



**The Government of the Hong Kong Special Administrative Region  
of the People's Republic of China**

**Government Bond Programme  
Institutional Bond Issuance Programme**

**Information Memorandum**

**31 January 2024**

**Notice to Hong Kong investors: Bonds and notes issued under the Institutional Bond Issuance Programme of the Government Bond Programme (the "Government Bonds"), including HONIA-indexed Floating Rate Notes, are intended for purchase by Professional Investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Government Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.**

## **IMPORTANT INFORMATION**

Investors should read this Information Memorandum carefully (as amended or supplemented from time to time) and ensure that they fully understand the risks associated with investing in the bonds and notes issued under the Institutional Bond Issuance Programme of the Government Bond Programme (the “Government Bonds”) before deciding whether to apply for the Government Bonds.

If investors are in any doubt about the contents of this Information Memorandum, they are advised to seek independent advice from financial consultants, legal advisers, professional accountants or other professional advisers, as appropriate, on the risks of investing in the Government Bonds before making their investment decisions.

Neither the HKSAR Government nor the Monetary Authority will give investors investment advice: investors must decide for themselves whether the Government Bonds meet their investment needs, taking professional advice if appropriate.

Any application for the Government Bonds will be made solely on the basis of the information contained, and representations made, in this Information Memorandum. No person has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied by the HKSAR Government in connection with the Government Bonds. If investors receive any such information or representation, they must disregard it and must not rely on it as having been authorised by the HKSAR Government.

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This Information Memorandum relates only to the Government Bonds issued by the HKSAR Government under the Institutional Bond Issuance Programme of the Government Bond Programme. It does not relate to any other bonds issued by the HKSAR Government under its Retail Bond Issuance Programme of the Government Bond Programme or any other bond or note issuance programme or otherwise.

The fixed rate bonds to be issued under the Institutional Bond Issuance Programme of the Government Bond Programme (the “Fixed Rate Bonds”) are intended to be admitted to the Central Clearing and Settlement System (“CCASS”). As at the date of this Information Memorandum, the HONIA-indexed floating rate notes to be issued under the Institutional Bond Issuance Programme of the Government Bond Programme (the “Notes”) are not admitted to CCASS. Investors may wish to refer to the website of the Hong Kong Stock Exchange, [www.hkex.com.hk](http://www.hkex.com.hk), as appropriate, for a list of Government Bond issues admitted to CCASS established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited.

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**THE HONG KONG SPECIAL ADMINISTRATIVE REGION  
OF THE PEOPLE’S REPUBLIC OF CHINA  
GOVERNMENT BOND PROGRAMME**

**Institutional Bond Issuance Programme  
Information Memorandum**

**I. Summary of the Terms of Fixed Rate Bonds**

<b>Issuer</b>	The Government of the Hong Kong Special Administrative Region of the People’s Republic of China (the “HKSAR Government”).
<b>Currency</b>	Hong Kong dollar.
<b>Method of Sale</b>	<p>By conventional tender or switch tender. Both types of tenders will be on a competitive bid-price basis subject to a minimum bid of HK\$50,000. Each tender bid must be for an integral multiple of the minimum denomination of the Fixed Rate Bonds. Applicants submitting bids must indicate the quantity of the Fixed Rate Bonds applied for and the bid price. Successful bidders will be allotted the Fixed Rate Bonds at the price which they bid.</p> <p>For switch tender, successful bidders will additionally be required to deliver a pre-specified issue of the Fixed Rate Bonds to the Monetary Authority for early redemption at a pre-specified price. The nominal value of the pre-specified issue of the Fixed Rate Bonds to be delivered by a successful bidder shall equal to the nominal value of the Fixed Rate Bonds allotted to the bidder at that switch tender.</p>
<b>Form of the Fixed Rate Bonds</b>	Computerized book entry form in securities accounts maintained with the Monetary Authority appointed under section 5A(1) of the Exchange Fund Ordinance (Chapter 66 of the Laws of Hong Kong) (the “Monetary Authority”). The Fixed Rate Bonds will be issued in denominations of HK\$50,000 each and higher integral multiples thereof.
<b>Maturities</b>	The maturity date of each issue of the Fixed Rate Bonds will be announced in advance of each tender.
<b>Interest Rate</b>	Each issue of the Fixed Rate Bonds will bear a fixed interest rate announced in advance of each tender.
<b>Interest Payment</b>	Interest will be paid semi-annually in arrears according to the actual number of days in an interest period and on the basis of a 365-day year.
<b>Interest Period</b>	The first interest period shall be the period from and including the issue date to but excluding the first interest payment date. Thereafter interest periods will run from and including each interest payment date to but excluding the next interest payment date.
<b>Tender Arrangements</b>	Tenders must be submitted through Recognized Dealers which are also appointed as Primary Dealers by 10:30 a.m. on the relevant tender day. Tender results will be announced not later than 3:00 p.m.

