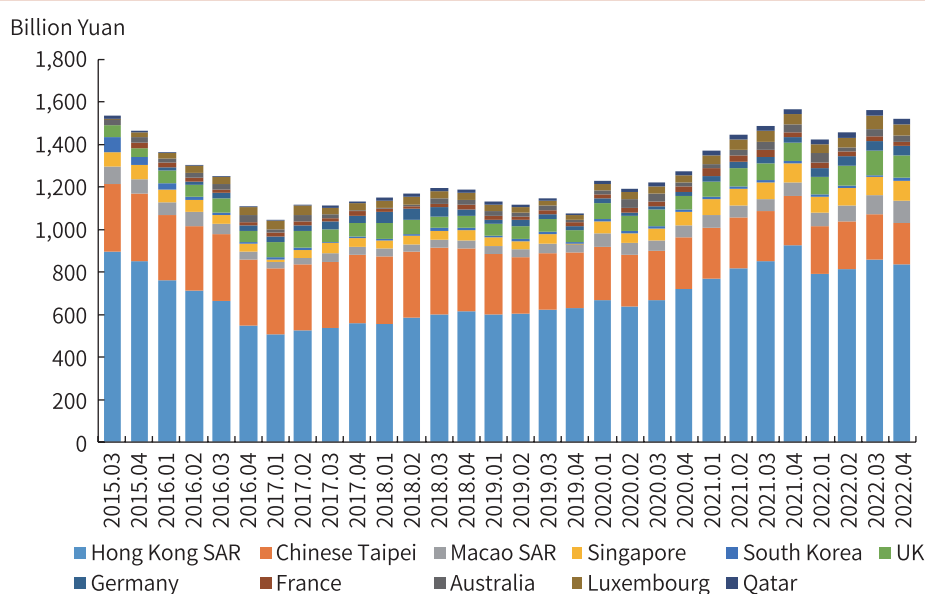


Figure 4-5 RMB Deposit Balance in Major Offshore Markets

(Source: The People's Bank of China.)

III. Offshore RMB Financing

In 2022, the offshore RMB bond market developed steadily. According to incomplete statistics, RMB 483.87 billion yuan of the RMB-denominated bonds were issued in countries and regions with RMB clearing arrangements in 2022, a yoy increase of 37%. The RMB-denominated bonds issued in the Hong Kong SAR amounted to RMB 385.34

billion yuan, a yoy increase of 29.6%. At the end of 2022, the outstanding amount of RMB-denominated bonds in countries and regions with RMB clearing arrangements was RMB 446.93 billion yuan, a yoy increase of 64.7%. The balance of the RMB-denominated Certificates of Deposits amounted to RMB 526.45 billion yuan, a yoy increase of 335.9%. In 2022, the overall scale of offshore RMB loans kept growing and the amount of outstanding RMB loans in major offshore markets reached RMB 595.55 billion yuan. The amount of outstanding RMB loans in the Hong Kong SAR was RMB 196.7 billion yuan.

IV. Issuance of RMB-denominated Central Bank Bills in the Hong Kong SAR

In 2022, the PBOC regularly issued 12 batches of RMB-denominated central bank bills in the Hong Kong SAR in a market-based form, with an amount of RMB 120 billion yuan in total. In 2022, the issuance of 3-month, 6-month, and 1-year RMB-denominated central bank bills reached RMB 40 billion yuan, RMB 20 billion yuan, and RMB 60 billion yuan respectively. In 2022, RMB-denominated central bank bills issued in the Hong Kong market were sought after by offshore investors, the oversubscription rate of each issuance exceeded 1.9 times with a peak of 4.6 times. Major investors included international financial organizations, central banks, commercial banks, funds, insurance companies, and other overseas investors, with a geographical distribution covering the Hong Kong SAR, the Macao SAR, the Chinese Taipei, Asia-Pacific, Europe, Africa, etc. Meanwhile, the RMB-denominated central bank bill repo market in the Hong Kong SAR has continued to develop and the range of participating institutions has been expanded continuously.

The regular issuance of RMB-denominated central bank bills and the development of the repo market in the Hong Kong SAR have enriched the series of RMB investment products and liquidity management tools in Hong Kong market. It has played a positive role in fostering a sound offshore RMB money market and bond market and boosting the issuance of RMB-denominated bonds, as well as extending RMB business by domestic and overseas business entities in the offshore markets.

V. The RMB in Global Foreign Exchange Market

A BIS survey released in 2022 showed that the share of the RMB used in FX transactions in global market has increased to 7%, making the RMB the fifth most

traded foreign exchange currency in the world.

According to the SWIFT statistics, the RMB ranked as the sixth most active currency for FX spot transactions by value at the end of 2022, after the USD, the EUR, the GBP, the JPY, and the CAD. Top economies conducting FX spot transactions in the RMB included the United Kingdom (38.1%), the United States (15.2%), the Hong Kong SAR (8.5%), and Switzerland (7.2%), which together accounted for approximately 70% of the value of offshore RMB/FX transactions.

VI. Offshore RMB Clearing

In 2022, the volume of RMB clearing made by overseas clearing banks totaled RMB 504.3 trillion yuan, a yoy increase of 7.7%, among which the total amount of agent clearing was RMB 54.8 trillion yuan, a yoy increase of 9.6% and the total amount of the inter-bank clearing was RMB 449.5 trillion yuan, a yoy increase of 7.5%. By the end of 2022, 970 participating banks and other institutions had opened clearing accounts in overseas RMB clearing banks. In 2022, the amount of clearing processed by Hong Kong's RMB Real Time Gross Settlement was RMB 414.1 trillion yuan, continuing to maintain a rapid growth of 15.8% yoy.

Box 8 Continuous Innovation of RMB Products and Market Mechanism in Offshore RMB Markets

In recent years, the self-generated momentum of the offshore RMB markets has been further enhanced, and the offshore RMB markets have developed steadily and healthily.

The liquidity condition of the offshore RMB markets has gradually improved. In July 2022, the PBOC and the HKMA upgraded the currency swap agreement to a standing arrangement, which has provided the offshore RMB markets with more stable and long-term liquidity support. The PBOC supported HKMA's and MAS's regular use of RMB swap funds to enrich the liquidity of offshore RMB markets. Trading activities in the offshore RMB markets have become increasingly dynamic. At the end of 2022, the balance of RMB deposits in major offshore markets was RMB 1.5 trillion yuan, a historic high.

Participants in the offshore RMB markets have become more diversified and the product system has been gradually enriched. According to a survey by the BIS, the share of the RMB in global foreign exchange transaction has grown from 4.3% to 7% in the past three years, and the international ranking has risen from eighth to fifth, making it the fastest-rising currency in terms of market share. This indicates that offshore entities have been expanding their use of the RMB for exchange and risk management. In February 2023, the CSRC issued regulations to support domestic enterprises going public in overseas markets using the RMB for dividend payments. At the same time, the Hong Kong Exchanges and Clearing Limited (HKEX) launched the “HKD-RMB Dual Counter Model”, offering issuers and investors choices of HKD- and RMB-denominated shares. Cooperation on mutual access between the Mainland and Hong Kong interest rate swap markets was officially launched, allowing global investors to access the onshore derivatives market to hedge interest rate risks. The Guangdong Provincial Government, Hainan Provincial Government, and Shenzhen Municipal Government issued offshore RMB local government bonds in the Hong Kong SAR and the Macao SAR, enriching the offshore RMB markets with credit bonds. Bank of China Hong Kong has established a market-making mechanism for RMB-denominated central bank bills repo, providing RMB liquidity facility tools for overseas investors.

In the next step, the PBOC will continue to improve the RMB liquidity supply arrangement in offshore markets, enrich the product system of the offshore RMB markets in the Hong Kong SAR and other regions, foster a virtuous cycle between the onshore and offshore RMB markets, and support the healthy development of the offshore RMB markets.



PART FIVE

Looking Ahead

In the next stage, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the PBOC will thoroughly implement the guidelines made by the 20th National Congress of the CPC, and commit to reform and opening-up for mutual benefit. Upholding the guiding principle of coordinating development and security, the PBOC will promote RMB internationalization in an orderly manner based on a market-oriented approach and leaving choices to enterprises, all to pursue high-quality development and high-level opening-up.

I. Optimizing the Fundamental Institutional Arrangements for Cross-border Use of the RMB

Taking the trade and investment facilitation as the fundamental goal, the PBOC will further consolidate the institutional foundation of cross-border RMB business, strengthen the integrated management of the RMB and foreign currencies, and improve the convenience and operational feasibility of policies to better meet the needs of using the RMB in cross-border trade and investment by market entities. The PBOC will continue to promote and optimize the pilot cash pooling program integrating the RMB and foreign currency management, coordinate and standardize the business of cross-border transfer of assets such as trade financing, and promote the construction of the “Electronic Fence” for capital in Hainan Free Trade Port and Guangdong-Macao Intensive Cooperation Zone in Hengqin.

II. Continuing to Promote the Institutional Opening-up of Financial Markets

The PBOC will continue to optimize the cross-border fund management policies for international investors to invest in China’s bond and stock market, support more central banks and monetary authorities to include the RMB in their reserves, and create a convenient and accommodating investment ecosystem, to better meet the asset allocation and risk management demands of global RMB asset investors. The PBOC will continue to optimize the policy arrangements regarding the “Cross-boundary Wealth Management Connect” pilot scheme in the GBA, again to better

meet the demands of GBA residents for high-quality financial services.

III. Enhancing the RMB's Role as a Financing Currency

The PBOC will encourage financial institutions to actively carry out cross-border trade financing business, overseas lending, and other financing businesses in the RMB. The PBOC will support more foreign central banks, international development institutions, multinational corporations, and other high-quality issuers to issue Panda Bonds in China and support more entities such as policy-based financial institutions to issue RMB-denominated securities overseas.

IV. Cultivating a Favorable Ecosystem for the International Use of the RMB

The PBOC will strengthen currency cooperation with countries and regions with close economic and trade ties with China, and support the orderly and healthy development of offshore RMB markets. Meanwhile, the PBOC will enhance policy support for clearing banks, optimize the global layout of clearing banks, and enable them to give full play to their role as “bridges” connecting the offshore and onshore markets. In addition, the PBOC will improve the liquidity supply mechanism, provide long-term and stable RMB liquidity for offshore markets, and inspire market players to innovate and develop offshore RMB products and services.

