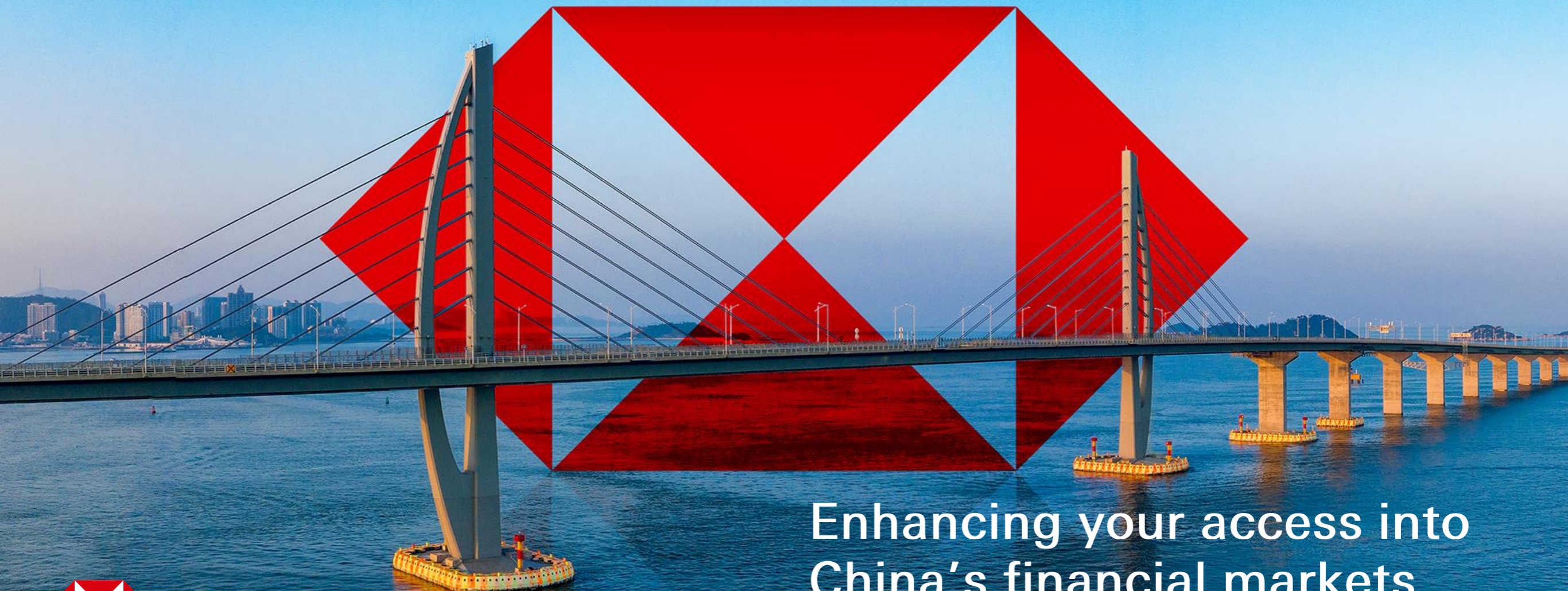


Swap Connect



Enhancing your access into
China's financial markets



What is Swap Connect?

Designed to give investors access to the China onshore interest rate swap ("IRS") market, Swap Connect is the latest Connect scheme linking Hong Kong and mainland China's financial markets.

Leveraging Hong Kong's robust financial market infrastructure

for investors to trade onshore RMB interest rate swaps

Northbound route

for international investors to access mainland China

Central clearing model

which enables international investors mitigate counterparty risk

Eligible Investors

CIBM Direct or Bond Connect investors

Eligible IRS Products

- ◆ 7-day Repo (FR0007)
- ◆ 3-month SHIBOR (Shibor_3M)
- ◆ Overnight SHIBOR (Shibor_O/N)

