GENERAL

Q What is Bond Connect?
A Established by the People's Bank of China (PBC) and the Hong Kong Monetary Authority (HKMA), Bond Connect enables investors in Mainland China and overseas to trade bonds in each other's markets through the respective financial infrastructure institutions.

Tradeweb and the China Foreign Exchange Trade System (CFETS) have established a direct technical connection to provide electronic trading services between overseas investors and Mainland dealers in order to enhance trading efficiency.

Q Why is Bond Connect being established?
A Bond Connect promotes the development of Mainland China and offshore bond markets.

Q Why is Northbound Trading commencing first?
A The first phase of this launch will be Northbound trading which will allow overseas investors to trade Chinese bonds electronically through the Tradeweb platform. This is expected to take place in July.

The second phase will be Southbound Trading, where domestic Chinese investors will be able to trade into offshore markets. Our immediate focus is on successfully delivering Northbound trading. Southbound Trading will launch at a later stage.

Tradeweb is the first trading platform to offer a gateway for this initiative, which looks to help further open China's domestic bond market, the third largest bond market in the world.

Q What can be traded through Bond Connect?
A The scope of investable bonds under Northbound Trading will be consistent with the information specified in the relevant notices promulgated by the PBC, i.e. it covers all bonds tradable in the China Interbank Bond Market (CIBM), including Chinese government bonds, local government bonds, policy bank bonds, financial institution bonds and corporate debt instruments.

Q Who is eligible to use Bond Connect?
A The scope of overseas investors for Northbound Bond Connect will be consistent with the scope specified in the relevant notices promulgated by the PBC and the same as that for direct entry into CIBM currently. Eligible overseas investors include overseas central banks and monetary authorities, sovereign wealth funds, international financial institutions, as well as various types of financial institutions legally established overseas and their investment products, pension funds, charity funds, endowment funds, etc. which are recognised by the PBC as medium-to-long-term institutional investors.

CFETS and Hong Kong Exchanges (HKEX) together will oversee the provision of investor admission and trading services for Bond Connect to enhance market admission efficiency.
Q Are there any quotas on investment size?
A There will be no investment quota for Northbound Trading.

Q When did Bond Connect launch?
A Bond Connect went live on 03 July 2017.

Q What is the relationship between Bond Connect and direct entry into CIBM currently?
A Both are subject to a consistent regulation framework, including capital account management, investor eligibility and trading information collection.
Bond Connect will enhance market admission efficiency by offering a new and easier access for offshore investors through the connection between the related Hong Kong and Mainland financial infrastructure institutions.

Q How to prevent the potential risks of Bond Connect?
A Under the supervisory cooperation between the HKMA and PBC in respect of Bond Connect, principles regarding supervisory cooperation arrangements, information sharing, and liaison and coordination mechanisms have been set out between the two parties.

TRADING

Q What are the trading arrangements?
A Tradeweb and CFETS have established a direct technical connection to provide electronic trading services which enables direct trading between overseas investors and Mainland dealers in order to enhance trading efficiency.

Q What are the trading hours of Bond Connect?
A 9:00 a.m. – 12:00 p.m., 1:30 p.m. – 4:30 p.m. China Standard Time (CST).

Q What is the trading protocol / design?
A Bond Connect allows investors to trade using a disclosed request-for-quote (RFQ) protocol. Requests may be either competitive (max 10), or non-competitive.

Q Is there a minimum trade size and increment?
A Trades can be done in 1 million RMB minimum trade size and 1 million RMB minimum increments.

Q How can an investor allocate into sub funds on Bond Connect?
A Institutions can set up and register multiple sub-accounts. The investor will pre-trade select the fund it wishes to trade into. As of the launch date, there is no ability to split across multiple sub-funds.

Q What requirement is there to pre-fund prior to trading?
A There is no requirement to pre-fund when trading via Bond Connect.
POST-TRADE

Q What is the process for settling a Bond Connect trade?
A All trades will continue to settle onshore at ChinaBond or Shanghai Clearing House. Investors trading via Bond Connect will no longer be required to set up their own direct account onshore using a domestic settlement agent but rather leverage their international custodian and the Hong Kong Monetary Authority's CMU nominee account structure.

Q What currencies can be delivered for settlement?
A Investors trading through Bond Connect may deliver either CNH or CNY. When the bond is redeemed, the investor will receive back the same currency which they originally funded. e.g. CNH delivered, CNH received back once bond is redeemed.

Q What are settlement time frames for Bond Connect?
A Investors may select T+0, T+1 or T+2 as settlement options.

Q Is post-trade integration available to STP trades into an institution’s OMS?
A Yes, Tradeweb supports post-trade integration for STP.

RULES AND REGULATIONS

Q Who will regulate Bond Connect users?
A Regulators of the Hong Kong and Mainland bond markets will respectively take all necessary measures to establish, in the interest of investor protection, effective mechanisms under Bond Connect to respond to any misconduct in a timely manner. Regulators of the Hong Kong and Mainland bond markets will enter into a memorandum of understanding on supervisory cooperation to establish effective supervisory cooperation arrangements and liaison mechanisms in order to maintain financial market stability and fair trading.

The PBC’s customary powers to take further administrative action will remain intact, as investors will have all contractually agreed to abide by PRC law and trading rules.

ENROLLMENT

Q How does an offshore investor register for Bond Connect?
A Please send an email to TWbondconnect@tradeweb.com or contact your Tradeweb representative.
MISCELLANEOUS

Q  When will Bond Connect be extended Southbound, to include international bonds?

A  With a scalable design, it is expected that Bond Connect will be extended to include Southbound trading at a later stage.

Q  Which international trading platform will be available for Bond Connect users?

A  Direct links between participating international electronic bond trading platforms and the CFETS system will be established. CFETS and HKEX will jointly select, negotiate and contract with such trading platforms. Tradeweb is the first and only access platform at the current time.