Offshore CNY Cash&Trade Working Group Meeting

24th Apr, 2014

Agenda

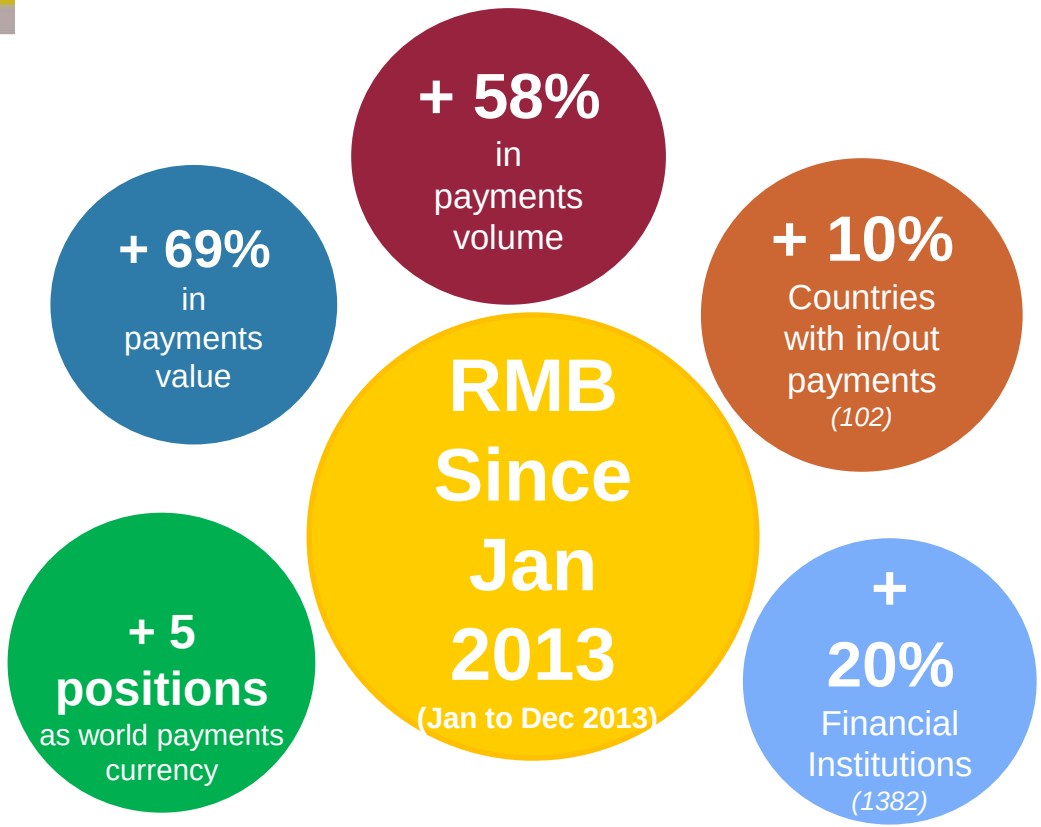
- RMB development in 2013 from SWIFT data - 15’
- CCC update - 15’
- Topics for discussion

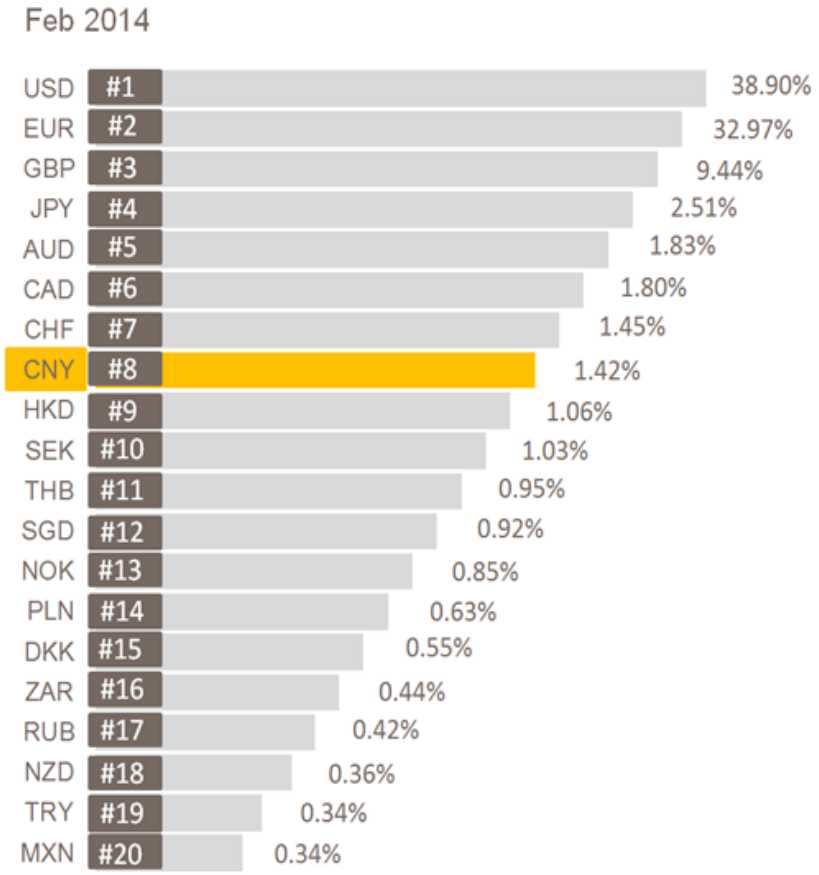
  Topic 1: Change of behaviour along with CNAPS2 - 25’

  Topic 2: SH FTZ vs HK offshore RMB business - 25’
- SR2014 and potential update on Guidelines - 5’
- AOB - 5’

Offshore RMB traffic insights

RMB development in 2013

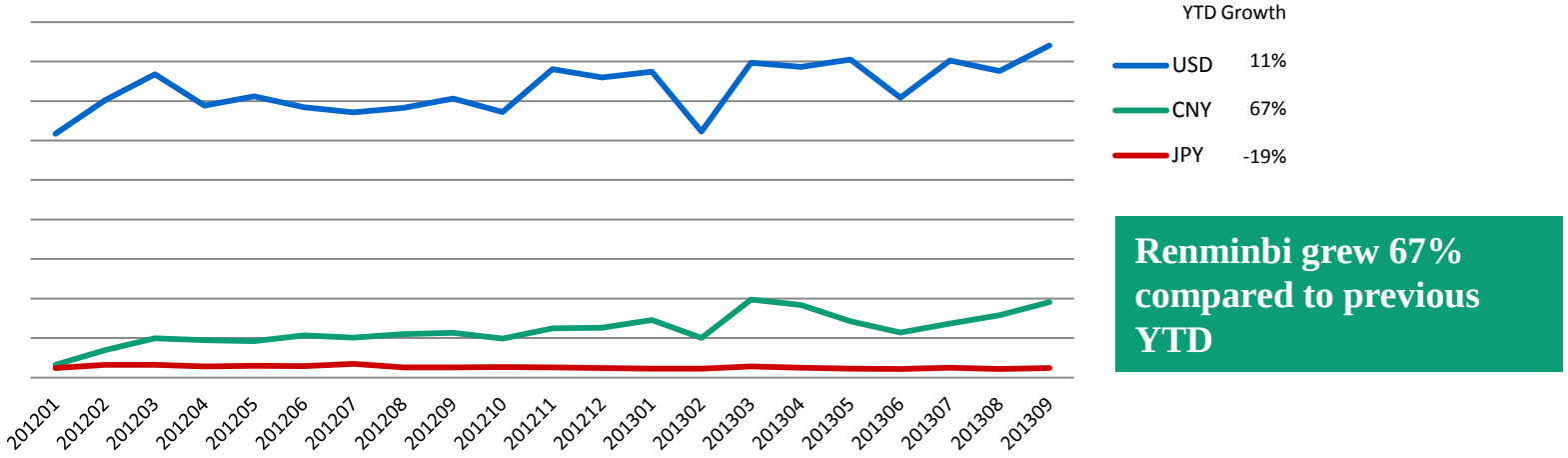




Source: Watch
Payments value weight (MT103 and MT202 excl. CB)