V. Defending the Bottom Line Whereby No Systemic Risks Will Occur

The PBOC will further improve the monitoring, assessment, and early-warning system of cross-border capital flows. To address the risk of pro-cyclical fluctuations in cross-border capital flows, the PBOC will make efforts to improve the integrated macroprudential management framework for cross-border capital flows in both the RMB and foreign currencies, enrich the macroprudential management toolbox, strengthen the coordination between macroprudential management and microprudential supervision to ensure that the internationalization of the RMB advances steadily with a bottom line of security as a prerequisite.

Box 9 International Use of the RMB in 2022 Market Survey

In 2022, Bank of China conducted a market survey into the use of the RMB by domestic and overseas industrial and commercial enterprises, with a sample of over 3600

enterprises, including about 2500 domestic enterprises and 1100 overseas enterprises. The survey showed that:

Firstly, the role of the RMB as a settlement currency has been enhanced. About 82.8% of the respondents considered using or increasing the use of the RMB in cross-border transactions, the highest level in recent years.

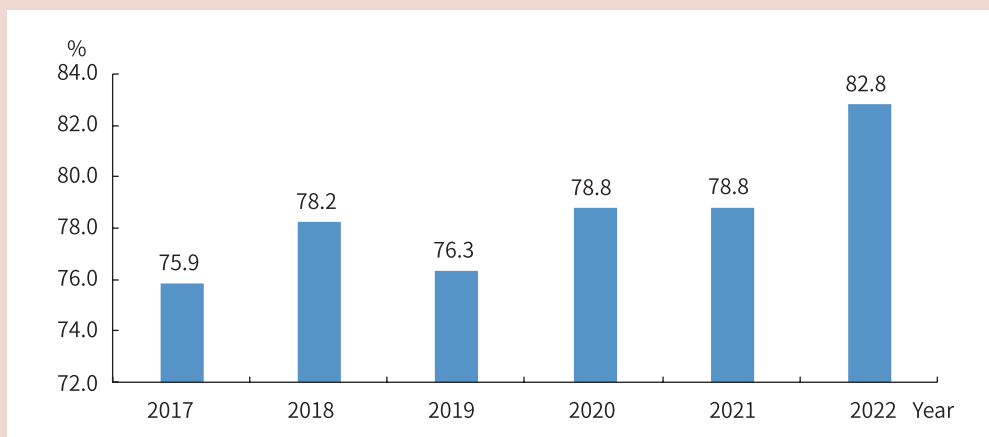


Figure 5-1 Proportion of Respondents Considering Increasing the Use of the RMB

(Source: Bank of China.)

Secondly, the role of the RMB as a pricing currency has weakened. The survey results showed that 18% of domestic respondents used the RMB for pricing in cross-border transactions, a slight decrease from 2021.

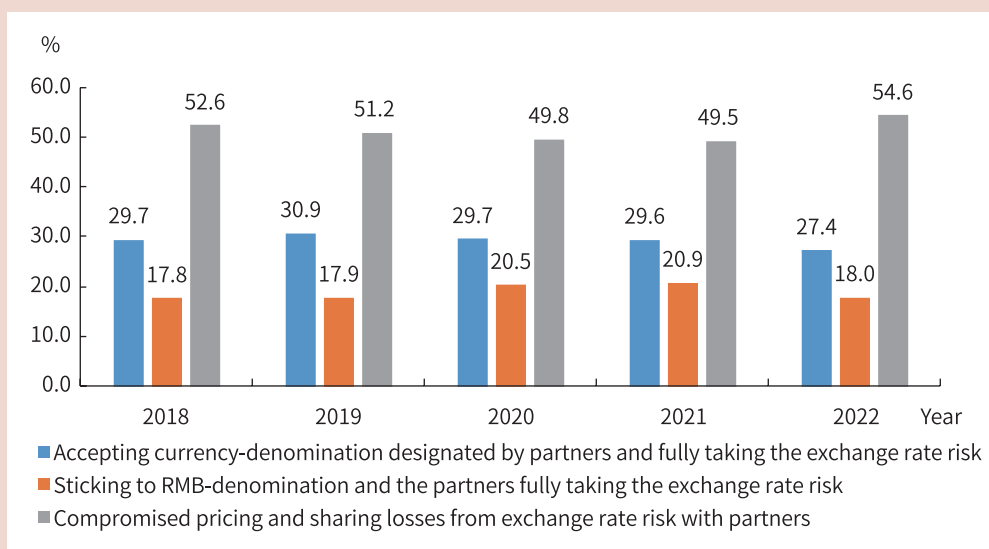


Figure 5-2 Proportion of Domestic Respondents Using the RMB for Pricing during Foreign Exchange Rate Fluctuation

(Source: Bank of China.)

Thirdly, the role of the RMB as a financing currency has been improved. The survey results showed that about 78.6% of overseas respondents would consider RMB financing when liquidity of the USD, the EUR, and other international currencies was tight, 7.4 percentage points higher than the survey results in 2021. 71.8% of overseas respondents prioritized using the RMB for financing trade with China, an increase of 3.5 percentage points from the survey in 2021. The willingness of overseas enterprises to use the RMB for financing trade with China has reached a three-year high.

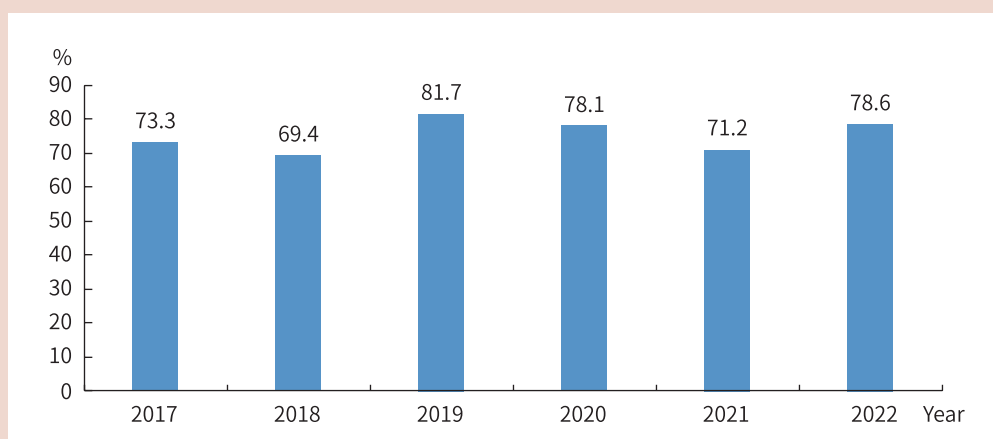


Figure 5-3 Proportion of Overseas Respondents Considering Using the RMB for Financing

(Source: Bank of China.)

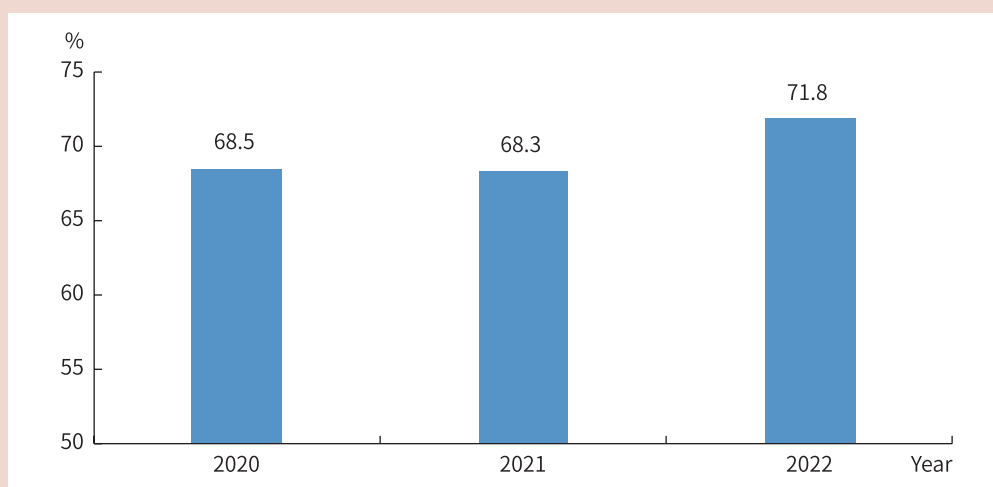


Figure 5-4 Proportion of Overseas Respondents Prioritizing the RMB Financing in Trade with China

(Source: Bank of China.)



Part SIX

Highlights of RMB Internationalization

2009

On January 20, the PBOC and the Hong Kong Monetary Authority signed a bilateral local currency swap agreement of RMB 200 billion yuan/HKD 227 billion.

On February 8, the PBOC and the Bank Negara Malaysia signed a bilateral local currency swap agreement of RMB 80 billion yuan/MYR 40 billion.

On March 11, the PBOC and the National Bank of the Republic of Belarus signed a bilateral local currency swap agreement of RMB 20 billion yuan/BYR 8 trillion.

On March 23, the PBOC and Bank Indonesia signed a bilateral local currency swap agreement of RMB 100 billion yuan/IDR 175 trillion.

On April 2, the PBOC and the Central Bank of Argentina signed a bilateral local currency swap agreement of RMB 70 billion yuan/ARS 38 billion.

On April 20, the PBOC and the Bank of Korea signed a bilateral local currency swap agreement of RMB 180 billion yuan/KRW 38 trillion.

On June 29, the PBOC and the Hong Kong Monetary Authority signed *the Supplementary Memorandum III* of Cooperation on the Pilot Program of RMB Settlement of Cross-border Trade Transactions between Mainland and Hong Kong SAR of China.

On July 1, upon the approval of the State Council, the PBOC, Ministry of Finance (MOF), Ministry of Commerce (MOFCOM), General Administration of Customs (GAC), State Administration of Taxation (SAT) and China Banking Regulatory Commission

(CBRC) jointly issued the *Administrative Rules on the Pilot Program of RMB Settlement of Cross-border Trade Transactions* (PBOC, MOF, MOFCOM, GAC, SAT, CBRC Public Announcement [2009] No.10).