	on the relevant tender day. The respective cut-off times for submission of tenders and announcement of tender results are subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.
<b>Underwriting Arrangements</b>	Recognized Dealers which are also appointed as Primary Dealers may be required by the Monetary Authority to subscribe for the Fixed Rate Bonds which have not otherwise been subscribed pursuant to valid tenders.
<b>Settlement</b>	Settlement will be effected on the first business day immediately following the relevant tender day.
<b>Repayment</b>	The Fixed Rate Bonds will be redeemed at par on their respective maturity dates. The HKSAR Government may redeem any issue of the Fixed Rate Bonds before its maturity date at a price announced in advance of the redemption.
<b>Status</b>	The Fixed Rate Bonds will be issued under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong). The Fixed Rate Bonds will constitute direct, unsecured, unconditional and general obligations of the HKSAR Government. The principal amount of the Fixed Rate Bonds and all interest and charges thereon will be payable out of the Bond Fund set up under the Public Finance Ordinance (Chapter 2 of the Laws of Hong Kong) for such purpose and if need be, then out of the general revenues and assets of Hong Kong without preference for one over the other by reason of priority of date of issue or otherwise. The Fixed Rate Bonds will rank pari passu with all other unsecured indebtedness of the HKSAR Government incurred for the general revenue from time to time outstanding.
<b>Legal Title</b>	Legal title to the Fixed Rate Bonds is vested in the holder of the securities account, to which the relevant Fixed Rate Bonds are credited, maintained with the Monetary Authority.
<b>Taxation</b>	The Fixed Rate Bonds are exempt from profits tax and stamp duty in Hong Kong.
<b>Governing Law</b>	The laws of Hong Kong.
<b>Listing</b>	The Stock Exchange of Hong Kong Limited.
<b>Secondary Market</b>	Recognized Dealers which are also appointed as Primary Dealers have undertaken to quote bid and offer prices for the Fixed Rate Bonds during normal securities market trading hours (9:00 a.m. to 12:00 noon and 1:00 p.m. to 4:00 p.m. Mondays to Fridays, excluding general holidays).
<b>Issuing Representative</b>	The Monetary Authority.
<b>Paying Representative</b>	The Monetary Authority.

## II. Summary of the Terms of the HONIA-indexed Floating Rate Notes<sup>1</sup>

<b>Issuer</b>	HKSAR Government.
<b>Currency</b>	Hong Kong dollar.
<b>Method of Sale</b>	<p>By conventional tender or switch tender. Both types of tenders will be on a competitive bid-spread basis subject to a minimum bid of HK\$50,000. Each tender bid must be for an integral multiple of the minimum denomination of the Notes. Applicants submitting bids must indicate the quantity of the Notes applied for and the bid spread. Successful bidders will be allotted the Notes at a uniform spread, based on the highest accepted spread of successful competitive bids submitted at the tender. The Notes will be issued at par.</p> <p>For switch tender, successful bidders will additionally be required to deliver a pre-specified issue of the Notes to the Monetary Authority for early redemption at a pre-specified price. The nominal value of the pre-specified issue of the Notes to be delivered by a successful bidder shall equal to the nominal value of the Notes allotted to the bidder at that switch tender.</p>
<b>Form of the Notes</b>	Computerized book entry form in securities accounts maintained with the Monetary Authority appointed under section 5A(1) of the Exchange Fund Ordinance (Chapter 66 of the Laws of Hong Kong) (the “Monetary Authority”). The Notes will be issued in denominations of HK\$50,000 each and higher integral multiples thereof.
<b>Maturities</b>	The maturity date of each issue of the Notes will be announced in advance of each tender.
<b>Interest Rate</b>	<p>Each issue of the Notes will bear a floating rate of interest indexed to the Hong Kong Dollar Overnight Index Average (“HONIA”). Interest rate is calculated as the Compounded HONIA plus Margin, subject to a minimum of 0% per interest period<sup>2</sup>.</p> <p>With respect to any business day, HONIA shall mean (i) the Hong Kong Dollar Overnight Index Average as published at 19:00 Hong Kong time on the HONIA Administrator’s Website, or published via any other means from the HONIA Administrator, on the same business day; or (ii) if the rate specified in (i) does not so appear, the HONIA as published in respect of the first preceding business day on the HONIA Administrator’s Website, where “HONIA Administrator” means the Treasury Markets Association (“TMA”) or a successor administrator of HONIA and “HONIA Administrator’s Website” means the website of the TMA or any successor source.</p>

