



MEDIA RELEASE

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ASX and Bank of China to expand cooperation

Bank of China appointed RMB clearing bank

ASX and the Bank of China have signed a Heads of Agreement to expand their strategic cooperation to develop the Renminbi (RMB) as a currency in Australia's financial markets.

The Heads of Agreement complements the appointment late yesterday of the Bank of China as the official RMB clearing bank in Australia by the People's Bank of China, China's central bank. Official RMB clearing banks have direct access to China's onshore RMB and foreign exchange markets, and enhance liquidity in the local market.

ASX and the Bank of China launched an RMB settlement service in Australia in July 2014. This service allows Australian companies to pay and receive RMB in near real-time and in the same way as they transact in Australian dollars, reducing their risk and the cost of doing international business.

By signing the Heads of Agreement ASX and the Bank of China commit to explore opportunities that will expand the role of the RMB in financial markets. This includes:

- increasing transaction volumes in the existing RMB Settlement Service via customer education seminars and marketing initiatives
- facilitating the issuance and trading of debt market products and interest rate and commodity derivative products (such as swaps, options and futures) denominated in RMB
- promoting ASX in China and other Asian markets as a venue for raising equity capital in A\$ and, in future, RMB.

The signing took place in Canberra on Monday at a ceremony attended by the Australian Prime Minister Tony Abbott and Xi Jinping, President of the People's Republic of China.

Elmer Funke Kupper, ASX Managing Director and CEO, said: "The appointment of the Bank of China as the RMB clearing bank for Australia supports the development of Australia as a financial hub for RMB in the Asia Pacific and deepens the Australia-China economic relationship. ASX congratulates the Reserve Bank of Australia and the People's Bank of China for reaching this milestone.

"The Heads of Agreement strengthens the relationship between ASX and the Bank of China. It will enable us to explore the full potential of the RMB in Australia's trade relationship with China and in our domestic financial markets. This could include the development of RMB-denominated bonds and derivatives that can be quoted and traded on ASX. It will also improve the attractiveness of Australia as a listings location for Chinese companies."

Tian Guoli, Chairman of Bank of China, said: "The Bank of China attaches great importance to the development of Sydney as an offshore RMB centre. China is Australia's biggest trading partner and Australia is one of China's largest investment destinations. The expanded cooperation between the Bank of China and ASX will facilitate cross-border RMB investment and financing by business, and promote Sino-Australian trade and economic links.

"The Bank of China is ranked number one globally in cross-border RMB clearing. By the end of the September quarter 2014, we had conducted more than 173 trillion RMB cross-border payments. This is the first time in the southern hemisphere that the Bank of China has been appointed the clearing bank for RMB business. This week's positive developments will further promote the internationalisation of the RMB in Australia."

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