

## **HSBC to Provide Custody Services for the First US-Based Renminbi Qualified Foreign Institutional Investor for BlackRock Fund Advisors**

***\*\*HSBC facilitates Blackrock's successful application for an RQFII license\*\****

**New York – December 14, 2016** – HSBC Bank (China) Company Limited has been appointed the onshore custodian bank for BlackRock Fund Advisors (BlackRock), which was granted approval by Chinese regulators to use the Chinese currency, the Renminbi (RMB), to directly access China's onshore securities market. Blackrock is the first US-based institutional investor to obtain a Renminbi Qualified Foreign Institutional Investor (RQFII) license.

The announcement adds to a growing list of developments supporting U.S.-China investment ties.

The RQFII program provides global investors with direct access to invest into China's capital markets. In June 2016, China allocated to the United States a milestone RQFII quota of RMB 250 billion, the largest quota globally outside of Hong Kong.

Commenting on the milestone, Pat Burke, President and Chief Executive Officer for HSBC USA, said: "HSBC is delighted to be appointed the custodian bank in China for the first RQFII license in the US. This landmark deal reinforces the strategic importance of U.S.-China commercial relationship as well as the significant strides made in opening China's capital markets to American investors."

As BlackRock's custodian bank in China, HSBC facilitated its application for the first U.S. RQFII license.

"This deal extends our 100% track record of successful quota applications on behalf of our clients," according to Pat Burke. "HSBC has been at the forefront of the RMB growth story globally, and we believe today's announcement is a tipping point for increased U.S.-China investment activity."

Cian Burke, Group General Manager, Global Head of Securities Services for HSBC, said: "The size of the RQFII quota granted to the United States in June is further evidence of China's commitment to accelerating its financial reforms by giving investors greater access to its markets."

"This deal comes at a pivotal time for RMB internationalization globally. The RMB was recently included into the IMF Special Drawing Rights Basket, elevating the currency onto the world stage and marking its entry as a global reserve currency," Cian Burke said.

HSBC offers foreign institutional investors a wide range of services in China, including RQFII/QFII custody services, corresponding clearing and settlement of securities trading, interbank bond settlement and clearing, agency services and RQFII/QFII futures margin depository services.

HSBC has recorded a number of "firsts" in servicing institutional investors in addition to this latest development:

- 1992: The first and only onshore-based foreign bank to offer B-share custody
- 2003: One of the first foreign custodians to offer QFII custody
- 2005: The first foreign custodian bank to offer custody services in CIBM
- 2009: One of the first two foreign banks to offer QFII cash clearing services

- 2010: The first foreign bank to conduct bond trading and settlement in CIBM
- 2011: The first QFII custodian bank to clear the ETF creation/redemption
- 2011: The first foreign custodian bank to offer RQFII custody
- 2012: The only foreign bank introducing foreign insurance companies into CIBM
- 2013: One of the first QFII custodians to facilitate QFII trading into index futures
- 2013: First custodian bank supporting QFII into the CIBM
- 2013: First foreign bank in mainland China to offer futures margin depository services to its own QFII/RQFII clients.
- 2014: First custodian bank servicing UK RQFII, France RQFII, Korea RQFII
- 2014: First foreign custodian servicing Singapore RQFII
- 2014: Custodian bank for the first London-Listed RQFII ETF
- 2014: Custodian bank for the first HK-Listed RQFII Bond ETF
- 2015: First custodian bank servicing RQFIIs in Germany, Australia, Switzerland, Canada and Luxembourg
- 2015: Custodian bank for the first RQFII money market ETF listed in London
- 2016: First bank to facilitate access to China's Interbank Bond Market to an overseas financial institution

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## **Notes to editors**

### **Media enquiries:**

Tala Jahangiri (US)	+1 212 525 4311	<a href="mailto:tala.jahangiri@us.hsbc.com">tala.jahangiri@us.hsbc.com</a>
Kristen Carter (HK)	+852 2822 2481	<a href="mailto:kristen.b.carter@hsbc.com.hk">kristen.b.carter@hsbc.com.hk</a>
Harry Zhang (China)	+86 2138 882419	<a href="mailto:harryzhang@hsbc.com.cn">harryzhang@hsbc.com.cn</a>
Sarah Marquer (UK)	+44 2079920905	<a href="mailto:sarah.d.marquer@hsbc.com">sarah.d.marquer@hsbc.com</a>

**HSBC Bank USA, National Association (HSBC Bank USA, N.A.)**, with total assets of US\$206.2bn as of 30 June 2016 (US GAAP), serves 2.4 million customers through retail banking and wealth management, commercial banking, private banking, asset management, and global banking and markets segments. It operates more than 229 bank branches throughout the United States. There are over 145 in New York as well as branches in: California; Connecticut; Delaware; Washington, D.C.; Florida; Maryland; New Jersey; Pennsylvania; Virginia; and Washington. HSBC Bank USA, N.A. is the principal subsidiary of HSBC USA Inc., an indirect, wholly-owned subsidiary of HSBC North America Holdings Inc. HSBC Bank USA, N.A. is a Member of the FDIC.

### **HSBC Bank (China) Company Limited**

HSBC was one of the first foreign banks to locally incorporate its operations in mainland China, establishing HSBC Bank (China) Company Limited in April 2007. HSBC China's network currently comprises over 170 outlets across more than 50 major cities. HSBC China's head office is based in Pudong, Shanghai.

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