On July 3, the PBOC and the Bank of China (Hong Kong) Ltd. signed the revised *RMB Clearing Agreement*, to support pilot program of RMB settlement of cross-border trade transactions.

On July 3, the PBOC issued the *Regulations for Implementing the Administrative Rules of the Pilot Program of RMB Settlement of Cross-border Trade Transactions* (PBOC Document [2009] No.212).

On July 6, the first transaction of RMB cross-border trade settlement was conducted in Shanghai, and the RMB Cross-border Payment Information Management System (RCPMIS) was put into operation.

On July 7, the pilot program of RMB settlement of cross-border trade transactions was launched in four cities of Guangdong.

On July 14, the PBOC, MOF, MOFCOM, GAC, SAT and CBRC jointly issued the notice to the Shanghai municipal government and Guangdong provincial government the approval of Enterprises list for the *Pilot Program of RMB Settlement of Cross-border Trade Transactions* (PBOC General Administration Reply letter [2009] No.472). The first batch of 365 enterprises was officially approved to conduct RMB settlement of export transactions.

On September 10, the PBOC and the SAT signed the *Memorandum on data and information transmission on the RMB settlement of cross-border trade transactions*.

On September 15, the MOF issued the first sovereign RMB-denominated bond in Hong Kong SAR of China with the amount of RMB 6 billion yuan.

On December 22, the PBOC issued *Questions & Answers on relevant policies of the pilot program of RMB settlement of cross-border trade transactions*.

2010

On February 11, the Hong Kong Monetary Authority issued the *Elucidation of Supervisory Principles and Operational Arrangements Regarding the RMB Business in Hong Kong SAR of China*.

On March 8, the PBOC issued the *Interim Administrative Rules for the RMB Cross-border Payment Management Information System* (PBOC Document [2010] No.79).

On March 19, the PBOC and the GAC signed the *Memorandum of Cooperation on the RMB Settlement of Cross-border Trade Transactions*.

On March 24, the PBOC and the National Bank of the Republic of Belarus signed a bilateral local currency settlement arrangement.

On June 9, the PBOC and the Central Bank of Iceland signed a bilateral local currency swap agreement of RMB 3.5 billion yuan/ISK 66 billion.

On June 17, the PBOC, MOF, MOFCOM, GAC, SAT and CBRC jointly issued the *Notice on Expanding the Pilot Program of RMB Settlement of Cross-border Trade Transactions*, to expand the scope of the pilot program (PBOC Document [2010] No.186).

On July 19, the PBOC and the Hong Kong Monetary Authority signed the *Supplementary Memorandum IV of Co-operation on the Pilot Program of RMB Settlement of Cross-border Trade Transactions*. The PBOC and BOC (Hong Kong) Ltd. signed the revised *RMB Clearing Agreement*.

On July 23, the PBOC and the Monetary Authority of Singapore signed a bilateral local currency swap agreement of RMB 150 billion yuan/SGD 30 billion.

On August 17, the PBOC issued the *Notice Concerning the Pilot Program on Investment in the Interbank Bond Market with RMB Funds by Three Types of Institutions Including Overseas RMB Clearing Banks* (PBOC Document [2010] No.217).

On August 19, with the authorization of the PBOC, China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode of RMB against Malaysian ringgit and launch direct trading between the two currencies in the interbank foreign-exchange market.

On August 31, the PBOC issued the *Administrative Rules for RMB Bank Settlement Accounts of Overseas Institutions* (PBOC Document [2010] No.249).

On November 22, with the authorization of the PBOC, China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode of yuan against Russian ruble and launch direct trading between the two currencies in interbank foreign-exchange market.

2011

On January 6, the PBOC issued the *Administrative Rules for the Pilot Program of Settlement for RMB-denominated Outward Direct Investment* (PBOC Public Announcement [2011] No.1), allowing banking institutions and enterprises in the pilot areas to conduct the RMB settlement of foreign direct investment transactions, and banking institutions to grant loans to overseas projects based on relative regulations.

On April 18, the PBOC and the Reserve Bank of New Zealand signed a bilateral local currency swap agreement of RMB 25 billion yuan/NZD 5 billion.

On April 19, the PBOC and the Central Bank of Republic of Uzbekistan signed a bilateral local currency swap agreement of RMB 700 million yuan/UZS 167 billion.

On May 6, the PBOC and the Bank of Mongolia signed a bilateral local currency swap agreement of RMB 5 billion yuan/MNT 1 trillion.

On June 3, the PBOC issued the *Notice on Specifying the Issues Relating to Cross-border RMB Business* (PBOC Document [2011] No.145).

On June 9, fudian Bank of Kunming and the Public Bank of Laos jointly launched the

over-the-counter trading between RMB and LAK.

On June 13, the PBOC and the National Bank of Kazakhstan signed a bilateral local currency swap agreement of RMB 7 billion yuan/KZT 150 billion.

On June 23, the PBOC and the Central Bank of Russian Federation renewed the agreement on Payment and Settlement, which extended the coverage of local currency settlement from transactions in the border areas to general trade transactions between the two countries.

On June 28, ICBC Guangxi Branch launched the trading of RMB against Vietnamese Dong, while BOC Xinjiang Branch launched the trading of RMB against Kazakhstan Tenge on the same day.

On June 30, Bank of Communications Qingdao Branch and Industrial Bank of Korea Qingdao Branch launched the over-the-counter (OTC) trading of RMB against Korea won.

On July 27, the PBOC, MOF, MOFCOM, GAC, SAT and CBRC jointly issued the *Circular on Geographical Expansion of the RMB Settlement of Cross-border Trade Transactions* (PBOC Document [2011] No.203). It expanded the program to the entire mainland China.

On October 13, the PBOC issued the *Administrative Rules on Settlement of RMB-denominated Foreign Direct Investment* (PBOC Public Announcement [2011] No.23).

On October 24, the PBOC issued the *Guidelines on RMB Loans of Domestic Banking Institutions for Overseas Projects* (PBOC Document [2011] No.255).

On October 26, the PBOC and the Bank of Korea renewed the bilateral local currency swap arrangement, increasing its size from RMB 180 billion yuan/KRW 38 trillion to RMB 360 billion yuan/KRW 64 trillion.

On November 4, according to the principles and standards for RMB clearing bank in

Hong Kong SAR of China set by PBOC Public Announcement [2003] No.16, the PBOC authorized BOC (Hong Kong) Ltd. to resume the role of the RMB clearing bank in Hong Kong SAR of China (PBOC Public Announcement [2011] No.25).

On November 22, the PBOC and Hong Kong Monetary Authority renewed the bilateral local currency swap agreement, increasing its size from RMB 200 billion yuan/HKD 227 billion to RMB 400 billion yuan/HKD 490 billion.

On December 16, the CSRC, PBOC and SAFE jointly issued the *Measures on the Pilot Program for RQFII-licensed Fund Management Companies and Securities Companies' Domestic Securities Investments* (CSRC Decree No.76).

On December 22, the PBOC and the Bank of Thailand signed a bilateral local currency swap agreement of RMB 70 billion yuan/THB 320 billion.

On December 23, the PBOC and the State Bank of Pakistan signed a bilateral local currency swap agreement of RMB 10 billion yuan/PKR 140 billion.

On December 29, the direct trading of RMB against THB in the local interbank foreign-exchange market was launched in Yunnan Province, which was the first case of direct trading of RMB against regional currencies.

On December 31, the PBOC issued the *Notice on the Implementation of the Measures for the Pilot Program Allowing Fund Management Companies and Securities Companies Approved as RMB Qualified Foreign Institutional Investors (RQFII) to Invest in the Domestic Securities Market* (PBOC Document [2011] No.321).

2012

On January 17, the PBOC and the Central Bank of the United Arab Emirates signed a bilateral local currency swap agreement of RMB 35 billion yuan/AED 20 billion.

On February 6, the PBOC, MOF, MOFCOM, GAC, SAT and CBRC jointly issued the *Notice on Issues Concerning RMB Settlement of Goods Export by Domestic Enterprises* (PBOC

Document [2012] No.23).

On February 8, the PBOC and the Bank Negara Malaysia renewed the bilateral local currency swap agreement, increasing its size from RMB 80 billion yuan/MYR 40 billion to RMB 180 billion yuan/MYR 90 billion.

On February 21, the PBOC and the Central Bank of the Republic of Turkey signed a bilateral currency swap agreement of RMB 10 billion/TRY 3 billion.

On March 20, the PBOC and the Bank of Mongolia signed a supplemental bilateral local currency swap agreement, increasing its size from RMB 5 billion yuan/MNT 1 trillion to RMB 10 billion yuan/MNT 2 trillion.

On March 22, the PBOC and the Reserve Bank of Australia signed a bilateral local currency swap agreement of RMB 200 billion yuan/AUD 30 billion.

On April 3, with the approval of the State Council, the RQFII quota for Hong Kong SAR of China was increased by RMB 50 billion yuan.

On June 1, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode between RMB against JPY and launch the direct trading between the two currencies in the Chinese interbank foreign-exchange market.

On June 26, the PBOC and the National Bank of Ukraine signed a bilateral local currency swap agreement of RMB 15 billion yuan/UAH 19 billion.

On June 29, the PBOC issued the *Circular of Specifying the Operational Rules for RMB Settlement in Foreign Direct Investments* (PBOC Document [2012] No.165).

On July 31, the PBOC issued the *Notice on the Issues Concerning the Opening and Using of RMB Settlement Account by Overseas Institutions* (PBOC Document [2012] No.183).

On August 31, the PBOC and the monetary authority of Taiwan Province of China

signed the *Memorandum of Understanding on the Currency Clearing Cooperation across the Taiwan Straits*.

On September 24, the PBOC and BOC Macao Branch renewed the *RMB Clearing Agreement*.

On November 13, with the approval of the State Council, the pilot quota for RQFII in Hong Kong SAR of China was increased by RMB 200 billion yuan.