<sup>1</sup> A HONIA-indexed Floating Rate Note is a bond that has variable interest rate indexed to the Hong Kong Dollar Overnight Index Average.

<sup>2</sup> The arrangement of a minimum 0% interest rate per interest period is subject to review by the Monetary Authority from time to time according to prevailing market conditions.

Compounded HONIA shall mean the compounded average of daily HONIA, as determined for each interest period in accordance with the formula specified as follows:

$$\left[ \prod_{i=1}^{d_b} \left( 1 + \frac{HONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d_c}$$

where

- $d_b$ : is the number of business days in the relevant interest period;
- $i$ : is a series of whole numbers from one to  $d_b$ , each representing the relevant business day in chronological order from, and including, the first business day in the relevant interest period;
- $HONIA_i$ : is the daily HONIA rate published on any business day “ $i$ ” in the relevant interest period;
- $n_i$ : for any business day “ $i$ ” in the relevant interest period, is the number of calendar days from, and including, such business day “ $i$ ” to, but excluding, the following business day (“ $i+1$ ”) (e.g. if business day “ $i$ ” is a Friday and the following business day (“ $i+1$ ”) is the next Monday,  $n_i$  is equal to 3); and
- $d_c$ : is the number of calendar days in the relevant interest period.

The resulting percentage will be rounded to five decimal places (e.g. 0.00001%).

The Margin refers to the highest accepted spread of successful competitive bids submitted at the tender.

### **Interest Payment**

Interest will be paid quarterly in arrears. The amount of interest accrued and payable on the Notes for each interest period will be equal to the product of (i) the outstanding principal amount of the Notes; and (ii) the product of (a) the interest rate for the relevant interest period; and (b) the quotient of the actual number of calendar days in such interest period divided by 365.

Interest payment date shall be the second business day following each interest period end date. For the avoidance of doubt, if any day between the interest period end date and the interest payment date ceases to be a business day (e.g. typhoon), or is not a business day (e.g., gazetted as a general holiday in Hong Kong), the interest payment date shall be adjusted to the next business day such that it remains on the second business day following each interest period end date.

### **Interest Period**

The first interest period shall be the period from and including the issue date to but excluding the first interest period end date. Thereafter interest periods will run from and including each interest period end date to but excluding the next interest period end date.