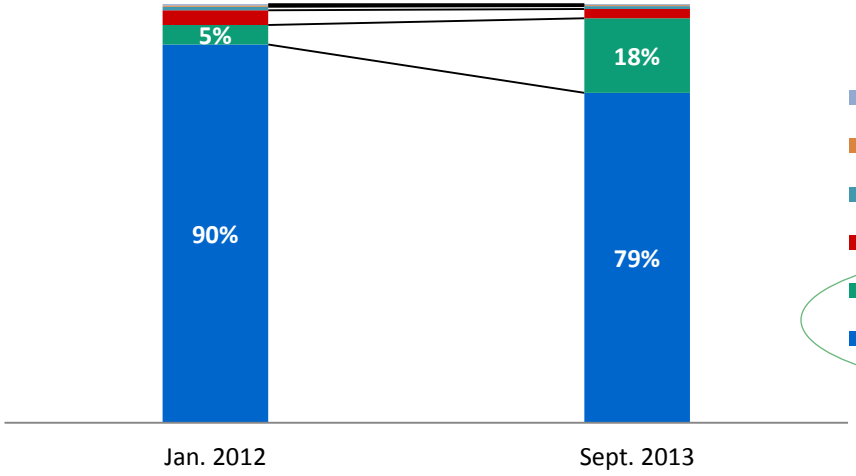
Intra-Asia RMB trade settlement up 67% over 2013

Based on Intra-Asia MT700 underlying value



Renminbi grew 67% compared to previous YTD

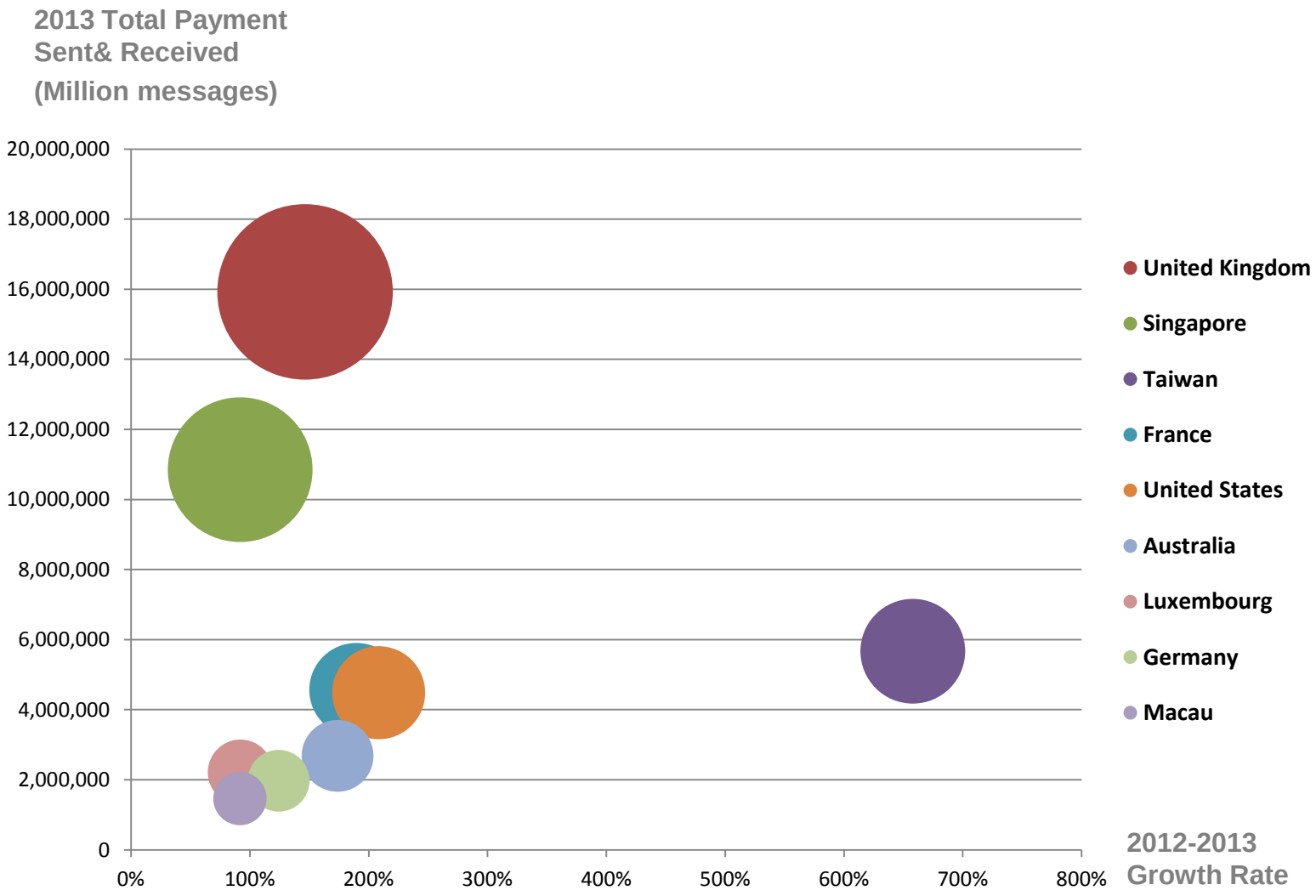
Top 5 Currencies Used for Intra Asia Trade Finance



	Jan. 2012	Sept. 2013
Others	0.36%	0.22%
HKD	0.31%	0.29%
EUR	0.81%	0.64%
JPY	3.55%	2.21%
CNY	4.64%	17.85%
USD	90.34%	78.78%

Source: SWIFT Watch
Domestic flows and central banks excluded.
Intra-Asia only.