On December 11, the PBOC authorized BOC Taipei Branch to serve as the RMB clearing bank in Taiwan Province of China.

2013

On January 25, the PBOC and Taipei Branch of BOC signed the *RMB Clearing Agreement*.

On February 8, the PBOC authorized the Singapore Branch of ICBC to serve as the RMB clearing bank in Singapore, and the two parties signed the *RMB Clearing Agreement* in April.

On March 1, the CSRC, PBOC and SAFE jointly issued the *Measures on the Pilot Program of Securities Investment in China by RMB Qualified Foreign Institutional Investors* (CSRC Decree No.90).

On March 7, the PBOC and the Monetary Authority of Singapore renewed the bilateral local currency swap agreement of RMB 300 billion yuan/SGD 60 billion.

On March 13, the PBOC issued the *Notice on the Issues Regarding Investment in the Interbank Bond Market by Qualified Foreign Institutional Investors* (PBOC Document [2013] No.69).

On March 26, the PBOC and the Central Bank of Brazil signed a bilateral local currency swap agreement of RMB 190 billion yuan/BRL 60 billion.

On April 10, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode between RMB against Australian dollar and launch direct trading between the two currencies in the interbank foreign-exchange market.

On April 25, the PBOC issued the *Notice on the Issues Concerning the Implementation of the Measures for the Pilot Program of Securities Investment in China by RMB Qualified Foreign Institutional Investors* (PBOC Document [2013] No.105).

On June 21, the *Cross-Strait Service Trade Agreement* (the Agreement) was signed by both sides of the Taiwan Strait. According to the Agreement, Taiwan-funded financial institutions would be allowed to invest in Mainland capital market with an investment quota of RMB 100 billion yuan.

On June 22, the PBOC and the Bank of England signed a bilateral local currency swap agreement of RMB 200 billion yuan/GBP 20 billion.

On July 9, the PBOC issued the *Notice on Simplifying the Procedures for Cross-border RMB Services and Improving Relevant Policies* (PBOC Document [2013] No.168).

On August 23, the General Administration Department of the PBOC issued the *Notice on Improving the Information Reporting Procedures of the RMB Cross-border Payment Management Information System (RCPMIS)* (PBOC General Administration Department Document [2013]No.188).

On September 9, the PBOC and the Magyar Nemzeti Bank (Hungarian National Bank) signed a bilateral local currency swap agreement of RMB 10 billion yuan/HUF 375 billion .

On September 11, the PBOC and the Central Bank of Iceland renewed the bilateral local currency swap agreement of RMB 3.5 billion yuan/ISK 66 billion.

On September 12, the PBOC and the Bank of Albania signed a bilateral local currency swap agreement of RMB 2 billion yuan/ALL 35.8 billion.

On September 23, the PBOC issued the *Notice on the Issues Concerning the RMB Settlement for Investment in Domestic Financial Institutions by Overseas Investors* (PBOC Document [2013] No.225).

On October 1, the PBOC and Bank of Indonesia renewed the bilateral local currency swap agreement of RMB 100 billion yuan/IDR 175 trillion.

On October 8, the PBOC and the European Central Bank signed a bilateral local currency swap agreement of RMB 350 billion yuan/EUR 45 billion.

On October 15, at the 5th China-UK Economic and Financial Dialogues, China announced the RQFII program for UK with the quota of RMB 80 billion yuan.

On October 22, at the 10th meeting of the Sino-Singapore Joint Council for Bilateral Cooperation, China announced the RQFII program for Singapore with the quota of RMB 50 billion yuan.

On December 31, the PBOC released the *Notice on Adjusting the Administration of RMB Sales and Purchases* (PBOC Document [2013] No.321).

2014

On March 14, the PBOC, MOF, MOFCOM, GAC, SAT and CBRC jointly issued the *Notice on Simplifying the Procedures Concerning the RMB Settlement of Goods Export by Domestic Enterprises* (PBOC Document [2014] No.80).

On March 19, with the authorization of PBOC, the China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode between RMB and New Zealand dollar and launch direct exchange between the two currencies in the interbank foreign-exchange market.

On March 26, China and France jointly announced that China would extend its RQFII program to France with the quota of RMB 80 billion yuan.

On March 28, the PBOC and Deutsche Bundesbank signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Frankfurt.

On March 31, the PBOC and Bank of England signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in London.

On April 25, the PBOC and Reserve Bank of New Zealand renewed the bilateral local currency swap agreement of RMB 25 billion yuan/NZD 5 billion.

On June 11, the PBOC issued the *Guidelines on Implementation of Opinions of the State Council General Office on Supporting the Stable Growth of Foreign Trade* (PBOC Document [2014] No.168).

On June 17, the PBOC authorized China Construction Bank (London) Ltd. to serve as the RMB clearing bank in London.

On June 18, the PBOC authorized the Frankfurt Branch of BOC to serve as the RMB clearing bank in Frankfurt.

On June 19, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode between RMB and GBP and launch direct exchange between the two currencies in the interbank foreign-exchange market.

On June 28, the PBOC and the central bank of France signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Paris. The PBOC and Central Bank of Luxembourg signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Luxembourg.

On July 3, the PBOC and Bank of Korea signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Seoul. China declared to grant the Republic of Korea an RQFII investment quota of RMB 80 billion yuan. On July 4, the PBOC authorized the Seoul Branch of Bank of Communications to serve as the RMB clearing bank in Seoul.

On July 7, during German Chancellor Merkel's visit to China, Premier Li Keqiang announced that China would extend its RQFII program to Germany, with the quota of RMB 80 billion yuan.

On July 18, the PBOC and the Central Bank of Argentina renewed the bilateral local currency swap agreement of RMB 70 billion yuan/ARS 90 billion.

On July 21, the PBOC and Swiss National Bank signed a bilateral local currency swap agreement of RMB 150 billion yuan/CHF 21 billion.

On August 21, the PBOC and Bank of Mongolia renewed the bilateral local currency swap agreement of RMB 15 billion yuan/MNT 4.5 trillion.

On September 5, the PBOC authorized the Paris Branch of BOC to serve as the RMB clearing bank in Paris, and the Luxembourg Branch of ICBC to serve as the RMB clearing bank in Luxembourg.

On September 16, the PBOC and the Central Bank of Sri Lanka signed a bilateral local currency swap agreement of RMB 10 billion yuan/LKR 225 billion.

On September 28, the PBOC issued the *Notice on Cross-border RMB Settlement of RMB-denominated Debt Financing Instruments issued by Overseas Institutions in China* (PBOC General Administration Document [2014] No.221).

On September 30, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode between RMB and Euro and launch direct trading between the two currencies on the interbank foreign-exchange market.

On October 11, the PBOC and Bank of Korea renewed the bilateral local currency swap agreement of RMB 360 billion yuan/KRW 64 trillion.

On October 13, the PBOC and the Central Bank of Russian Federation signed a bilateral local currency swap agreement of RMB 150 billion yuan/RUB 815 billion.

On November 1, the PBOC issued the *Notice Concerning Centralized Cross-border RMB Fund Operation Conducted by Multinational Corporations* (PBOC Document [2014] No.324).

On November 3, the PBOC and Qatar Central Bank signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Doha, and signed a bilateral local currency swap agreement of RMB 35 billion yuan/QAR 20.8 billion. China announced the RQFII program for Qatar with a quota of RMB 30 billion yuan.

On November 4, the PBOC authorized the Doha Branch of ICBC to serve as the RMB clearing bank in Doha.

On November 4, the PBOC and CSRC jointly issued the *Notice on the Pilot Program of the Shanghai-Hong Kong Stock Connecting Scheme* (PBOC Document [2014] No.336).

On November 5, the PBOC issued the *Notice on the Issues Concerning the Overseas Securities Investment by RMB Qualified Domestic Institutional Investors* (PBOC Document [2014] No.331).

On November 8, the PBOC and Bank of Canada signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Canada, and signed a bilateral local currency swap agreement of RMB 200 billion yuan/CAD 30 billion. China announced the RQFII program for Canada with a quota of RMB 50 billion yuan. On November 9, the PBOC authorized ICBC (Canada) Ltd. to serve as the RMB clearing bank in Toronto.

On November 10, the PBOC and Central Bank of Malaysia signed the *Memorandum of Understanding* on establishing the RMB clearing arrangements in Kuala Lumpur.

On November 17, the PBOC and Reserve Bank of Australia signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Australia. China declared to grant Australia an RQFII investment quota of RMB 50 billion yuan. On November 18, the PBOC authorized the Sydney Branch of BOC to serve as the RMB clearing bank in Sydney.

On November 22, the PBOC and Hong Kong Monetary Authority renewed the bilateral local currency swap agreement of RMB 400 billion yuan/HKD 505 billion.

On December 14, the PBOC and the National Bank of Kazakhstan renewed the bilateral local currency swap agreement of RMB 7 billion yuan/KZT 200 billion. On December 15, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) announced that it would launch direct trading between RMB and KZT in the local interbank foreign-exchange market.

On December 22, the PBOC and Bank of Thailand signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Thailand. PBOC and Bank of Thailand renewed the bilateral local currency swap agreement of RMB 70 billion yuan/THB 370 billion.

On December 23, the PBOC and State Bank of Pakistan renewed the bilateral local currency swap agreement of RMB 10 billion yuan/PKR 165 billion.

2015

On January 5, the PBOC authorized BOC (Malaysia) Ltd. and ICBC (Thailand) Ltd. to serve as the RMB clearing bank in Kuala Lumpur and Bangkok respectively.

On January 21, the PBOC and Swiss National Bank signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Switzerland, granting Switzerland an RQFII investment quota of RMB 50 billion yuan.

On March 18, the PBOC and the Central Bank of Suriname signed a bilateral local currency swap agreement of RMB 1 billion yuan/SRD 520 million.

On March 25, the PBOC and the Central Bank of Armenia signed a bilateral local currency swap agreement of RMB 1 billion yuan/AMD 77 billion.

On March 30, the PBOC and the Reserve Bank of Australia renewed the bilateral local currency swap agreement of RMB 200 billion yuan/AUD 40 billion.