<b>Tender Arrangements</b>	<p>A uniform-price tender format in which each competitive bid specifies a spread (which can be positive, zero or negative, expressed in the nearest hundredth of a percentage point (e.g. 0.01%)). Only competitive bids are accepted, subject to a minimum bid of HKD50,000. There is no allotment limit. Successful competitive bids will be allotted the Notes at a uniform spread, based on the highest accepted spread of successful competitive bids submitted at the tender. The issue amount will be awarded to competitive tenders from the lowest spread to the highest spread.</p> <p>Tenders must be submitted through Recognized Dealers which are also appointed as Primary Dealers by 10:30 a.m. on the relevant tender day. Tender results will be announced not later than 3:00 p.m. on the relevant tender day. The respective cut-off times for submission of tenders and announcement of tender results are subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.</p>
<b>Underwriting Arrangements</b>	Recognized Dealers which are also appointed as Primary Dealers may be required by the Monetary Authority to subscribe for the Notes which have not otherwise been subscribed pursuant to valid tenders.
<b>Settlement</b>	Settlement will be effected on the first business day immediately following the relevant tender day.
<b>Repayment</b>	The Notes will be redeemed at par on the maturity date. The HKSAR Government may redeem any issue of the Notes before its maturity date at a price announced in advance of the redemption.
<b>Status</b>	The Notes will be issued under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong). The Notes will constitute direct, unsecured, unconditional and general obligations of the HKSAR Government. The principal amount of the Notes and all interest and charges thereon will be payable out of the Bond Fund set up under the Public Finance Ordinance (Chapter 2 of the Laws of Hong Kong) for such purpose and if need be, then out of the general revenues and assets of Hong Kong without preference for one over the other by reason of priority of date of issue or otherwise. The Notes will rank pari passu with all other unsecured indebtedness of the HKSAR Government incurred for the general revenue from time to time outstanding.
<b>Legal Title</b>	Legal title to the Notes is vested in the holder of the securities account, to which the relevant Notes are credited, maintained with the Monetary Authority.
<b>Taxation</b>	The Notes are exempt from profits tax and stamp duty in Hong Kong.
<b>Governing Law</b>	The laws of Hong Kong.
<b>Listing</b>	The Stock Exchange of Hong Kong Limited.
<b>Secondary Market</b>	Recognized Dealers which are also appointed as Primary Dealers have undertaken to quote bid and offer prices for the Notes during normal

securities market trading hours (9:00 a.m. to 12:00 noon and 1:00 p.m. to 4:00 p.m. Mondays to Fridays, excluding general holidays).

**Issuing Representative** The Monetary Authority.

**Paying Representative** The Monetary Authority.

This Information Memorandum is published in English only.



**THE HONG KONG SPECIAL ADMINISTRATIVE REGION  
OF THE PEOPLE’S REPUBLIC OF CHINA  
GOVERNMENT BOND PROGRAMME**

**Institutional Bond Issuance Programme**

**Introduction**

1. On 25 February 2009, the Financial Secretary announced in the 2009/10 Budget Speech that it was his intention to establish a programme of issuance of bonds, Government Bond Programme (the “Programme”), consisting of Institutional Bond Issuance Programme and Retail Bond Issuance Programme. Bonds under the Programme will be issued under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong) for the purpose of promoting the further development of the Hong Kong bond market and the proceeds will be credited to the Bond Fund set up under the Public Finance Ordinance (Chapter 2 of the Laws of Hong Kong) for such purpose and approved by the necessary Resolutions passed by the Legislative Council on 8 July 2009. Pursuant to Section 5 of the Loans Ordinance any sum borrowed under that Ordinance and all interest and other charges thereon will be charged upon and shall be payable out of the general revenues and assets of Hong Kong. The borrowing and payment mechanism is more particularly described in paragraph 2 below.
2. All sums raised under the Programme will be credited to the Bond Fund which is a discrete Government fund. The Bond Fund will not be treated as part of the fiscal reserves and be managed separately from the general revenue. It will be used to repay principal, meet the financial obligations and liabilities associated with the Programme and make investments. If there is a positive balance in the Bond Fund after all financial obligations and liabilities are met in relation to the Programme, the surplus funds will be transferred to the general revenue. Any shortfall of funds for fulfilling the financial obligations and liabilities in respect of the Programme will be financed from the general revenues and assets of Hong Kong.
3. The maximum principal amount of all borrowings that may be outstanding at any time under the Programme was determined by Resolution passed by the Legislative Council on 8 July 2009 to be HK\$100 billion, which has been increased to HK\$200 billion by Resolution passed by the Legislative Council on 22 May 2013, and further increased to HK\$300 billion by Resolution passed by the Legislative Council on 21 July 2021.

