



# ***CMU of Hong Kong Monetary Authority***

## ***ACG 24***

### ***New Business Initiative Task Force Update***



## ***Southbound Bond Connect Settlement Service***

### **Vision**

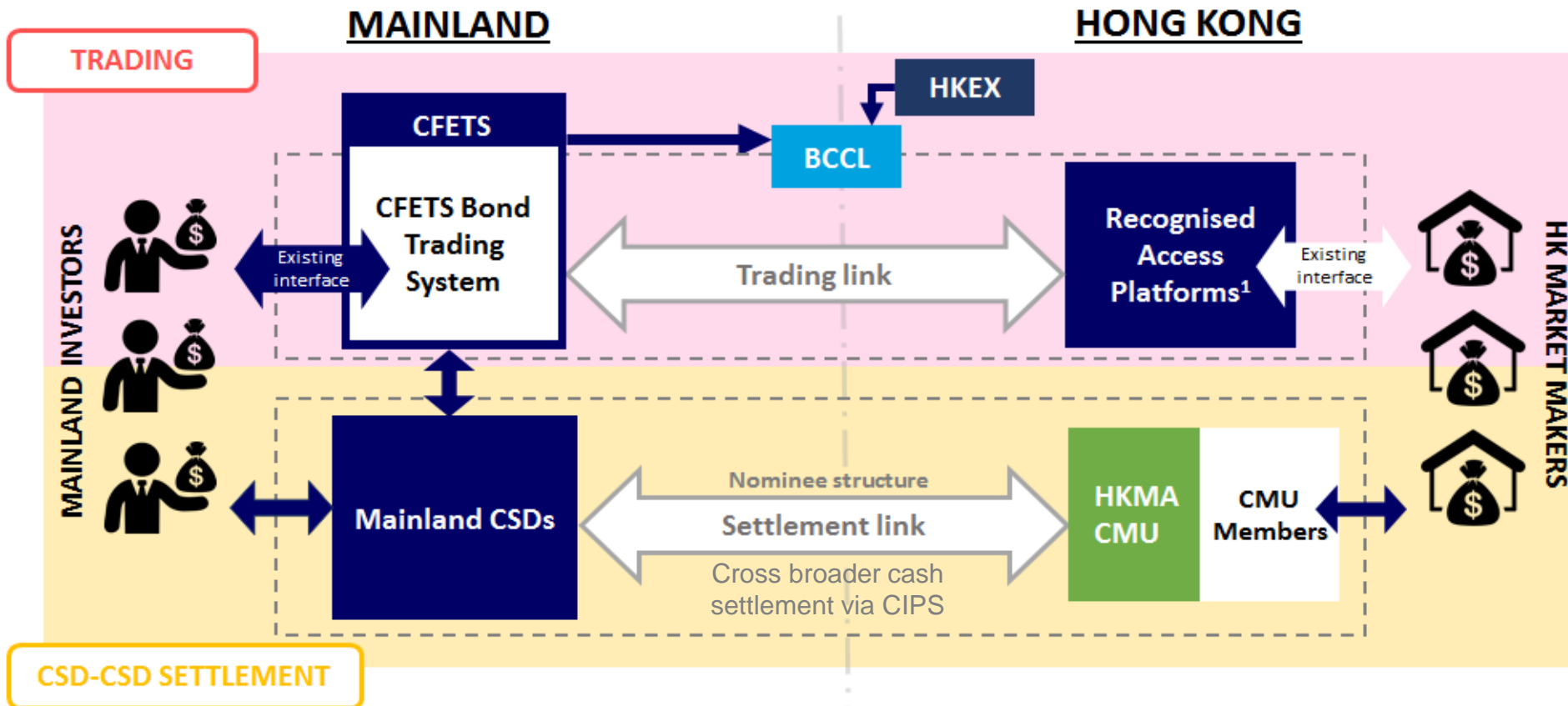
- ◆ Riding on opportunities arising from the opening up of Mainland financial markets, CMU is well positioned to bridge between Mainland and international bond markets through Bond Connect
- ◆ Bond Connect signifies that Hong Kong as an efficient, secure and reliable channel and gateway for the Mainland's opening up
- ◆ Further to the launch of Northbound Bond Connect in 2017, Southbound Bond Connect was launched in September 2021, enabling Mainland institutional investors to invest in Hong Kong bond market through connection between the Mainland and Hong Kong financial infrastructure services institutions