On April 10, the PBOC and the South African Reserve Bank signed a bilateral local currency swap agreement of RMB 30 billion yuan/ZAR 54 billion.

On April 17, the PBOC and the Bank Negara Malaysia renewed the bilateral local currency swap agreement of RMB 180 billion yuan/MYR 90 billion.

On April 29, the pilot area of RQFII was expanded to Luxembourg with an investment quota of RMB 50 billion yuan.

On May 10, the PBOC and the National Bank of the Republic of Belarus renewed the bilateral local currency swap agreement of RMB 7 billion yuan/ BYR 16 trillion.

On May 15, the PBOC and the National Bank of Ukraine renewed the bilateral local currency swap agreement of RMB 15 billion yuan/UAH 54 billion.

On May 25, the PBOC and the Central Bank of Chile signed a Memorandum of Understanding on establishing RMB clearing arrangements in Chile and a bilateral local currency swap agreement of RMB 22 billion yuan/CLP 2.2 trillion. China declared to grant Chile an RQFII investment quota of RMB 50 billion yuan. On the same day, the PBOC authorized the China Construction Bank's Chile Branch to serve as the RMB clearing bank in Chile.

On June 1, the PBOC issued the *Notice of the People's Bank of China on Issues Concerning the Repo Operation of Foreign RMB Clearing Banks and Foreign RMB Participant Banks in the Interbank bond Market* (PBOC Document [2015] No.170).

On June 11, the PBOC released *RMB Internationalization Report* (2015).

On June 27, the PBOC and the Central Bank of Hungary signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Hungary and the *Agency Agreement of Investment for the PBOC to Manage the MNB's Investment in China Interbank Bond Market*. On the same day, the two parties also agreed to include Hungary in the pilot RQFII program with an investment quota of RMB 50 billion yuan. On June 28, the PBOC authorized Hungary branch of BOC to serve as the RMB clearing bank in

Hungary.

On July 7, the PBOC and the South African Reserve Bank signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in South Africa.

On July 8, the PBOC authorized the Johannesburg Branch of BOC to serve as the RMB clearing bank in South Africa.

On July 14, the PBOC issued the *Notice of the People's bank of China on Issues Concerning Investment of Foreign Central Banks, International Financial Institutions and Sovereign Wealth Funds with RMB Funds in the Interbank Market* (PBOC Document [2015] No.220). The regulation simplified the procedures of foreign central banks, international financial institutions and sovereign wealth funds' access to the interbank market and the investment quota limit on these entities was removed. These entities could freely choose the PBOC or settlement agent of the interbank market to serve as their agents for trading and settlement and more instruments were available for them to invest.

On July 24, the PBOC released an announcement on *Issues Concerning RMB Cross-border Settlement of Crude Oil Futures Trading on Onshore Market* (PBOC Public Announcement [2015] No.19). It regarded RMB as the invoicing and settlement currency for domestic crude oil futures, overseas traders and brokers were allowed to participate in Chinese crude oil futures trading.

On August 11, the PBOC released a statement on *Improving the Quotation Mechanism of Central Parity between the RMB against the USD*. Since August 11, 2015, before the opening quotation of the Interbank foreign-exchange market, market makers make offers to China Foreign Exchange Trading Center referencing the closing exchange rate in the Interbank foreign-exchange market on the previous day, the condition of foreign exchange supply and demand along with changes in the exchange rate of major international currencies comprehensively.

On September 3, the PBOC and the National Bank of Tajikistan signed a bilateral local currency swap agreement of RMB 3 billion yuan/Somoni 3 billion.

On September 7, the PBOC issued the *Notice on Further Facilitating Multinational Conglomerates in Conducting Two-way Cross-border RMB Cash Pooling Business* (PBOC Document [2015] No.279).

On September 17, the PBOC and the Central Bank of Argentina signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Argentina.

On September 18, the PBOC authorized ICBC (Argentina) Ltd. to serve as the RMB clearing bank in Argentina.

On September 21, the PBOC approved HSBC (Hong Kong and Shanghai Banking Corporation) and BOC (Hong Kong) Ltd. to issue financial bonds in the interbank bond market. This was the first time that the international commercial banks were permitted to issue RMB-denominated bonds in interbank bond market.

On September 26, the PBOC and the Central Bank of the Republic of Turkey renewed the bilateral local currency swap agreement of RMB 12 billion yuan/Lira 5 billion.

On September 27, the PBOC and the National Bank of Georgia signed the bilateral local currency swap framework agreement.

On September 29, the PBOC and the Central Bank of Zambia signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in Zambia. On September 30, The PBOC authorized the Bank of China (Zambia) Limited to serve as the RMB clearing bank in Zambia.

On September 29, the PBOC and the National Bank of the Kyrgyz Republic signed an agreement of intention on strengthening cooperation.

On September 30, the PBOC released the PBOC Public Announcement [2015] No.31. Foreign central banks (monetary authorities), other official reserve management organizations, international financial institutions and sovereign wealth fund were allowed to trade in the Chinese interbank foreign-exchange market.

On October 8, the CIPS (Phase one) was launched successfully.

On October 20, the PBOC issued RMB 5 billion yuan of 1-year central bank bills in London in way of book-building, with a 3.1% coupon rate. This was the first time for PBOC issuing RMB-denominated central bank bills outside mainland China.

On October 20, the PBOC and the Bank of England renewed the bilateral local currency swap agreement of RMB 350 billion yuan/GBP 35 billion.

On November 2, the General Administration Department of the PBOC issued the *Notice on Foreign Central Bank-Type Institutions to open the RMB Settlement Account in Domestic Banking Financial Institutions* (PBOC General Administration Department Document [2015] No.227). It facilitated foreign central banks (monetary authorities), other official reserve management organizations, international financial institutions, and sovereign wealth funds to conduct relative business onshore.

On November 6, the PBOC and SAFE released the *Operational Guideline for Funds Management in Cross-border Issuance and Sales of Mainland and Hong Kong Securities Investment Funds* (The PBOC SAFE Public Announcement [2015] No.36).

On November 9, the PBOC authorized the CFETS to conduct direct trading between RMB and Swiss franc in the interbank foreign-exchange market.

On November 18, China-Europe International Exchange Co., Ltd. held its establishment ceremony, and launched the first batch of RMB-denominated spot security products.

On November 23, the pilot program of RQFII was extended to Malaysia with an investment quota of RMB 50 billion yuan.

On November 25, the first batch of foreign central banks finished filing with CFETS and accessed the Chinese interbank foreign-exchange market.

On November 27, NAFMII accepted the registration of the Province of British Columbia of Canada to issue RMB 6 billion yuan RMB-denominated sovereign bonds in the

Chinese interbank bond market.

On November 30, the Executive Board of IMF decided to include RMB into the currency basket of the SDR as a fifth currency along with the U.S. dollar, the euro, the Japanese yen, and the British pound. The weight of the RMB in the SDR basket is 10.92%. The new basket would become effective on October 1, 2016. On the same day, the PBOC authorized the Zurich branch of CCB to serve as the RMB clearing bank in Swiss.

On December 7, NAFMII accepted the registration of the Republic of Korea to issue RMB 3 billion yuan RMB-denominated sovereign bonds on the Chinese Interbank bond market.

On December 14, the PBOC and the Central Bank of United Arab Emirates signed a bilateral local currency swap agreement of RMB 35 billion yuan/UAE Dirham 20 billion. On the same day, the two parties signed the *Memorandum of Understanding* on establishing RMB clearing arrangements in UAE. The PBOC agreed to expand the pilot program of RQFII to UAE, with an investment quota of RMB 50 billion yuan.

On December 17, the pilot program of RQFII was expanded to Thailand, with an investment quota of RMB 50 billion yuan.

2016

On January 20, the General Administration Department of the PBOC issued the *Notice on usage of funds on Overseas Institutions' RMB Bank Settlement Accounts* (PBOC General Administration Department Document [2016] No.15).

On January 22, the PBOC issued the *Notice on Expanding the Pilot Program of Cross-border Financing Macprudential Management* (PBOC Document [2016] No.18).

On February 24, the PBOC released an announcement on *Issues Regarding Investment in the interbank Bond Market by Overseas Institutional Investors* (PBOC Public Announcement [2016] No.3).

On March 7, the PBOC and the Monetary Authority of Singapore renewed the bilateral local currency swap agreement of RMB 300 billion yuan/SGD 64 billion, and the period of validity is 3 years.

On April 29, the PBOC issued the *Notice on Implementing Nationally the Macroprudential Management of Cross-border Financing* (PBOC Document [2016] No.132).

On May 11, the PBOC and the Bank AI-Maghrib signed a bilateral local currency swap agreement of RMB 10 billion yuan/MAD 15 billion.

On June 7, the PBOC and the Federal Reserve Board signed the Memorandum of Understanding on establishing RMB clearing arrangements in the United States. China declared to grant the U.S. an RQFII investment quota of RMB 250 billion yuan.

On June 17, the PBOC and the Central Bank of the Republic of Serbia signed a bilateral local currency swap agreement of RMB 1.5 billion yuan/RSD 27 billion, and the period of validity is 3 years.

On June 20, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode between RMB and South African Rand and launch direct trading between the two currencies on the interbank foreign-exchange market.

On June 25, the PBOC and the Central Bank of the Russian Federation signed the Memorandum of Understanding on establishing RMB clearing arrangements in the Russian Federation.

On June 27, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) announced that it would improve the trading mode between RMB and South-Korean Won and launch direct trading between the two currencies on the interbank foreign-exchange market.

On July 11, the Bank of China (Hong Kong) linked to CIPS as a direct participant, becoming the first overseas direct participant. On the same day, the China Citic Bank,

Bank of Shanghai, China Guangfa Bank, Bank of Jiangsu, Bank of Tokyo-Mitsubishi UFJ (China), Mizuho Bank (China), Hang Seng Bank (China) linked to CIPS as direct participants. The number of direct participants of CIPS has increased to 27.

On August 10, the General Administration Department of the PBOC issued *the Reply Letter on Issues Concerning the Republic of Poland Issues RMB-denominated Bonds of RMB on the Interbank Bond Market*, approved the Republic of Poland's application on issuing RMB-denominated bonds on the inter-bank bond market (PBOC General Administration Department Letter [2016] No.378).