Daily Trading Cap

Market-wide trading quota of RMB 20bn, on net basis



Efficient hedging tool

Onshore interest rate swaps enable investors to manage risks more effectively



Deep liquidity

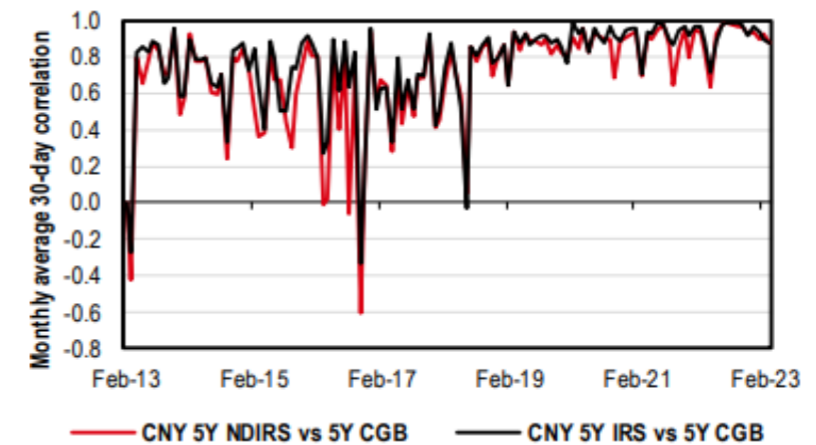


Less volatility



Better correlation with onshore yields

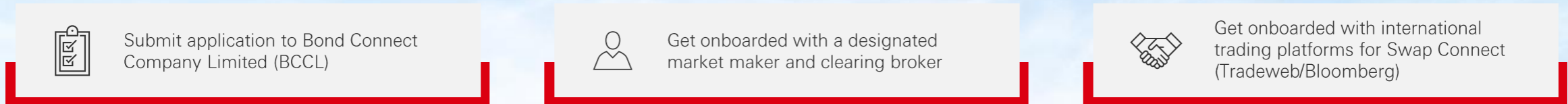
Historical record shows onshore IRS differentiated from offshore products for the lower volatility and better correlation with onshore China bond yields



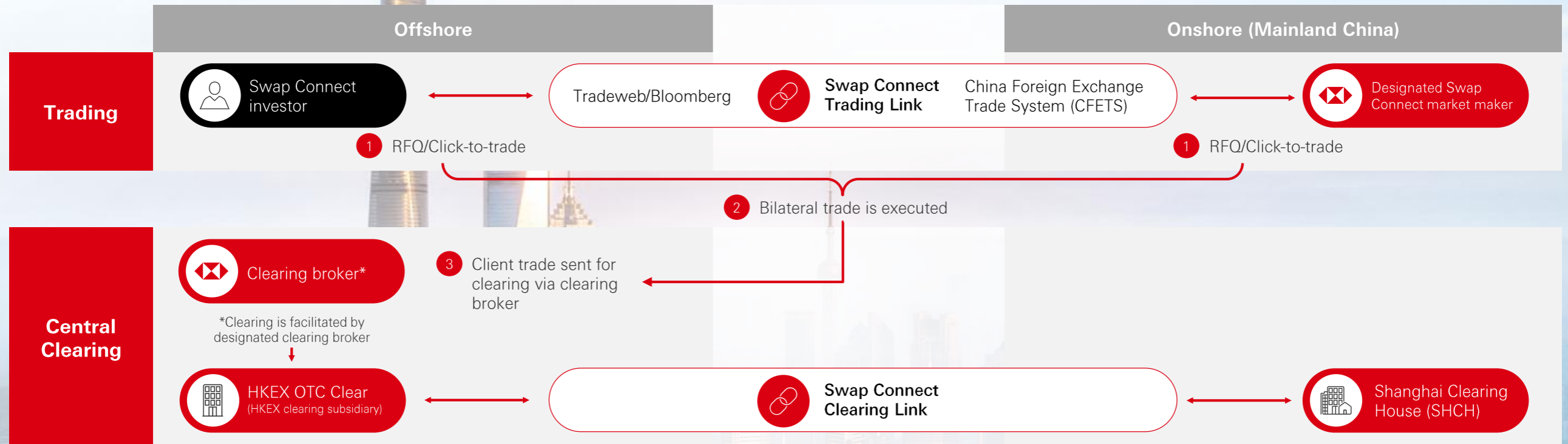
Source: Bloomberg, HSBC

How does Swap Connect work?

Pre-trade preparation



Trading and clearing process



Note: There are a number of factors affecting clearing of trades, including regulatory control (RMB 4bn inter-CCP cap) and client-specific conditions such as collateral cover and credit limit with clearing broker.

How can HSBC help?

Your one-stop solution for Swap Connect



Deep expertise in Swap Connect

We have an in-depth knowledge through working closely with HKEX, regulators and BCCL from the inception of the Swap Connect to its design and implementation.



Single point for trading and clearing

We are both a designated market maker and a clearing broker for Swap Connect, offering a full-suite solution and end-to-end support from pre-trade to post-trade to help you trade confidently.



Supporting you at every stage of your journey

Our comprehensive solutions can help you access China's onshore derivatives markets, providing full support across the transaction lifecycle from pre-trade to execution and central clearing.

#1

Completed the first onshore IRS Swap trade with an offshore China Interbank Bond Market investor

in the market under National Association of Financial Market Institutional Investors (NAFMII)

Top OTC Clear Member – HKEX Awards 2022

Start your investment journey with us

To learn more about Swap Connect, contact your HSBC representative



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