

People's Bank of China (PBoC) and the Hong Kong Monetary Authority (HKMA) issued a joint announcement noting that they had approved China Foreign Exchange Trade System (National Interbank Funding Center) (CFETS), China Central Depository & Clearing Co., Ltd (Chinabond) and Shanghai Clearing House (collectively, the Mainland Financial Infrastructure Institutions), together with Hong Kong Exchanges and Clearing Limited (HKEX) and Central Moneymarkets Unit (CMU) (collectively, the Hong Kong Financial Infrastructure states

2. Bond Connect is an arrangement that will enable Mainland and overseas investors to trade bonds tradable in the Mainland and Hong Kong bond markets through connection between the Mainland and Hong Kong Financial Infrastructure Institutions.

- (1) Northbound Trading commenced on 3 July 2017, i.e. overseas investors from Hong Kong and other countries and areas (overseas investors) to invest in the China Interbank Bond Market through mutual access between the Hong Kong and Mainland Financial Infrastructure Institutions in respect of trading, custody, settlement, etc. On 15 September 2021, PBoC and HKMA jointly announced that Southbound Trading will commence on 24 September 2021, i.e. Mainland investors to invest in the Hong Kong bond market of

the two places.

Northbound Trading follows the current policy framework for overseas participation in the China Interbank Bond Market and at the same time respect international norms and practices. Southbound Trading is governed by all applicable laws and regulations, including but not limited to the laws and regulations of Mainland, Hong Kong and/or other applicable jurisdictions, regulatory requirements, and the rules that may be issued by CFETS from time to time.

The scope of eligible investors and products under Northbound and Southbound Trading will be consistent with the scope specified in the relevant notices promulgated by PBoC.

Bond Connect

3. Bond Connect will entail the following.

- (1) A northbound trading link (**Northbound Trading Link**) is established between CFETS and selected platform operators (**Access Platforms**). This enables eligible investors

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] outside the Mainland (eligible offshore investors) who are participants of an

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Platform, to –

- (a) trade certain bonds on the onshore interbank bond market operated by CFETS (**onshore bond market**), and

7 CFETS shall only provide ATS for the purposes of facilitating the conduct of trading under Bond Connect.

8 CFETS shall not enter into any agreement with a platform operator to provide services as an Access Platform or a market maker to provide quotes as a Designated Market Maker under the direct trading access arrangement (直連) unless it has first given sufficient prior notification or (if it is not reasonably practicable to give prior notification) as soon as practicable, in writing, to the SFC of its intention to do so.

[illegible]

(1) any material change to information provided in connection with its ATS application,