On August 30, the PBOC and SAFE issued *the Notice on Issues Concerning the Domestic Security Investment and Management by Renminbi Qualified Foreign Institutional Investors* (PBOC Document [2016] No.227).

On September 12, the PBOC and the Central Bank of Hungary renewed the bilateral local currency swap agreement of RMB 10 billion yuan/ HUF 416 billion, and the period of validity is 3 years.

On September 20, the PBOC issued an announcement, which authorized the Bank of China (New York) Limited to serve as the RMB clearing bank in America (PBOC Public Announcement [2016] No.23).

On September 23, the PBOC issued an announcement, which authorized the Industrial and Commercial Bank of China (Moscow) Limited to serve as the RMB clearing bank in Russia (PBOC Public Announcement [2016] No.24).

On September 26, the PBOC authorized the CFETS to conduct direct trading between RMB and Saudi Riyal in the interbank foreign-exchange market.

On September 26, the PBOC authorized the CFETS to conduct direct trading between RMB and UAE Dirham in the interbank foreign-exchange market.

On September 27, the PBOC and the European Central Bank signed a supplemental agreement, which extending the validity of bilateral local currency swap agreement

for 3 years to Oct. 8, 2019. The size remains RMB 350 billion yuan/EUR 45 billion.

On November 4, the PBOC and CSRC issued the *Notice on the Program of the Shanghai, Shenzhen and Hong Kong Stock Connect Scheme* (PBOC Document [2016] No.282).

On November 14, with the authorization of the PBOC, CFETS announced that it would improve the trading mode between RMB and Canadian Dollar and launch direct trading between the two currencies in the interbank foreign-exchange market.

On November 29, the PBOC issued the *Notice on Further Clarifying Relevant Issues Concerning the Overseas Renminbi Lending Business of Domestic Enterprises* (PBOC Document [2016] No.306).

On December 6, the PBOC and the Central Bank of Egypt signed a bilateral local currency swap agreement of RMB 18 billion yuan/EGP 47 billion, the period of validity is 3 years.

On December 9, the PBOC issued an announcement, which authorized the Agricultural Bank of China (Dubai) Limited to serve as the RMB clearing bank in United Arab Emirates (PBOC Public Announcement [2016] No.30).

On December 12, the PBOC authorized the CFETS to conduct direct trading between RMB and Mexican Peso in the interbank foreign-exchange market.

On December 12, the PBOC authorized the CFETS to conduct direct trading between RMB and Turkish Lira in the interbank foreign-exchange market.

On December 12, the PBOC authorized the CFETS to conduct direct trading between RMB and Polish Zloty in the interbank foreign-exchange market.

On December 12, the PBOC authorized the CFETS to conduct direct trading between RMB and Danish Krone in the interbank foreign-exchange market.

On December 12, the PBOC authorized the CFETS to conduct direct trading between

RMB and Hungary Forint in the interbank foreign-exchange market.

On December 12, the PBOC authorized the CFETS to conduct direct trading between RMB and Norwegian Krone in the interbank foreign-exchange market.

On December 12, the PBOC authorized the CFETS to conduct direct trading between RMB and Swedish Krone in the interbank foreign-exchange market.

On December 21, the PBOC and the Central Bank of Iceland renewed the bilateral local currency swap agreement of RMB 3.5 billion yuan/ISK 66 billion, and the period of validity is 3 years.

On December 26, the General Administration Department of the PBOC issued *the Notice on Cross-border Renminbi Settlement of Renminbi-denominated Debt Financing Instruments issued by Overseas Institutions in China* (PBOC General Administration Department Document [2016] No.258).

2017

On January 13, the PBOC issued the *Notice on Issues Concerning the Macprudential Management of Overall Cross-Border Financing* (PBOC Document [2017] No.9).

On March 20, the PBOC and Bank of China New York Branch signed *the RMB Clearing Agreement*.

On March 20, the PBOC and Industrial and Commercial Bank of China (Moscow) Limited signed *the RMB Clearing Agreement*.

On March 20, the PBOC and Agricultural Bank of China Dubai Branch signed *the RMB Clearing Agreement*.

On May 19, the PBOC and the Reserve Bank of New Zealand renewed the bilateral local currency swap agreement of RMB 25 billion yuan/NZD 5 billion, and the period of validity is 3 years.

On May 23, the PBOC issued the *Notice on Issuing the Regulation Related on RMB Cross-border Payment Management Information System (RCPMIS)* (PBOC Document [2017] No.126).

On May 27, the General Administration Department of the PBOC issued the *Notice on Improving the Interbank Transaction Information Reporting Procedures of the Renminbi Cross-border Payment Management Information System* (PBOC General Administration Department Document [2017] No.118).

On June 29, the PBOC and Bank of China (Hong Kong) Limited renewed the *RMB Clearing Agreement*.

On July 4, with the approval of the State Council, the quota of Hong Kong SAR of China's RQFII will be expanded to RMB 500 billion yuan.

On July 6, the PBOC and the Bank of Mongolia renewed the bilateral local currency swap agreement of RMB 15 billion yuan/MNT 5.4 trillion, and the period of validity is 3 years.

On July 18, the PBOC and the Central Bank of Argentina renewed the bilateral local currency swap agreement of RMB 70 billion/ARS 175 billion, and the period of validity is 3 years.

On July 21, the PBOC and the Swiss National Bank renewed the bilateral local currency swap agreement of RMB 150 billion yuan/CHF 21 billion, and the period of validity is 3 years.

On August 11, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) may conduct direct trading between RMB and Mongolia MNT in the interbank foreign-exchange market.

On September 13, with the authorization of the PBOC, the China Foreign Exchange Trade System (CFETS) may conduct direct trading between RMB and Cambodia KHR in the interbank foreign-exchange market.

On September 21, the PBOC and Bank of China Macao branch renewed the RMB Clearing Agreement.

On October 11, the PBOC and the Bank of Korea renewed the bilateral local currency swap agreement of RMB 360 billion/KRW 64 trillion, and the period of validity is 3 years.

On November 2, the PBOC and the Qatar Central Bank renewed the bilateral local currency swap agreement of RMB 35 billion/QAR 20.8 billion, and the period of validity is 3 years.

On November 8, the PBOC and the Bank of Canada renewed the bilateral local currency swap agreement of RMB 200 billion/CAD 30 billion, and the period of validity is 3 years.

On November 22, the PBOC and the Hong Kong Monetary Authority renewed the bilateral local currency swap agreement of RMB 400 billion/HKD 470 billion, and the period of validity is 3 years.

On November 22, the PBOC and the Central Bank of Russian Federation renewed the bilateral local currency swap agreement of RMB 150 billion/RUB 1,325 billion, and the period of validity is 3 years.

On December 22, the PBOC and the Bank of Thailand renewed the bilateral local currency swap agreement of RMB 70 billion/THB 370 billion, and the period of validity is 3 years.

2018

On January 4, the PBOC and Taipei Branch of Bank of China renewed the RMB clearing agreement.

On January 5, the PBOC issued the *Notice on Further Improving Policies for Cross-border RMB Business to Facilitate Trade and Investment* (PBOC Document [2018] No.3),

clarifying that all cross-border business allowed by law to be settled with foreign exchange could also be settled with RMB by enterprises.

On January 5, CFETS issued the *Notice on the Arrangements for Overseas Banks to Participate in Interbank FX Market Regional Trading*, allowing qualified overseas banks to participate in interbank FX market regional trading.

On February 9, the PBOC authorized the J.P. Morgan Chase & Co. to serve as the RMB clearing bank in USA.

On March 26, the RMB Cross-border Interbank Payment (CIPS) phase II was launched for pilot operation.

On March 26, the Crude Oil Futures Contract denominated in RMB was listed for trading on Shanghai International Energy Exchange.

On March 30, the PBOC and the Reserve Bank of Australia renewed the bilateral local currency swap agreement of RMB 200 billion yuan/AUD 40 billion.

On April 3, the PBOC and the Central Bank of Albania renewed the bilateral local currency swap agreement of RMB 2 billion yuan/ALL 34.2 billion.

On April 11, the PBOC and the South African Reserve Bank renewed the bilateral local currency swap agreement of RMB 30 billion yuan/ZAR 54 billion.

On April 20, to further regulate overseas security investment by RMB qualified domestic institutional investors, the General Administration Department of the PBOC issued the *Notice on Further Clarifying the Rules on Overseas Security Investment by RMB Qualified Domestic Institutional Investors* (PBOC General Administration Department Document [2018] No.81).

On April 27, the PBOC and the Central Bank of Nigeria signed a bilateral local currency swap agreement of RMB 15 billion yuan/NGN 720 billion.

On May 1, the daily quotas under both Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect were expanded four times, in which the daily quota for each of the northbound trading links were adjusted to RMB 52 billion yuan from RMB 13 billion yuan, the daily quota for each of the southbound trading links were adjusted to RMB 42 billion yuan from RMB 10.5 billion yuan.

On May 2, CIPS phase II was fully launched, with eligible direct participants engaged online simultaneously.

On May 4, the foreign investors were formally introduced into domestic RMB-denominated iron ore futures trading in Dalian Commodity Exchange.

On May 9, the pilot area of RMB qualified foreign institutional investors expanded to Japan, with a quota of RMB 200 billion yuan.

On May 10, the PBOC and the National Bank of the Republic of Belarus renewed the bilateral local currency swap agreement of RMB 7 billion yuan/BYR 2.22 billion.

On May 16, in order to further improve cross-border capital flow, and advance the opening-up of China's financial market, the General Administration Department of the PBOC issued the *Notice on Further Perfecting the Management of Cross-border Capital Flow to Support the Opening-up in Financial Market* (PBOC General Administration Department Document [2018] No.96).

On May 23, the PBOC and the State Bank of Pakistan renewed the bilateral local currency swap agreement of RMB 20 billion yuan/PKR 351 billion.

On May 25, the PBOC and the Central Bank of Chile renewed the bilateral local currency swap agreement of RMB 22 billion yuan/CLP 2,200 billion.