**Information Memorandum**

4. This Information Memorandum (together with changes from time to time made by the Monetary Authority at his sole discretion) sets out the relevant details of the Institutional Bond Issuance Programme only, pursuant to which the Fixed Rate Bonds (the “Fixed Rate Bonds”) and HONIA-indexed Floating Rate Notes<sup>3</sup> (the “Notes”) (together with the Fixed Rate Bonds, the “Government Bonds”) may be issued. A separate document will set out the relevant details of the Retail Bond Issuance Programme.

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<sup>3</sup> A HONIA-indexed Floating Rate Note is a bond that has variable interest rate indexed to the Hong Kong Dollar Overnight Index Average.

5. This Information Memorandum also describes the relevant arrangements for promoting secondary market liquidity in Government Bonds under the Institutional Bond Issuance Programme. The arrangements contained in this Information Memorandum will be kept under regular review and a further Information Memorandum (or supplements to this Information Memorandum) will be issued if material changes are made.
6. In this Information Memorandum, any reference to a business day shall not include any Saturday, Sunday or general holiday in Hong Kong.

#### **Description of the Government Bonds**

7. The Government Bonds will be issued by the HKSAR Government under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong).
8. Government Bonds with tenors of 1 year or longer may be issued under the Institutional Bond Issuance Programme from time to time at the discretion of the Financial Secretary.

#### **Status**

9. The principal amount of the Government Bonds and all interest and charges thereon will be charged on and payable first out of the Bond Fund set up under the Public Finance Ordinance (Chapter 2 of the Laws of Hong Kong) for such purpose and if need be, then out of the general revenues and assets of Hong Kong. The Government Bonds will constitute direct, unsecured, unconditional and general obligations of the HKSAR Government and will rank *pari passu* with all other unsecured indebtedness of the HKSAR Government incurred for the general revenue from time to time outstanding and without preference for one over the other by reason of priority of date of issue or otherwise.

#### **Taxation**

10. The Government Bonds are exempt from profits tax and stamp duty in Hong Kong.

#### **Currency**

11. The Government Bonds will be denominated in Hong Kong dollar. All payments in respect of subscription, redemption and interest will be made in Hong Kong dollars.

#### **Form of the Government Bonds**

12. The minimum denomination of the Government Bonds is HK\$50,000. The Government Bonds will be issued in computerized book entry form only through securities accounts maintained with the Monetary Authority. The Monetary Authority will operate securities accounts for Recognized Dealers and others through Recognized Dealers on request (see paragraph 63). Instructions to debit or credit securities accounts to effect secondary market transactions will be accepted only through Recognized Dealers.

#### **Interest in relation to the Fixed Rate Bonds**

13. Each issue of the Fixed Rate Bonds will bear a fixed rate of interest which will be announced in advance of each tender. Interest, rounded to the nearest cent (half a cent being rounded upwards) and calculated on the actual number of days in an interest period (being a period from and including an interest payment date (or in

the case of the first interest period, the issue date of the relevant Fixed Rate Bonds) to but excluding the next interest payment date) (as may be adjusted in the manner described in paragraphs 49 and 50) and on the basis of a 365-day year, will be paid semi-annually in arrears.

**Interest in relation to HONIA-indexed Floating Rate Notes**

14. Each issue of the HONIA-indexed Floating Rate Notes will bear a floating rate of interest indexed to the Hong Kong Dollar Overnight Index Average (“HONIA”). Interest, rounded to the nearest cent (half a cent being rounded upwards), will be paid quarterly.
15. With respect to any business day, HONIA means (i) the Hong Kong Dollar Overnight Index Average as published at 19:00 Hong Kong time on the HONIA Administrator’s Website, or published via any other means from the HONIA Administrator, on the same business day; or (ii) if the rate specified in (i) does not so appear, the HONIA as published in respect of the first preceding business day on the HONIA Administrator’s Website, where “HONIA Administrator” means the Treasury Markets Association (“TMA”) or a successor administrator of HONIA and “HONIA Administrator’s Website” means the website of the TMA or any successor source.
16. Interest rate is calculated as the Compounded HONIA plus Margin, subject to a minimum of 0% per interest period<sup>4</sup>, where:

