RMB: Key updates on liquidity, hedging and markets

Standard Chartered · Mei Lam · 2026-08-12 · English original

Q3 2026 developments across liquidity facilities, risk-management tools and market infrastructure continue to strengthen the offshore RMB ecosystem.

Recent months have seen a series of regulatory announcements and market developments that continue to broaden the renminbi (RMB) ecosystem. Across liquidity management, risk-management tools, market connectivity and cross-border usage, policymakers and market participants are expanding the infrastructure that supports RMB adoption.

These developments reinforce a broader trend that we have explored previously in our article, The next phase of RMB internationalisation: beyond settlement, where RMB internationalisation is increasingly being shaped by the depth and usability of its supporting ecosystem, rather than market access alone.

Key takeaways

Chinese and Hong Kong regulators have introduced further measures to strengthen offshore RMB liquidity, investment and risk-management infrastructure.

New policy initiatives are expanding RMB liquidity channels, Bond Connect capabilities and hedging tools for international investors.

Hong Kong continues to reinforce its role as a leading offshore RMB centre through enhancements across liquidity, fixed income, foreign exchange and commodity markets.

Growing activity across payments, bond markets and liquidity facilities continues to support broader RMB adoption across trade, treasury and investment activities.

China Government Bond (CGB) futures expand RMB risk-management capabilities

On 24 April 2026, the China Securities Regulatory Commission (CSRC), together with the PBoC and State Administration of Foreign Exchange (SAFE), permitted Qualified Foreign Investors (QFIs) to trade CGB futures for hedging purposes. The move broadens access to onshore RMB risk-management tools for international investors.

The launch of QFI access to CGB futures marks another significant step in China's capital market liberalisation. Leveraging our dual role as custodian and futures margin depository bank, we supported our client's inaugural investment under the scheme, helping unlock new risk management and investment opportunities. As the only foreign bank among the first six approved participants, we continue to play a leading role in connecting international investors to China's onshore markets.

In parallel, Hong Kong Exchanges and Clearing Limited (HKEX) launched its Five-Year China Government Bond (CGB) Futures contract on 3 August 2026, providing an offshore tool for managing CGB exposure and RMB interest-rate risk. Together, these developments continue to strengthen the

RMB risk-management ecosystem available to global investors, giving institutions complementary onshore and offshore channels for hedging RMB interest-rate exposure.

Lujiazui Forum policy updates support offshore RMB market development

At the Lujiazui Forum held on 17 June 2026, Chinese financial regulators announced a package of measures aimed at further supporting financial market opening and offshore RMB market development, covering RMB liquidity management, offshore RMB foreign exchange trading, cross-border investment flows and broader RMB asset allocation and risk-management infrastructure.

Establishing a RMB Repo Facility for Foreign and International Monetary Authorities (FIMA), enabling eligible overseas central banks, monetary authorities, international financial organisations and sovereign wealth funds to obtain RMB liquidity through repo transactions backed by Chinese Government Bonds and other high-grade bonds. The facility is designed to facilitate RMB liquidity management for overseas official-sector institutions and support their allocation to RMB assets, representing an important addition to offshore RMB liquidity infrastructure.

Piloting offshore RMB foreign exchange trading in the Shanghai Free Trade Zone, with six designated banks to be authorised to conduct offshore RMB foreign exchange transactions through the China Foreign Exchange Trade System. The pilot is intended to support two-way opening of China’s foreign exchange market and strengthen connectivity between onshore and offshore RMB markets.

Facilitating cross-border investment and capital flows, including plans for SAFE to issue a new batch of QDII quotas. These measures support continued capital-account opening and more balanced two-way cross-border capital flows.

Broadening onshore investment products, with the CSRC announcing measures to expand onshore product offerings, including support for active ETFs on the Shanghai and Shenzhen exchanges and a pilot for commercial real estate REITs. These initiatives further broaden the range of RMB investment products available in China’s capital markets.

Collectively, these measures further support offshore RMB liquidity management, investment access and capital-market development for global market participants.