On May 28, the PBOC and the National Bank of Kazakhstan renewed the bilateral local currency swap agreement of RMB 7 billion yuan/KZT 350 billion.

On June 1, the Chinese A-share was formally included in MSCI Emerging Markets

Index and Global Standard Index, which was conducive to attracting overseas investors to allocate assets on RMB share.

On June 11, in order to regulate the investment in domestic security market by RMB qualified foreign institutional investors, the PBOC and SAFE jointly issued the *Notice on the Rules of Domestic Security Investment by RMB Qualified Foreign Institutional Investors* (PBOC Document [2018] No.157).

On June 13, to perfect the management of RMB purchases and sales businesses, the PBOC issued the *Notice on Improving the Management of RMB Purchases and Sales Businesses* (PBOC Document [2018] No.159), expanding the scope of purchases and sales businesses to securities investment.

On August 20, the PBOC and the Bank Negara Malaysia renewed the bilateral local currency swap agreement of RMB 180 billion yuan/MYR 110 billion.

On September 3, CFETS formally introduced the Industrial and Commercial Bank of China (Almaty) and ICBC Standard Bank Plc. to participate in domestic interbank FX market for the regional trading of RMB against KZT, and extended trading hour for RMB against KZT regional trading from 10:30-16:30 to 10:30-19:00 (Beijing time, GMT+8).

On September 8, in order to promote the opening up of domestic interbank bond market, regulate foreign institutional bond issuance, and protect legitimate interests of bond market investors, the PBOC and MOF jointly issued the *Interim Rules for the Administration of Bond Issuances by Overseas Institutions on China's Interbank Bond Market* (PBOC, MOF Public Announcement [2018] No.16).

On September 20, the PBOC and Hong Kong Monetary Authority signed the *Memorandum of Cooperation on The Issuance of PBOC Bills through the Central Money Markets Unit*.

On October 13, the PBOC and the Bank of England renewed the bilateral local currency swap agreement of RMB 350 billion yuan/GBP 40 billion.

On October 22, the PBOC and the Bank of Japan signed the memorandum of understanding on the currency clearing cooperation across Japan. On October 26, the PBOC authorized Tokyo Branch of Bank of China to serve as the RMB clearing bank in Japan.

On October 26, the PBOC and the Bank of Japan signed a bilateral local currency swap agreement of RMB 200 billion yuan/JPY 3,400 billion.

On November 7, the PBOC issued RMB central bank bills by tender through bond bidding platform of the Hong Kong Monetary Authority's Central Money Markets Unit (CMU) for the first time.

On November 16, the PBOC and Bank Indonesia renewed bilateral local currency swap agreement of RMB 200 billion yuan/IDR 440 trillion.

On November 20, the PBOC and the Central Bank of Philippine signed the memorandum of understanding on the currency clearing cooperation across the Philippines.

On November 30, Pure Terephthalic Acid (PTA) futures which denominated in RMB were formally introduced to overseas traders.

On December 10, the PBOC and the National Bank of Ukraine renewed the bilateral local currency swap agreement of RMB 15 billion yuan/UAH 62 billion.

2019

On January 31, Bloomberg formally confirmed that Chinese bonds would be added to the Bloomberg Barclays Global Aggregate Index starting from April 2019.

On February 11, the PBOC and the Centrale Bank van Suriname renewed the bilateral local currency swap agreement of RMB 1 billion yuan/ SRD 1.1 billion.

On February 28, the MSCI announced that it would significantly increase the weight of Chinese A-shares in the MSCI Indexes by raising the inclusion factor from 5% to 20%

in three steps.

On May 10, the PBOC and the Monetary Authority of Singapore renewed the bilateral local currency swap agreement of RMB 300 billion yuan/ SGD 61 billion.

On May 30, the PBOC and the Central Bank of the Republic of Turkey renewed the bilateral local currency swap agreement of RMB 12 billion yuan/TRY 10.9 billion.

On May 30, the PBOC issued an announcement, designating the MUFG Bank to serve as the RMB clearing bank in Japan (PBOC Public Announcement [2019] No.11).

On June 5, the pilot area of the RMB Qualified Foreign Institutional Investors (RQFII) expanded to the Netherlands, with a quota of RMB 50 billion yuan.

On August 23, the PBOC released the *2019 RMB Internationalization Report*.

On August 27, a symposium on the use of the RMB in neighboring countries and regions in 2019 was held in Harbin to study and deploy tasks related to further deepening and expanding the RMB cross-border use in neighboring countries and regions.

On September 10, the SAFE announced to remove limitations on investment quotas of the QFII and RQFII.

On September 12, the PBOC issued an announcement, designating the Manila Branch of Bank of China to serve as the RMB clearing bank in Philippines (PBOC Public Announcement [2019] No.18).

On October 8, the PBOC and the European Central Bank renewed the bilateral local currency swap agreement of RMB 350 billion yuan/ EUR 45 billion.

On October 15, the PBOC and SAFE jointly issued the *Notice on the Issues Regarding Further Facilitating Investment in the Interbank Bond Market by Foreign Institutional Investors* (PBOC Document [2019] No.240).

On December 5, the PBOC and the Monetary Authority of Macao SAR of China signed a bilateral local currency swap agreement of RMB 30 billion yuan/MOP 35 billion.

On December 10, the PBOC and the Central Bank of Hungary renewed the bilateral local currency swap agreement of RMB 20 billion yuan/ HUF 864 billion.

On December 18, the PBOC issued an announcement to further facilitate individual RMB cross-border remittances in Macao SAR of China (PBOC Public Announcement [2019] No.29).

On December 20, the PBOC held a symposium on the RMB internationalization.

On December 21, the professional committee on the cross-border RMB business of China Society for Finance and Banking was established.

2020

On January 6, the PBOC and the Bank of the Lao P.D.R signed a bilateral local currency cooperation agreement, allowing the direct use of local currency for settlement under all the opened current and capital accounts in both countries.

On January 31, the PBOC, MOF, CBIRC, CSRC and SAFE jointly issued *the Notice on Further Strengthening Financial Support for Prevention and Control of the Novel Coronavirus Pneumonia(NCP) Epidemic* (PBOC Document [2020] No.29), to simplify the procedures for the cross-border RMB business related to prevention and control of the epidemic, support the establishment of a “Green Channel” and effectively improve the efficiency of the cross-border RMB business.

On February 10, the PBOC and the Central Bank of Egypt renewed the bilateral local currency swap agreement of RMB 18 billion yuan/EGP 41 billion.

On March 11, the PBOC and SAFE issued *the Notice on Adjusting the Macroprudential Adjustment Parameter of Overall Cross-Border Financing* (PBOC Document [2020] No.64), raising the macroprudential adjustment coefficient of the overall cross-border

financing from 1 to 1.25.

On May 7, the PBOC and SAFE jointly issued the *Regulations on Funds of Securities and Futures Investment by Foreign Institutional Investors* (PBOC, SAFE Public Announcement [2020] No.2).

On May 20, the PBOC and the Bank of the Lao P.D.R signed a bilateral local currency swap agreement of RMB 6 billion yuan/LAK 7.6 trillion.

On July 31, the PBOC and the National Bank of Pakistan signed a revised bilateral local currency swap agreement to expand the swap scale to RMB 30 billion yuan/PKR 720 billion.

On July 31, the PBOC and the Central Bank of Chile signed a revised bilateral local currency swap agreement to expand the swap scale to RMB 50 billion yuan/CLP 5.6 trillion.

On July 31, the PBOC and the Bank of Mongolia renewed the bilateral local currency swap agreement of RMB 15 billion yuan/MNT 6 trillion.

On August 6, the PBOC and the Central Bank of Argentina renewed the bilateral local currency swap agreement of RMB 70 billion yuan/ARS 730 billion, and signed a supplementary bilateral local currency swap agreement of RMB 60 billion yuan.

On August 22, the PBOC and the Reserve Bank of New Zealand renewed the bilateral local currency swap agreement of RMB 25 billion yuan (NZD swap scale is calculated at the spot exchange rate).

On September 17, the PBOC and the Central Bank of Hungary signed a supplementary bilateral local currency swap agreement of RMB 40 billion yuan.

On September 25, the CSRC, PBOC and SAFE jointly released *the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors* (CSRC, PBOC,

and SAFE Decree No.176).

On September 30, the PBOC and the Bank of Indonesia signed the *Memorandum of Understanding on the Establishment of a Cooperative Framework for Facilitating Local Currency Settlement of Current Account Transactions and Direct Investment*.

On October 11, the PBOC and the Bank of Korea signed a bilateral local currency swap extension and revision agreement to expand the swap scale to RMB 400 billion yuan/KRW 70 trillion.

On October 19, the PBOC and the Central Bank of Iceland renewed the bilateral local currency swap agreement of RMB 3.5 billion yuan/ISK 70 billion.

On November 23, the PBOC and the Central Bank of Russian Federation renewed a bilateral local currency swap agreement of RMB 150 billion yuan/RUB 1.75 trillion.

On November 23, the PBOC and Hong Kong Monetary Authority signed a revised bilateral local currency swap agreement to expand the swap scale to RMB 500 billion yuan/HKD 590 billion.

On December 11, the PBOC and SAFE adjusted the macroprudential adjustment parameter for cross-border financing, lowering the macroprudential adjustment parameter for financial institutions from 1.25 to 1.

On December 22, the PBOC and Bank of Thailand renewed the bilateral local currency swap agreement of RMB 70 billion yuan/THB 370 billion.

2021

On January 4, the PBOC, NDRC, MOFCOM, SASAC, CBIRC, and SAFE jointly issued the *Notice on Further Optimizing Cross-border RMB Policies to Stabilize Foreign Trade and Foreign Investment* (PBOC Document [2021] No. 330).

On January 5, the PBOC and SAFE issued the *Notice on Adjusting the Macro-prudential*

Adjustment Coefficient of Overseas Renminbi Lending business of Domestic Enterprises, raising the macro-prudential adjustment coefficient for overseas lending by domestic companies from 0.3 to 0.5.

On January 6, the PBOC and Central Bank of Qatar renewed the bilateral local currency swap agreement of RMB 35 billion/QAR 20.8 billion.