- (a) Compounded HONIA shall mean the compounded average of daily HONIA, as determined for each interest period in accordance with the formula specified as follows:

$$\left[ \prod_{i=1}^{d_b} \left( 1 + \frac{HONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d_c}$$

where

- $d_b$ : is the number of business days in the relevant interest period;
- $i$ : is a series of whole numbers from one to  $d_b$ , each representing the relevant business day in chronological order from, and including, the first business day in the relevant interest period;
- $HONIA_i$ : is the daily HONIA rate published on any business day “ $i$ ” in the relevant interest period;
- $n_i$ : for any business day “ $i$ ” in the relevant interest period, is the number of calendar days from, and including, such business day “ $i$ ” to, but excluding, the following business day (“ $i+1$ ”) (e.g. if business day “ $i$ ” is a Friday and the following business day (“ $i+1$ ”) is the next Monday,  $n_i$  is equal to 3); and
- $d_c$ : is the number of calendar days in the relevant interest period.

The resulting percentage will be rounded to five decimal places (e.g. 0.00001%).

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<sup>4</sup> The arrangement of a minimum 0% interest rate per interest period is subject to review by the Monetary Authority from time to time according to prevailing market conditions.

- (b) Margin is the highest accepted spread of successful competitive bids submitted at the tender.
17. The amount of interest accrued and payable on the Notes for each interest period will be equal to the product of (i) the outstanding principal amount of the Notes; and (ii) the product of (a) the interest rate for the relevant interest period; and (b) the quotient of the actual number of calendar days in such interest period divided by 365. The first interest period shall be the period from and including the issue date to but excluding the first interest period end date. Thereafter interest periods will run from and including each interest period end date to but excluding the next interest period end date.
18. The interest payment date shall be the second business day following each interest period end date. For the avoidance of doubt, if any day between the interest period end date and the interest payment date ceases to be a business day (e.g. typhoon), or is not a business day (e.g., gazetted as a general holiday in Hong Kong), the interest payment date shall be adjusted to the next business day such that it remains on the second business day following each interest period end date.

### **Redemption**

19. The Government Bonds will be redeemed at par at maturity in the manner described in the section of this Information Memorandum on redemption and interest payments. The HKSAR Government may redeem any issue of the Government Bonds before its maturity date at a price announced in advance of the redemption.

### **Governing Law**

20. The Government Bonds will be governed by and construed in accordance with the laws of Hong Kong.

### **Types of Tenders**

21. The Government Bonds will be issued by conventional tender or switch tender. Tenders of Fixed Rate Bonds will be on a competitive bid-price basis. Tenders of HONIA-indexed Floating Rate Notes will be on a competitive bid-spread basis. Conventional tender only applies to issuance of new Government Bonds on their own. Switch tender applies to issuance of new Government Bonds in exchange for early redemption of the equivalent nominal value of a pre-specified issue of the Government Bonds at a pre-specified price.

### **Tender Arrangements**

22. Tenders will be held at such time as the Monetary Authority may determine. At least four business days in advance of each tender day, the Monetary Authority will announce the amount(s), the issue date(s), the maturity date(s) and the interest rate(s), where applicable, of the Government Bonds on offer at the tender. For switch tender, in addition to the above information, the Monetary Authority will announce the issue of the Government Bonds specified for early redemption at that tender and the early redemption price. If for any reason (e.g., typhoon) a tender day ceases to be a business day, the relevant tender will be held on the immediately succeeding business day (which shall then be regarded as the tender day for that tender). The announcement will be published on the Refinitiv screen

(HKGBINDEX), Bloomberg (GBHK) and the Programme's website (www.hkgb.gov.hk), or by any other means specified by the Monetary Authority.

23. Tenders will be open only to Recognized Dealers which are appointed as Primary Dealers. Anyone wishing to participate in the Government Bond tenders can only do so through a Primary Dealer.