Top countries(excl HK) RMB payment in 2013

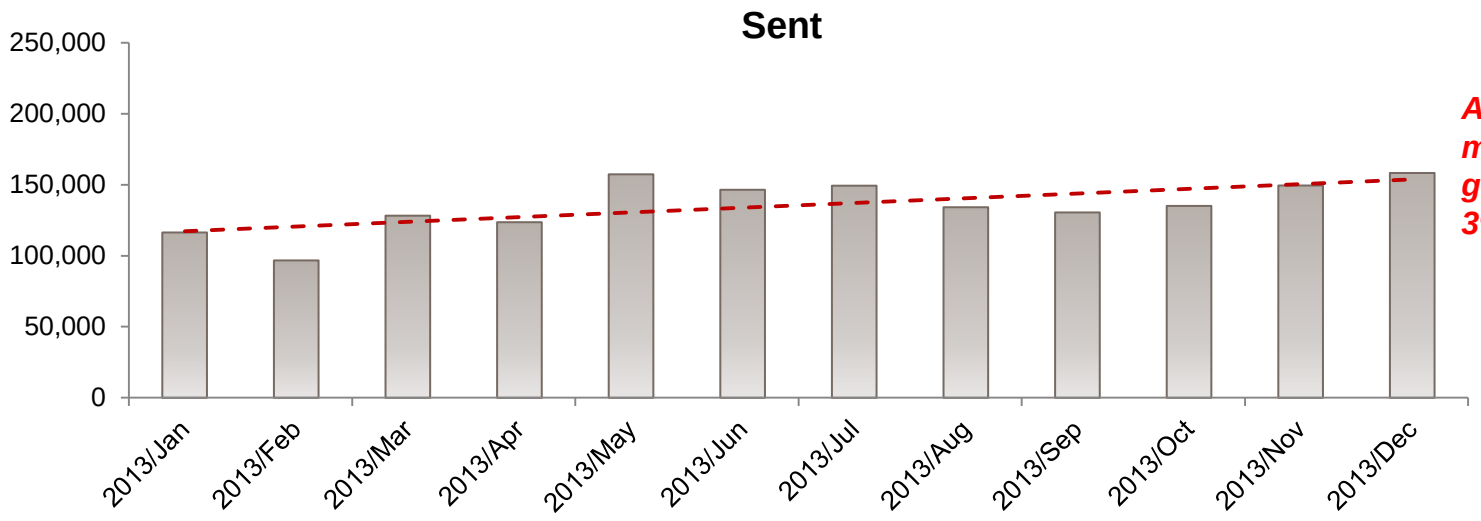


Source: SWIFT Watch

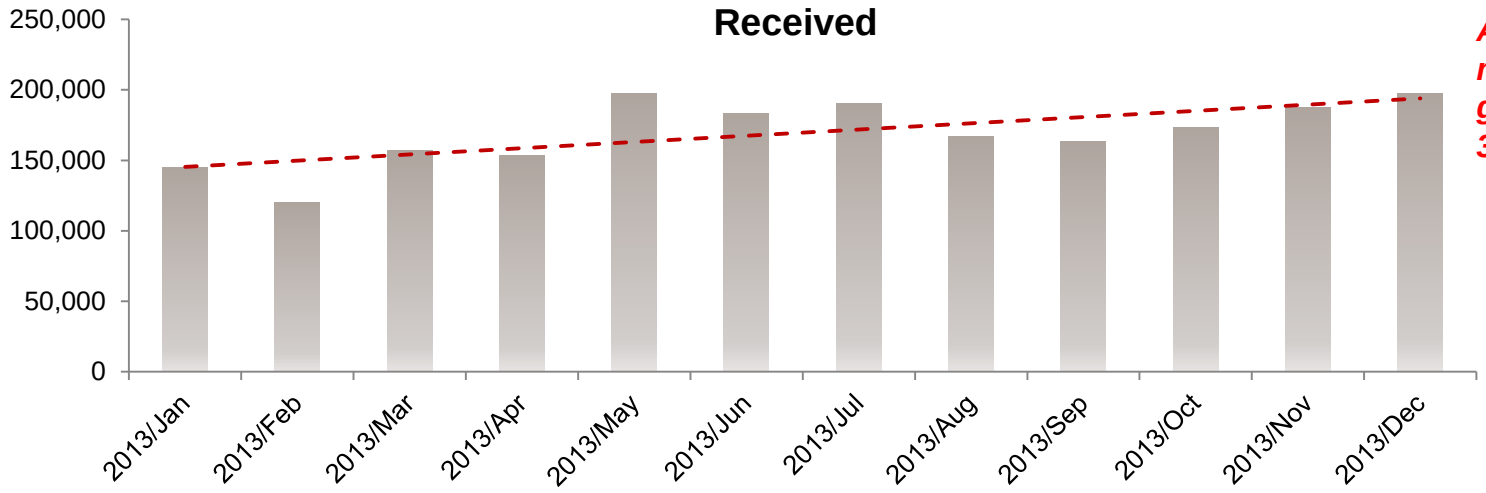
RMB's evolution with HK

-- *Hongkong as an RMB Payment centre*

RMB Payments(MT103/202 excl cov)