On January 7, the PBOC and Bank of Canada renewed the bilateral local currency swap agreement of RMB 200 billion yuan (the swap amount of CAD was calculated at the spot exchange rate).

On January 7, the PBOC and SAFE issued the *Notice on Adjusting the Macro-prudential Adjustment Parameters of Cross-border Financing of Enterprises* (PBOC Document [2021] No. 5), lowering the macro-prudential adjustment parameter for cross-border financing of enterprises from 1.25 to 1.

On January 27, Bank of China (Hong Kong) Ltd. launched the market making mechanism for central-bank bill repos in Hong Kong SAR of China.

On March 1, the PBOC and the National Bank of Cambodia signed a bilateral local currency cooperation agreement, expanding the local currency settlement to all opened current and capital accounts in both countries.

On March 19, the PBOC and Central Bank of Sri Lanka renewed the bilateral local currency swap agreement of RMB 10 billion/LKR 300 billion.

On June 4, the PBOC and Central Bank of the Republic of Turkey signed a bilateral currency swap amendment agreement to expand the swap scale to RMB 35 billion/TRY 46 billion.

On June 9, the PBOC and Central Bank of Nigeria renewed a bilateral local currency swap agreement of RMB 15 billion/NGN 967 billion.

On July 6, the PBOC and Reserve Bank of Australia renewed the bilateral local currency

swap agreement of RMB 200 billion/AUD 41 billion.

On July 12, the PBOC and Bank of Malaysia renewed the bilateral local currency swap agreement of RMB 180 billion/MYR 110 billion.

On July 13, the PBOC and State Bank of Pakistan renewed the bilateral local currency swap agreement of RMB 30 billion/PKR 730 billion.

On August 20, the PBOC and Central Bank of Chile renewed the bilateral local currency swap agreement of RMB 50 billion/CLP 6 trillion.

On September 6, the PBOC and Bank Indonesia formally launched the cooperation framework for Local Currency Settlement (LCS).

On September 10, Guangdong, Hong Kong, and Macao simultaneously promulgated the *Implementation Arrangements for Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area*.

On September 13, the PBOC and Reserve Bank of South Africa renewed the bilateral local currency swap agreement of RMB 30 billion/ZAR 68 billion.

On September 15, the PBOC and HKMA issued a joint announcement to roll out Southbound Trading under mutual bond market access between Hong Kong and Mainland China. The PBOC issued the *Notice on Launching Southbound Trading under Mutual Bond Market Access between the Mainland and Hong Kong*.

On October 25, the PBOC and Bank of Japan renewed the bilateral local currency swap agreement of RMB 200 billion/JPY 3.4 trillion.

On October 29, FTSE Russell officially announced that Chinese government bonds were added to the FTSE World Government Bond Index (WGBI).

On November 12, the PBOC and Bank of England renewed the bilateral local currency swap agreement of RMB 350 billion/GBP 40 billion.

On December 10, the RMB Cross-border Payment and Receipt Management Information System II was put into trial operation.

On December 23, the PBOC and SAFE issued the *Notice on Issues Concerning Supporting New Forms of Offshore International Trade* to encourage banks to optimize financial services and provide cross-border settlements facilitation for honest and law-abiding enterprises to carry out authentic and compliant new offshore international trade.

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On January 21, the PBOC and Bank Indonesia renewed the bilateral local currency swap agreement of RMB 250 billion / IDR 550 trillion.

On January 29, the PBOC and the SAFE issued the *Notice on Overseas Lending by Banking Institutions* to further support and standardize domestic banks' overseas lending business.

On February 16, the PBOC and Bank of Albania renewed the bilateral local currency swap agreement of RMB 2 billion / ALL 33 billion.

On May 11, the Executive Board of the IMF completed its quinquennial review of the SDR valuation and decided to raise the weight of the RMB from 10.92% to 12.28%. The ranking of the RMB remained third. The Executive Board decided that the new SDR currency basket would come into effect on August 1, 2022.

On May 26, the PBOC, together with the MOFCOM and the SAFE, issued the *Notice on Supporting Foreign Economic and Trade Enterprises to Enhance the Capability of Exchange Rate Risk Management*, to promote the cross border RMB usage, support foreign economic and trade enterprises to hedge the currency mismatch risks and encourage to increase the scale and proportion of cross-border RMB settlement under trade in goods.

On May 27, the PBOC, the CSRC, and the SAFE jointly issued the *Notice on the Issues Regarding Further Facilitating Investment in China's Bond Market by Overseas Institutional*

Investors (PBOC, SAFE Announcement [2022] No.4), coordinating efforts to promote the opening-up of the interbank and exchange bond markets.

On June 6, the PBOC and the Central Bank of the Republic of Türkiye renewed the bilateral local currency swap agreement of RMB 35 billion / TRY 85 billion.

On June 20, the PBOC issued the *Notice on Supporting Cross-border RMB Settlement for New Forms of Foreign Trade*, supporting banks and payment institutions to better serve the development of new forms of foreign trade.

On July 1, the PBOC and the HKMA signed a standing local currency swap agreement to expand the swap scale to RMB 800 billion / HKD 940 billion.

On July 4, the PBOC, the HKSFC, and the HKMA jointly announced to embark on the collaboration to develop mutual access between the Mainland and Hong Kong interest rate swap markets (Swap Connect), facilitating the participation of overseas investors in the domestic RMB interest rate swap market and supporting the construction of high-level financial opening-up.

On July 13, the PBOC and the MAS renewed the bilateral local currency swap agreement of RMB 300 billion / SGD 65 billion.

On July 18, the PBOC and the SAFE decided to roll out the second batch of the cash pooling pilot integrating the RMB and foreign currency management for multinational corporations in Shanghai, Guangdong, Shaanxi, Beijing, Zhejiang, Shenzhen, Qingdao, and Ningbo.

On September 7, the PBOC and the Bank of the Lao P.D.R signed a Memorandum of Understanding on establishing RMB clearing arrangements in Laos.

On September 20, the PBOC authorized the ICBC Vientiane Branch to serve as the RMB clearing bank in Laos.

On September 19, the PBOC signed the Memorandum of Understanding with

the National Bank of the Republic of Kazakhstan on establishing RMB clearing arrangements in Kazakhstan. On September 23, the PBOC authorized the ICBC (Almaty) to serve as the RMB clearing bank in Kazakhstan.

On September 23, the PBOC renewed the RMB business clearing agreement with the Bank of China Macao Branch.

On October 8, the PBOC and the European Central Bank renewed the bilateral local currency swap agreement of RMB 350 billion / EUR 45 billion.

On October 25, the PBOC and the SAFE decided to raise the macroprudential adjustment parameter for cross-border financing of enterprises and financial institutions from 1 to 1.25, so as to further improve the unified macroprudential management of cross-border financing, expand the source of cross-border funds for enterprises and financial institutions, and guide them to optimize their liability structure.

On November 2, the PBOC signed the Memorandum of Understanding with the National Bank of Pakistan on establishing RMB clearing arrangements in Pakistan. On November 15, the PBOC authorized the ICBC Karachi Branch to serve as the RMB clearing bank in Pakistan.

On December 2, the PBOC, together with the SAFE, issued *the Notice on Matters Concerning the Proceeds Management for Yuan-Denominated Bonds Issued by Overseas Issuers in China*, which clarified the requirements of proceeds management for yuan-denominated bonds issued by overseas institutions in China, to facilitate overseas institutions' financing activities in China's bond market.

On December 5, the PBOC and the AMCM renewed the bilateral local currency swap agreement of RMB 30 billion / MOP 34 billion.

On December 10, the PBOC and the Central Bank of Hungary renewed the bilateral local currency swap agreement of RMB 40 billion / HUF 2.2 trillion.

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On January 11, the PBOC, together with the MOFCOM, issued the *Notice on Further Supporting Foreign Economic and Trade Enterprises in Expanding the Cross-border Use of the RMB to Facilitate Trade and Investment*, further facilitating the use of the RMB in cross-border trade and investment, and better meeting market needs of foreign economic and trade enterprises for transaction settlement, investment and financing, and risk management and so on.

On February 7, the PBOC and the Central Bank of Brazil signed the Memorandum of Understanding on establishing RMB clearing arrangements in Brazil. On February 21, the PBOC authorized ICBC(Brazil) to serve as the RMB clearing bank in Brazil.

On February 20, the PBOC and the Central Bank of Egypt renewed a bilateral local currency swap agreement of RMB 18 billion / EGP 80.7 billion.

On April 28, the PBOC issued the *Interim Measures for the Administration of Cooperation on the Mutual Access Between Chinese Mainland and Hong Kong Interest Rate Swap Markets* (The PBOC Public Announcement [2023] NO.8).

On May 8, the PBOC, together with the SAFE, decided to launch pilot programs in Beijing, Guangdong, and Shenzhen to optimize and upgrade the policies on centralized operation and management of cross-border RMB and foreign currency funds for multinational corporations, giving them more freedom in their cross-border funds management.

On May 15, mutual access between the Mainland and Hong Kong interest rate swap market (Swap Connect) was officially launched.

On June 9, the PBOC and the Central Bank of Argentina renewed the bilateral local currency swap agreement of RMB 130 billion / ARS 4.5 trillion.

On July 12, the PBOC and the Bank of the Lao P.D.R renewed the bilateral local currency swap agreement of RMB 6 billion / LAK 15.8 trillion.

On July 20, to further improve the macroprudential management of cross-border financing, continue to expand enterprises' and financial institutions' funding sources, and guide them to optimize their asset-liability structure, the PBOC and the SAFE decided to raise the macroprudential adjustment parameter for cross-border financing for enterprises and financial institutions from 1.25 to 1.5.

On July 31, the PBOC and the Bank of Mongolia renewed the bilateral local currency swap agreement of RMB 15 billion / MNT 7.25 trillion.

On September 28, the PBOC, the NAFR, the CSRC, the SAFE, the HKMA, the HKSFC, and the AMCM decided to further enhance the Cross-boundary Wealth Management Connect Pilot Scheme, advance the financial market interconnectivity in the GBA in a prudent and orderly manner to support the development of the GBA.