New measures strengthen Hong Kong’s offshore RMB ecosystem

In early July this year, the Hong Kong Monetary Authority (HKMA), PBoC and Securities and Futures Commission announced a further package of measures to deepen Hong Kong–Mainland China financial cooperation and strengthen offshore RMB business.

Expanding the HKMA RMB Business Facility from RMB200 billion to RMB500 billion and extending available tenors to include 9-month, 2-year and 3-year tenors, effective 10 July 2026. This further strengthens Hong Kong’s offshore RMB liquidity infrastructure and supports banks in providing RMB financing for trade, investment and broader corporate funding needs.

Enhancing Southbound Bond Connect by increasing the annual quota from RMB500 billion to RMB800 billion, developing repo business using Southbound Bond Connect bonds as collateral, connecting to the Macao bond market and enhancing the management of Southbound Bond Connect market makers.

Expanding collateral use cases for eligible onshore bonds held through Northbound Bond Connect, with onshore bonds issued by the Ministry of Finance and Mainland policy banks and held under Northbound Bond Connect to be accepted as eligible margin collateral at Hong Kong Futures Exchange Clearing Corporation and The Stock Exchange of Hong Kong Options Clearing House. This expands the offshore use case of onshore RMB bonds and supports more efficient collateral management for investors.

Further enhancements to Swap Connect, with plans to include the interbank 7-Day Fixing Depository-Institutions Repo Rate(FDR007), as a reference rate. The discussion is ongoing and the enhancement is planned for the fourth quarter of 2026.

Developing Hong Kong's gold and RMB-denominated commodity ecosystem, with Hong Kong's gold central clearing and settlement system commencing trial operation, supported by initiatives including Delivery Connect with the Shanghai Gold Exchange, a new price ticker (the financial symbol created for Hong Kong Gold Markets to support over-the-counter spot gold trading and clearing in Hong Kong) and broader product development. Hong Kong is also exploring RMB-denominated gold futures as part of its broader gold market development agenda.

Together, these initiatives support a more comprehensive offshore RMB ecosystem spanning liquidity, funding, investment, hedging and collateral management, while supporting the development of Hong Kong's fixed income and currency market. They also reinforce Hong Kong's role as a leading offshore RMB centre and global fixed income and currency hub.

Standard Chartered signs CBETS direct participant agreement and joins cross-border digital RMB infrastructure

Standard Chartered Bank (China) Limited signed the Cross-border e-CNY Transfer Services (CBETS) Direct Participant Agreement with e-CNY Centre International Co. Ltd on 16 June 2026, becoming one of the first foreign banks to sign the agreement following an initial cohort of 26 financial institutions admitted as direct participants. CBETS supports connectivity with central bank payment systems and digital currency networks, providing overseas financial institutions round-the-clock access to cross-border digital RMB infrastructure.

The development further strengthens Standard Chartered's participation in the evolving digital RMB ecosystem and supports clients' access to cross-border RMB payment and treasury capabilities.

Regional currency cooperation expands through IDR-CNH framework

On 11 June 2026, Bank Indonesia (BI), the HKMA and the PBoC signed a Memorandum of Understanding to establish a cooperation framework for promoting bilateral transactions in IDR and CNH between Indonesia and Hong Kong. The framework is intended to facilitate the direct exchange and settlement of IDR and CNH for cross-border trade and investment activities among corporates and institutions in both markets. The initiative supports broader regional currency cooperation and adds to ongoing efforts to facilitate more direct settlement arrangements across Asia.

BI and HKMA will lead the preparatory work, including operational guidelines and the appointment of selected banks as Appointed Cross Currency Dealers. Further implementation details are expected later this year. The initiative adds to a growing set of direct local-currency settlement arrangements between ASEAN markets and the offshore RMB ecosystem, reducing reliance on intermediary currencies for regional trade and investment flows.

Offshore RMB Chinese Government Bonds gain broader collateral utility at London Clearing House

LCH Limited has begun accepting offshore RMB-denominated Chinese Government Bonds as eligible non-cash collateral, further broadening its eligible collateral framework for clearing members. Under the new framework, offshore RMB-denominated Chinese Government Bonds are accepted on a bilateral basis, with settlement through Euroclear Bank. The news follows a May 2025 announcement from LCH, when the clearing house began accepting Chinese Government Bonds denominated in euro and US dollar.