Average monthly growth rate: 3%

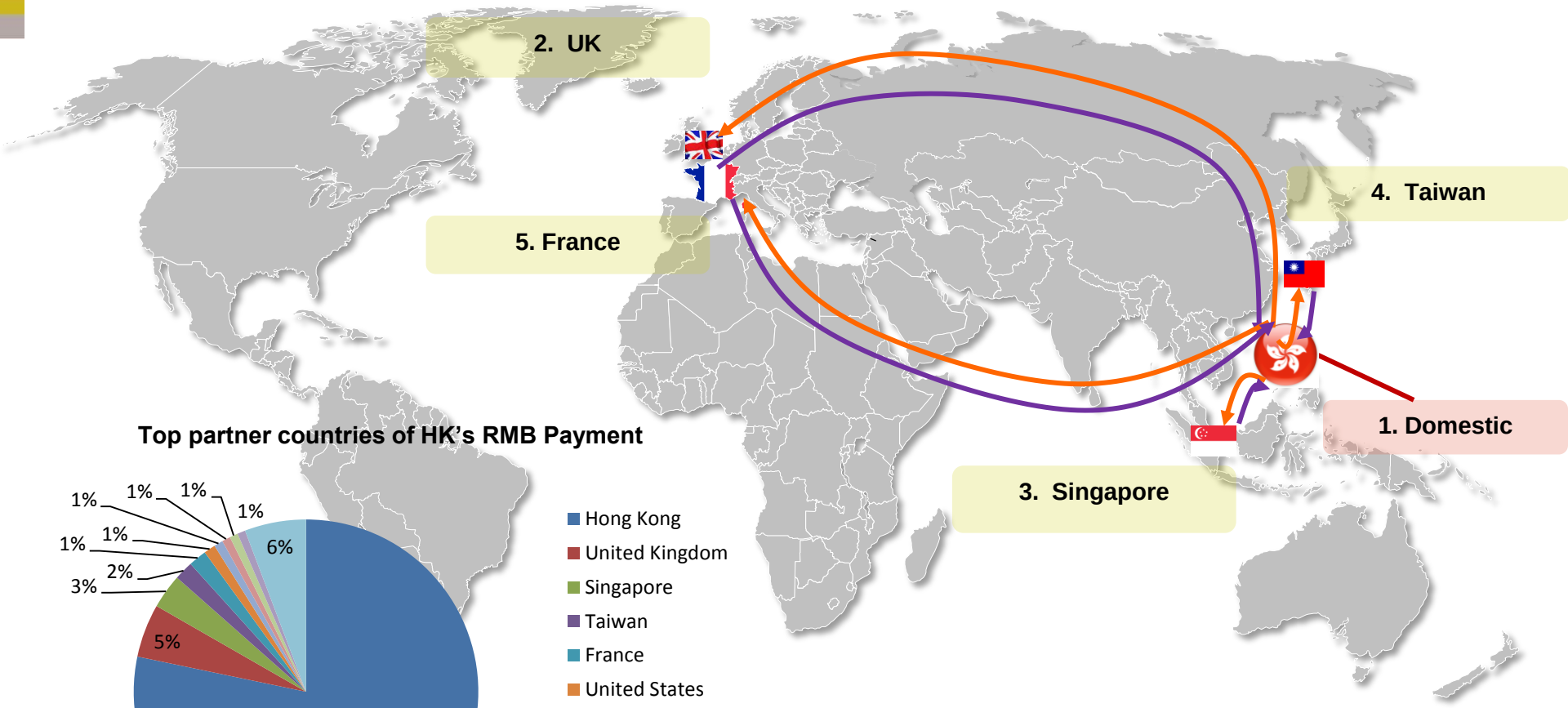


Average monthly growth rate: 3%

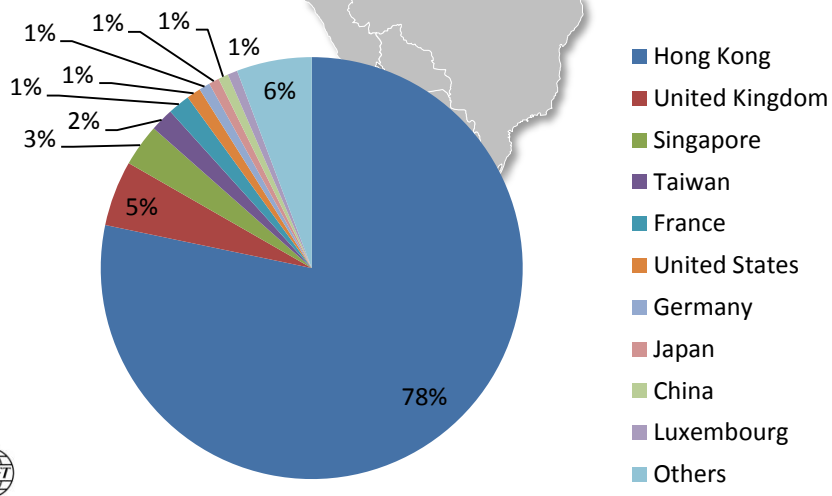
Source: SWIFT Watch

RMB Payment flows in&out of Hong Kong

Ranking Based on total FIN 2013 - number of messages sent and received



Top partner countries of HK's RMB Payment

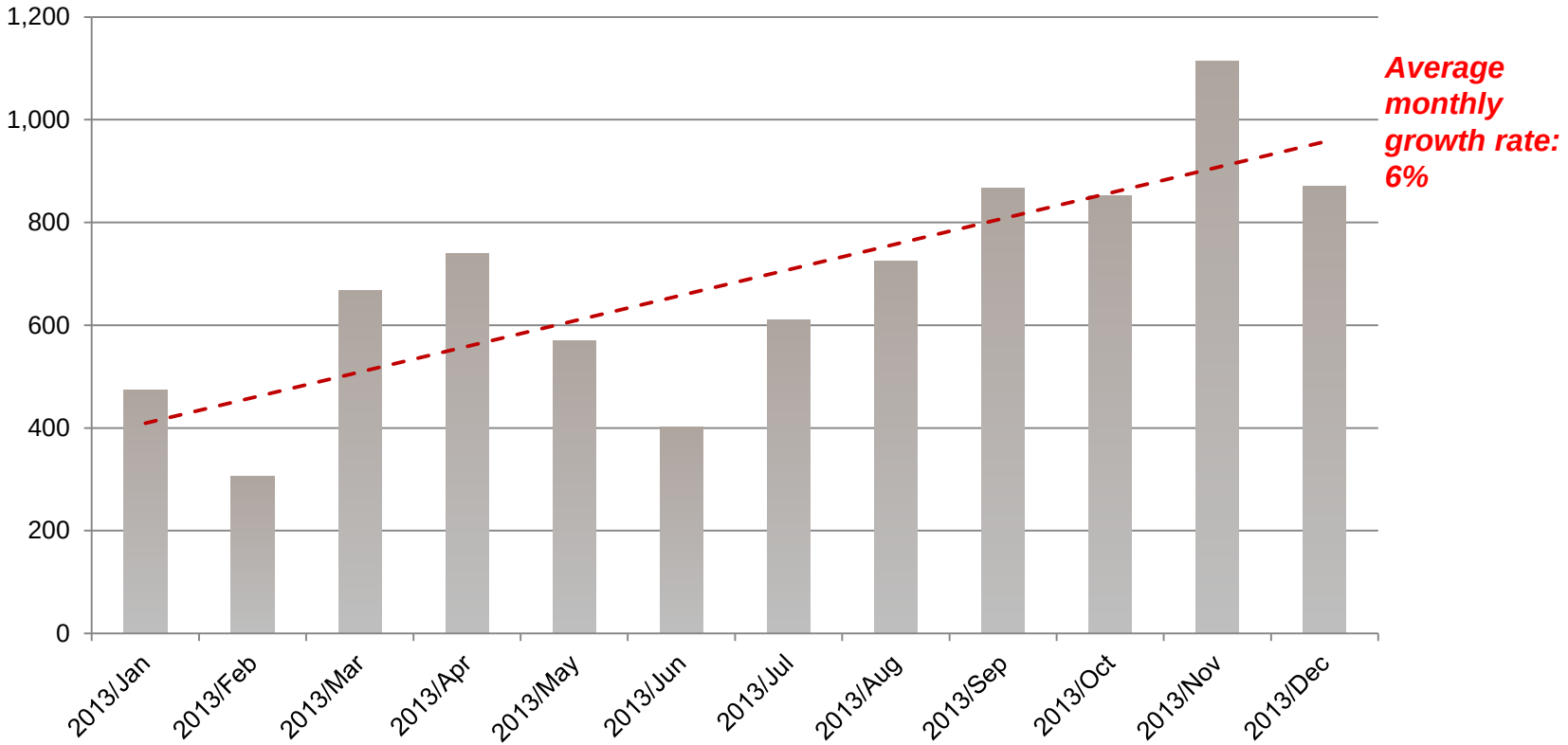


Source: Watch
HK's 2013 total RMB payment volume, sent and received
Growth figures: 2013 vs 2012
Live traffic

RMB's evolution with SG

-- *SG as an RMB Trade centre*

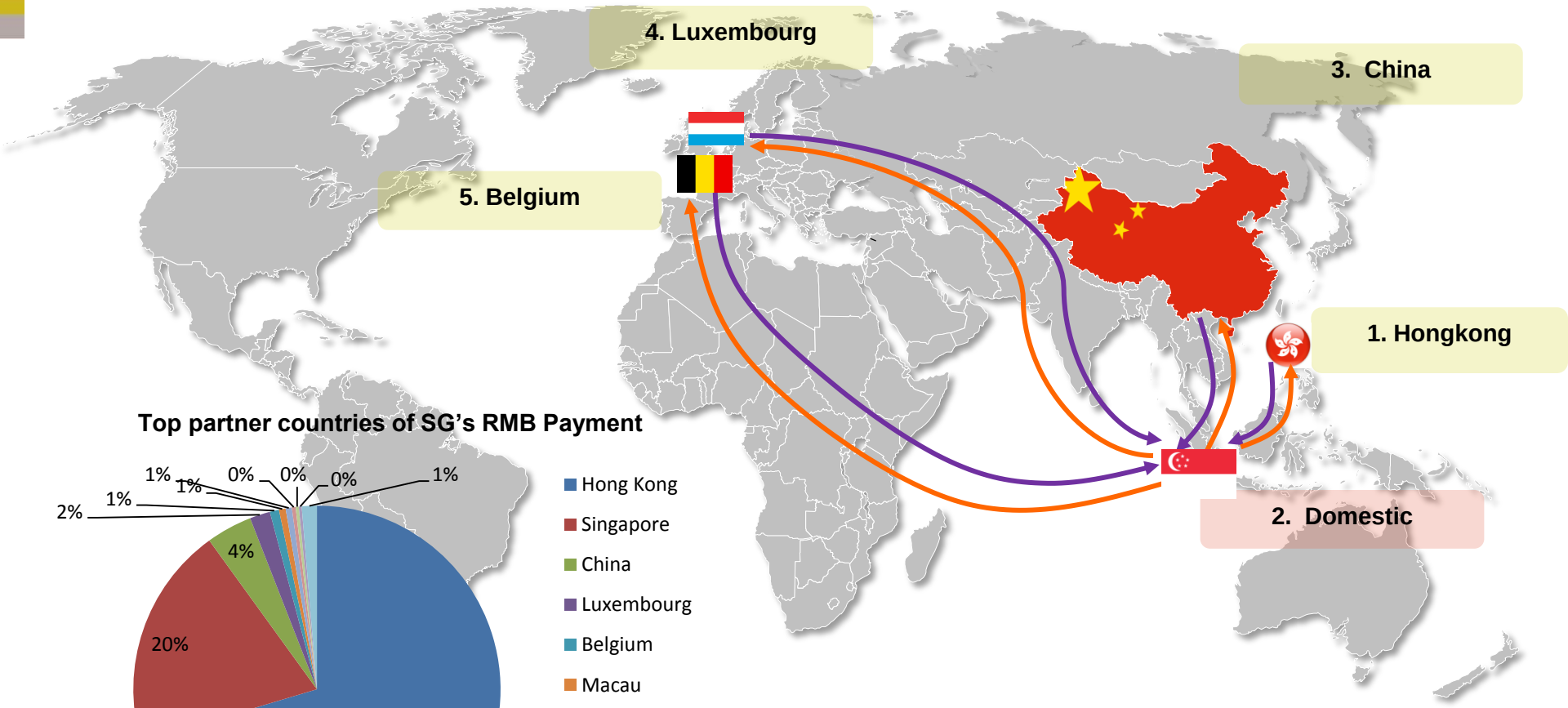
RMB sent and received in Trade messages (MT400/410/700/707)