### **Opportunities**

- ◆ Assists Mainland financial institutions in offshore asset allocation through Hong Kong
- ◆ Attracts issuers around the world to use CMU issuance service and in turn promotes the development of Hong Kong debt securities market



## Southbound Bond Connect Settlement Service



CMU provides Southbound Bond Connect settlement service through nominee account arrangement with the Mainland. CMU became the first offshore CSD that has established direct interface with CIPS to facilitate DvP settlement of the Southbound transactions.



## CMU New Platform

### Goal

- ◆ To develop a critical mass in the CMU/HK riding on the Mainland opportunities
- ◆ Further develop into an ICSD in Asia in the long term

### Drivers for System Revamp

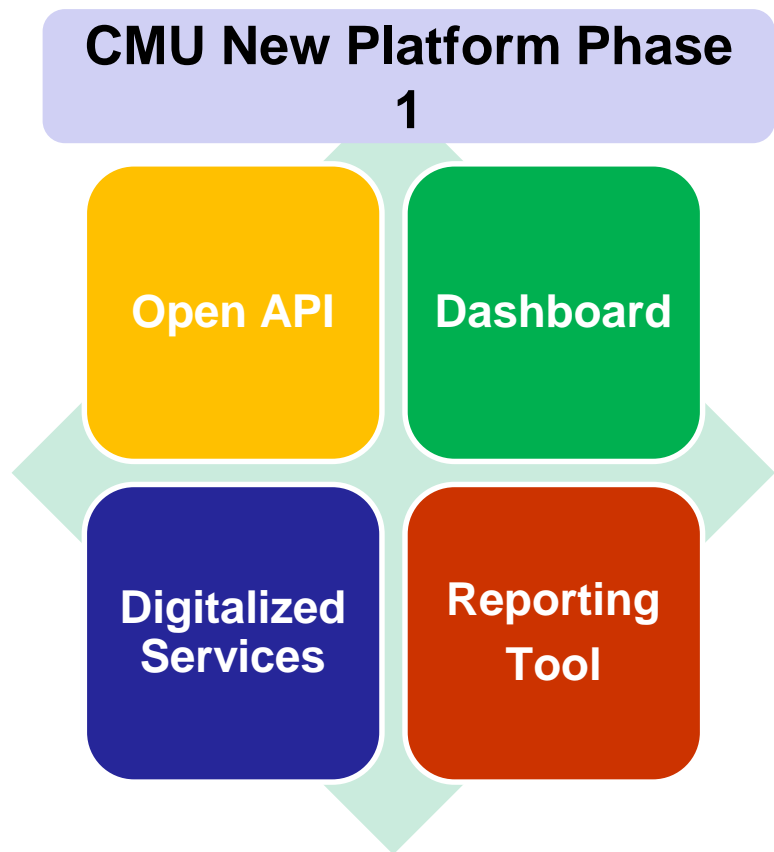
- ◆ CMU was established in 1990's based on Mainframe System
- ◆ Growing CMU's business and operation needs
- ◆ System agility and flexibility to cater for evolving market demands

### CMU New Platform will be developed and implemented by Phases:

- ◆ Phase 1 aims to enhance the operational efficiency and the support for Bond Connect
- ◆ Phase 2 aims to introduce a new system for gradual migration of functions from existing mainframe system



## CMU New Platform



CMU New Platform Phase 1 will be launched in Q3 2023:

- ◆ Additional straight-through channel for member access to CMU services
- ◆ Monitoring tools to enhance settlement & operational efficiency
- ◆ Electronic channel to deliver CMU services, such as e-lodgement and securities account management
- ◆ Facilitate global custodians to manage their underlying clients