The development supports more efficient use of balance sheets and liquidity by enabling firms to post high-quality RMB assets to meet margin requirements. It also represents another step in expanding the international use cases of RMB-denominated assets and deepening the integration of Chinese bonds into global financial market infrastructure.

HKMA encourages wider RMB usage in cross-border business

In an article by Chief Executive Eddie Yue published on 2 July, HKMA encourages wider cross-border RMB usage to support the real economy. The article highlighted Hong Kong’s role as a leading offshore RMB hub and shared practical industry use cases on how banks can support corporate RMB adoption through tailored RMB solutions, stronger internal coordination, global network collaboration and market promotion.

RMB adoption continues to gather momentum across swap lines, CIPS and bond markets

Recent market data shows continued momentum in the practical use of RMB across liquidity, payments and financing. Global central banks’ use of PBoC foreign-exchange swap lines reached a two-year high in the first quarter of 2026, with outstanding drawdowns rising to RMB111.6 billion by end-March. The increase points to growing international demand for RMB liquidity and supports China’s broader push for RMB internationalisation.

RMB payment and financing channels also continued to expand. CIPS recorded a single-day transaction value of RMB1.22 trillion, setting a new record according to Shanghai Securities News. Panda bond issuance reached a record quarterly high of RMB88.24 billion across 45 deals in the first quarter of 2026, while Hong Kong’s CNH debt securities new issuance reached US$157.2 billion in 2025. Recent Dim Sum bond transactions, including Singapore Airlines’ debut RMB1.5 billion five-year CNH bond, further illustrate broader regional issuer participation and the growing role of RMB as a funding currency.

What do these developments tell us about the next phase of RMB internationalisation?

Viewed together, this quarter’s developments highlight a common theme: the continued evolution of RMB internationalisation beyond market access and towards ecosystem maturity.

Over the past decade, policymakers have focused heavily on expanding participation in RMB markets. Recent initiatives increasingly focus on strengthening the supporting infrastructure required for broader institutional adoption, including liquidity facilities, collateral frameworks, investment access, hedging tools and digital connectivity.

As we discussed in The next phase of RMB internationalisation: beyond settlement, the next stage of RMB internationalisation will be shaped by how effectively market participants can deploy, manage, finance and hedge RMB exposure across increasingly interconnected markets.

Many of the developments announced this quarter also reinforce themes explored in our recent article, Three renminbi trends financial institutions should watch, including the growing importance of RMB liquidity infrastructure, collateral usability and offshore funding networks. These capabilities are becoming increasingly important as financial institutions seek to integrate RMB into broader treasury, investment and liquidity-management frameworks.

Implications for clients

For corporates, investors and financial institutions, recent developments continue to expand the range of options available for managing China-related trade, treasury and investment activities.

Greater liquidity optionality: Expanded liquidity facilities and stronger offshore RMB funding infrastructure provide additional channels through which institutions can access and manage RMB liquidity.

Broader risk-management capabilities: Enhancements to futures markets, Bond Connect, Swap Connect and collateral frameworks continue to strengthen the tools available for managing RMB-related market exposure.

Increased operational readiness: Developments across payments infrastructure, digital RMB initiatives and cross-border connectivity continue to support a more mature RMB ecosystem capable of supporting a broader range of trade, treasury and investment use cases.

As RMB internationalisation continues to evolve, Standard Chartered's longstanding RMB expertise, cross-border network and on-the-ground market capabilities can help clients navigate opportunities across liquidity, funding, risk management and investment. Our RMB leadership has also been recognised through multiple industry awards, reflecting the strength of our RMB platform and client solutions. To explore how we support clients across the RMB ecosystem, visit our RMB internationalisation hub.

Three renminbi trends financial institutions should watch

As renminbi use grows, financial institutions are assessing whether its markets can support liquidity, risk, fun…

Source: https://www.sc.com/en/news/corporate-investment-banking/rmb-q3-2026-newsletter-liquidity-hedging-markets/