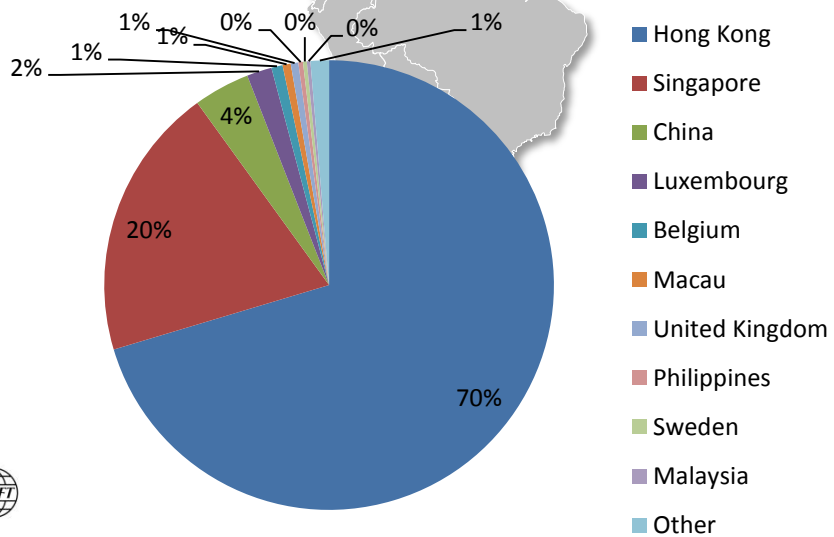
Source: SWIFT Watch

RMB Payment flows in&out of Singapore

Ranking Based on total FIN 2013 - number of messages sent and received



Top partner countries of SG's RMB Payment

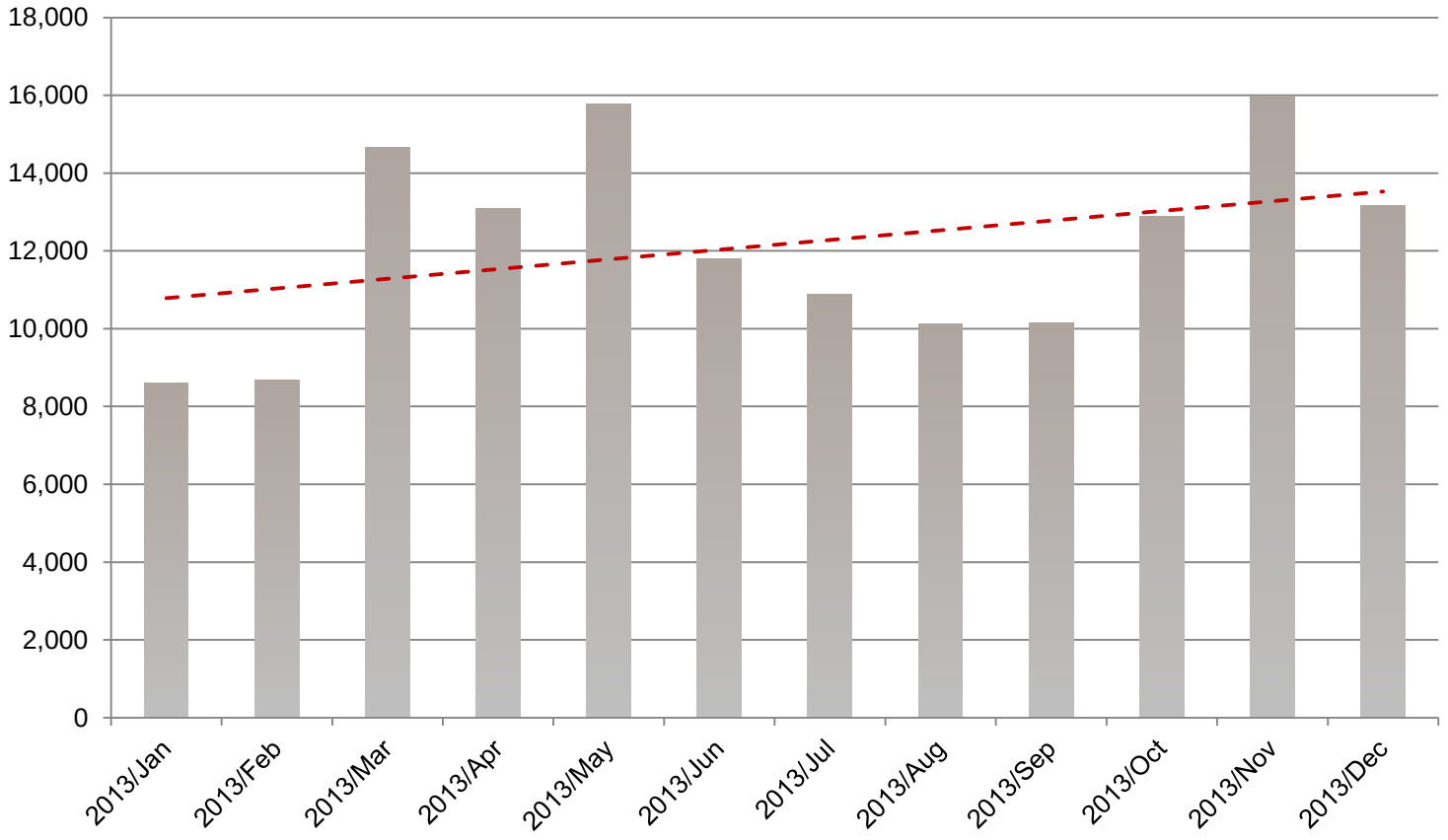


Source: Watch
SG's 2013 total RMB payment volume, sent and received
Growth figures: 2013 vs 2012
Live traffic

RMB's evolution with Luxembourg

-- *Lux as an RMB Funds processing centre*

RMB sent and received in Securities messages(MT5xx)

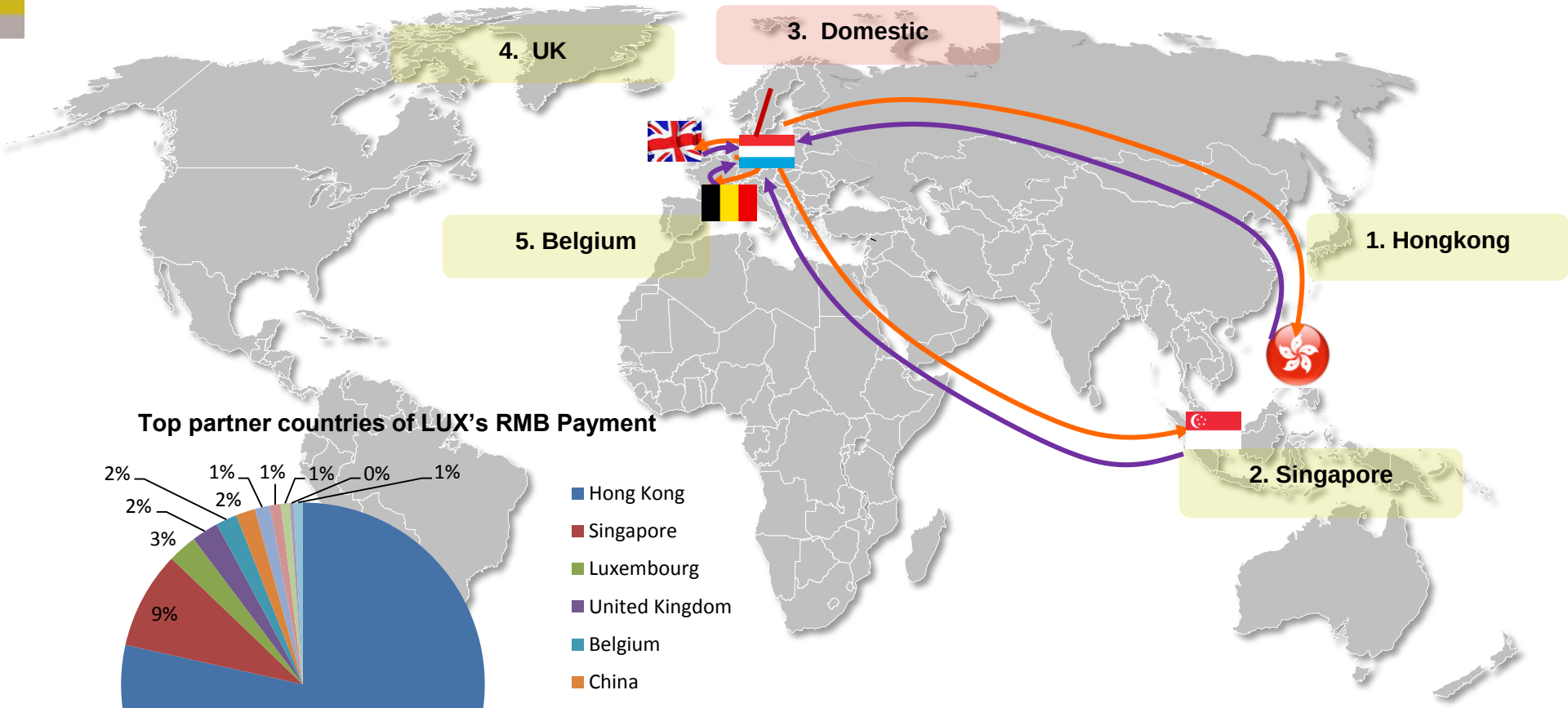


Average monthly growth rate: 4%

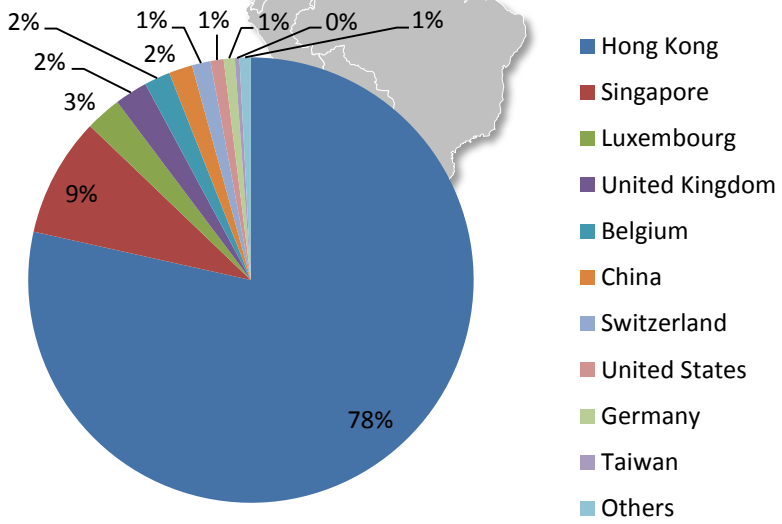
Source: SWIFT Watch

RMB Payment flows in&out of Luxembourg

Ranking Based on total FIN 2013 - number of messages sent and received



Top partner countries of LUX's RMB Payment

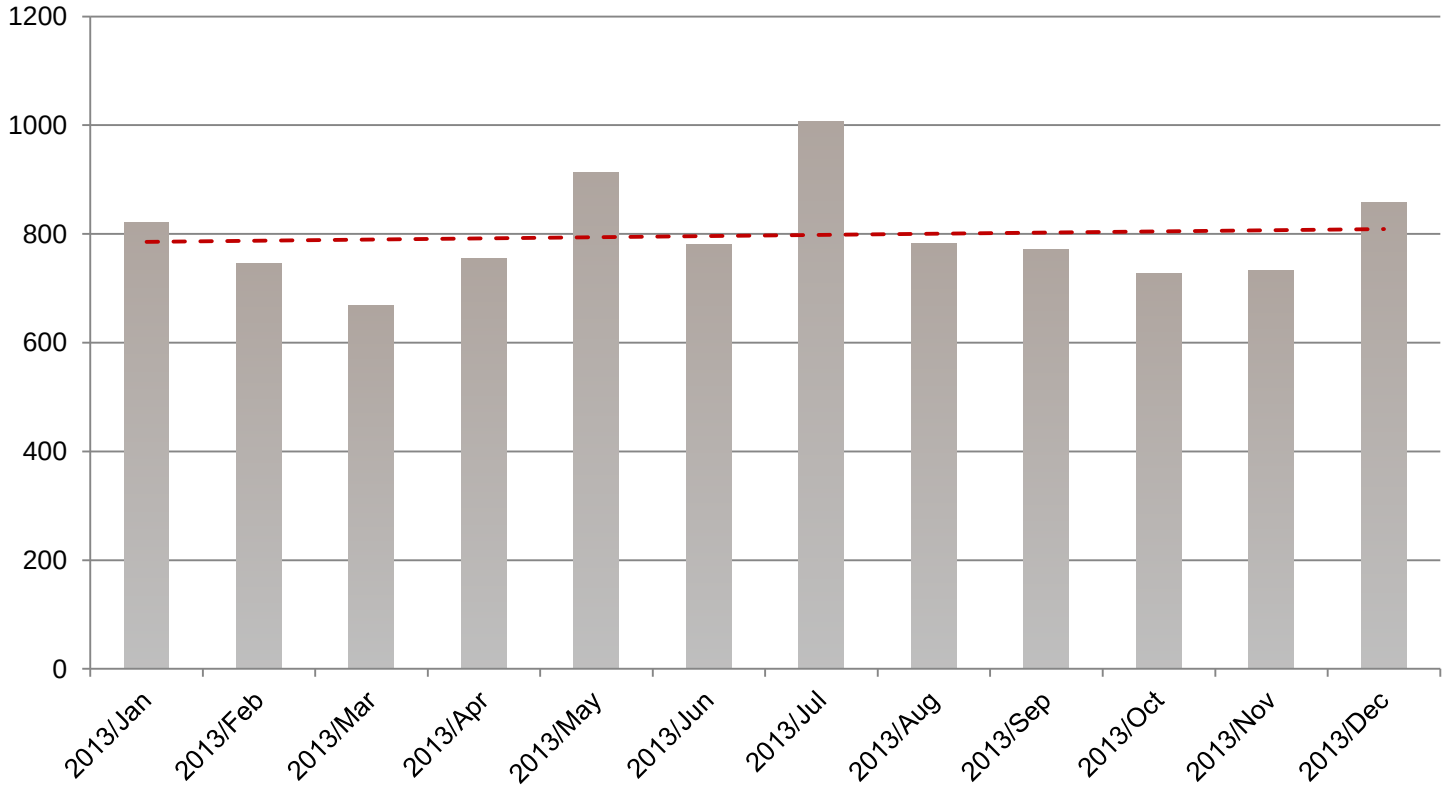


Source: Watch
Lux's 2013 total RMB payment volume, sent and received
Growth figures: 2013 vs 2012
Live traffic

RMB's evolution with UK

-- *London as an RMB FX centre*

RMB sent and received in FX trade message(MT300/320)

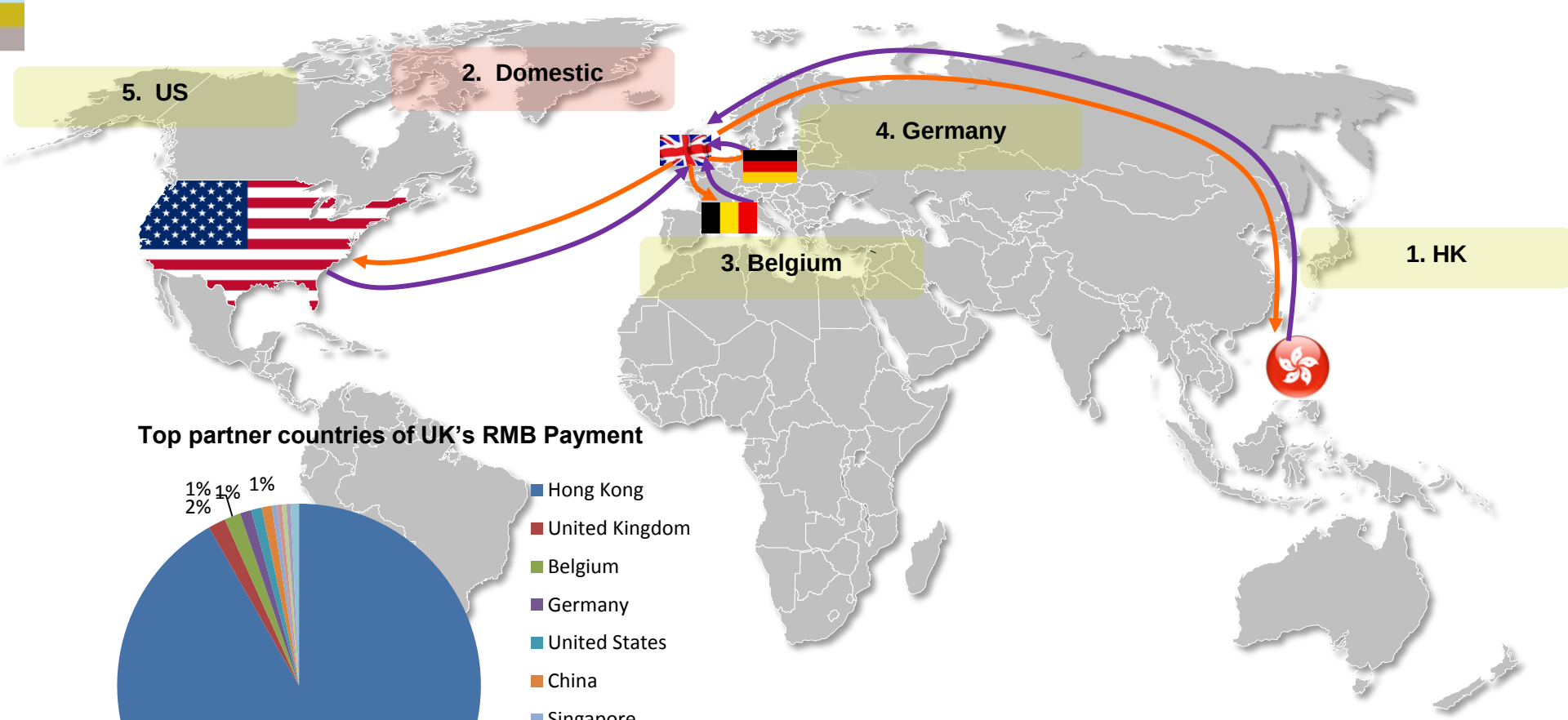


Average monthly growth rate: 0.4%

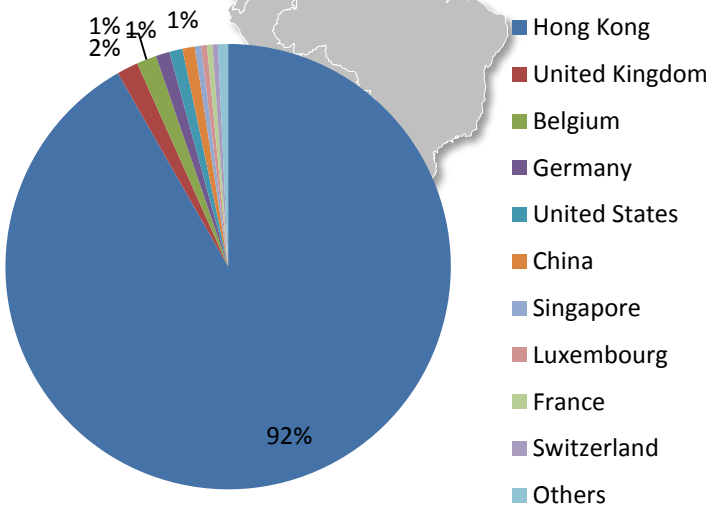
Source: SWIFT Watch

RMB Payment flows in&out of UK

Ranking Based on total FIN 2013 - number of messages sent and received

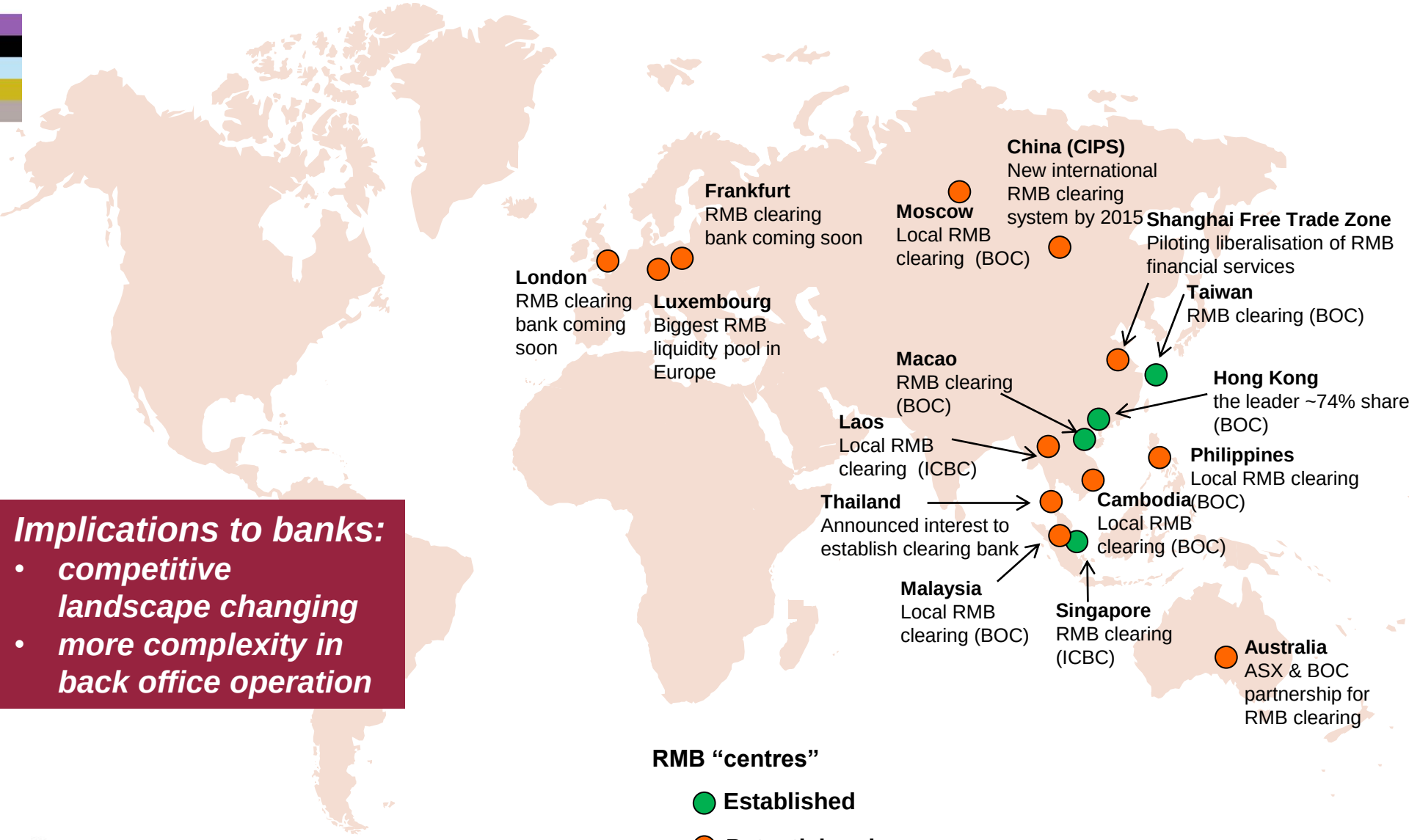


Top partner countries of UK's RMB Payment



Source: Watch
UK's 2013 total RMB payment volume, sent and received
Growth figures: 2013 vs 2012
Live traffic

Significant evolvement in RMB offshore clearing

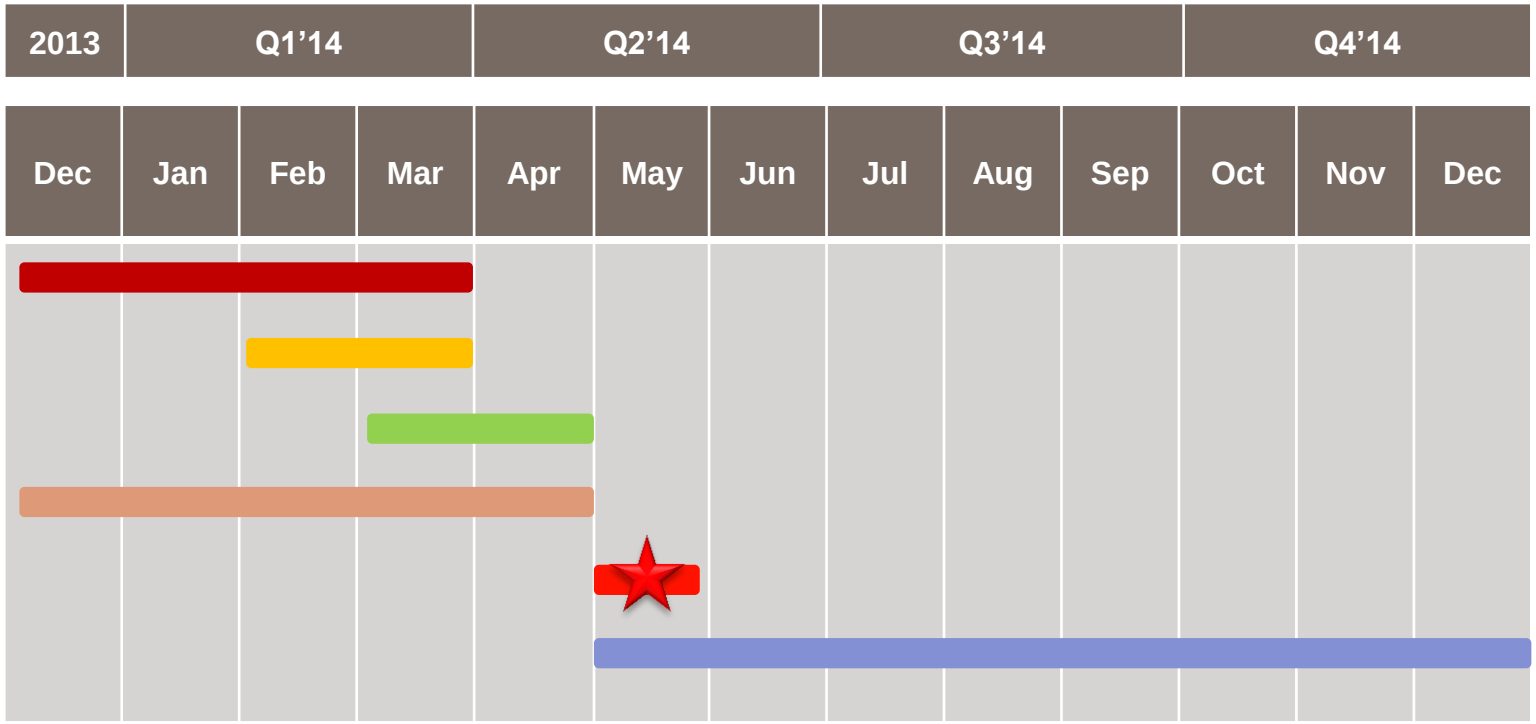


Implications to banks:

- ***competitive landscape changing***
- ***more complexity in back office operation***

CCC (Chinese commercial code) update

CCC table launch plan



- Preparation of the CCC e-table (CCC group, SWIFT)
- Finalize the governance document (CCC group, SWIFT)
- Establish the CCC maintenance group
- Collect market practice in how to use CCC in MTs and draft market practice guidelines (CCC group)
- CCC e-table publish on www.swift.com
- SWIFT user group meetings to promote (HK, SG, TW, CN, MO, & others)

Chinese Commercial Code (CCC) update

Current status

- First version of CCC e-table is ready for publication
- CCC maintenance group was established and first consultation had been sent to all members
  - Established formal governance for CCC maintenance
  - Maintenance group has members from 4 main Chinese banks, TW FISC, CNY offshore clearing banks, SWIFT, and OSCNYWG
- Draft the best practice of CCC table usage for FIN messages
- Draft the best practice to present the name and address information in relevant MT fields
- Awaiting one more delegate from OSCNYWG to participate at the maintenance group

Chinese Commercial Code (CCC) update

Next steps

- Locate the web-site for publication at SWIFT
- Kick off the maintenance of 2nd version of CCC table
  - Remove errors from paper table
  - Discuss stages to include commonly used Chinese characters
  - Coding structure when table is expanded beyond 10K

Discussion Topic 1: Change of behaviour along with CNAPS2

Discussion Topic 2:
SH FTZ vs HK offshore RMB business

SR2014 and potential update on Offshore CNY Guidelines

Common challenges unique solutions