Competitive Tender Procedure for the Fixed Rate Bonds

24. All tenders must be made in a form substantively similar to the form at Annex A to this Information Memorandum or in any other form prescribed by the Monetary Authority. Tenders must reach the Monetary Authority not later than 10:30 a.m. on the tender day. They should be transmitted via a Central Moneymarkets Unit Member Terminal ("CMT"), or authenticated facsimile using the numbers already provided to Primary Dealers or by any other means as may be specified by the Monetary Authority. All tenders submitted will be binding and will not be revocable from 10:30 a.m. on the tender day. The cut-off time for submission of tenders is subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.
25. Tenders must be made on a bid-price basis, subject to a minimum bid of HK\$50,000 each. Tenders above this minimum must be in integral multiples of HK\$50,000.
26. Applicants will be required to state in the tender the price ( $P_0$ ), expressed as a percentage and rounded to two decimal places, and the nominal value of the Fixed Rate Bonds ( $F_0$ ) tendered for at that price.
  - (a) For conventional tender, if the tender is allotted in full, the amount of payment ( $A_0$ ) to be effected by a successful bidder to the Monetary Authority on settlement day should be calculated by the following formula:

$$A_0 = F_0 \times P_0$$

- (b) For switch tender, if the tender is allotted in full, the amount of payment ( $A_0$ ) to be effected by a successful bidder to the Monetary Authority on settlement day for the issuance of new Fixed Rate Bonds should be calculated by the following formula:

$$A_0 = F_0 \times P_0; \text{ and}$$

the amount of payment ( $A_1$ ) to be received by that successful bidder from the Monetary Authority for the early redemption of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender should be calculated by the following formula:

$$A_1 = F_1 \times P_1$$

where the terms  $F_1$  and  $P_1$  mean the following:

$F_1$ : the nominal value of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender, which shall equal to the total nominal value of new Fixed Rate Bonds ( $F_0$ ) allotted to that successful bidder

$P_1$ : the pre-specified early redemption price of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender as announced by the Monetary Authority.

27. Tenders accepted will normally be allotted in descending order of price bid from the highest to the lowest accepted price. Applicants whose tenders are accepted will be allotted at the price at which they tendered. Subject to paragraph 28, tenders which are accepted and which are above the lowest accepted price will be allotted in full; those which are accepted and which are at the lowest accepted price may be allotted in full or in part only. In the case of allotment in part, a calculation will be made of the amount of the Fixed Rate Bonds available for allotment at the lowest accepted price as a percentage (the “pro-rata percent”) of the total amount of the Fixed Rate Bonds applied for at that price. As far as possible, the pro-rata percent will be applied to the amount of the Fixed Rate Bonds tendered for by each applicant at the lowest accepted price and the result rounded down to the nearest multiple of HK\$50,000. The remaining nominal amount of Fixed Rate Bonds shall be reserved and aggregated to reach the denomination of the Fixed Rate Bonds (i.e. HK\$50,000) for allotment by way of balloting.

#### Other Tender Arrangements for the Fixed Rate Bonds

28. The Monetary Authority will set no minimum price on the Fixed Rate Bonds on offer at any tender and will expect to allot the whole amount on offer. The Monetary Authority reserves the right not to allot all the Fixed Rate Bonds on offer at any tender or to scale down the allotment to a successful bidder, though he would only consider doing so in exceptional circumstances, e.g., where the tender is made at an unacceptably deep discount to the prevailing market level or to avoid disproportionate market share by a market participant. The Monetary Authority reserves the right to acquire Fixed Rate Bonds at a conventional tender at the lowest accepted price bid in the event of under-subscription.
29. In a conventional tender of any issue of the Fixed Rate Bonds, where the amount of Fixed Rate Bonds applied for is less than the whole amount on offer at the tender, the Monetary Authority may call upon any Primary Dealer which has subscribed less than the Average Amount at that tender to subscribe for the unsubscribed Fixed Rate Bonds:
- (a) at the Average Accepted Price at that tender; and
  - (b) in an amount which is no more than the difference between the Average Amount and the amount of the Fixed Rate Bonds subscribed by that Primary Dealer at that tender.

The Monetary Authority may, without notice or other formality, exercise the above right by notifying each relevant Primary Dealer of the amount of the Fixed Rate Bonds for which it is required to subscribe through the issue of an allotment notification report upon completion of the relevant tender. The term “Average Amount” shall mean the whole amount of the Fixed Rate Bonds on offer at the tender as described above in this paragraph 29 divided by the total number of

Primary Dealers and the term “Average Accepted Price” shall mean the weighted average price of accepted bids in that tender.

30. The Monetary Authority may re-open a particular issue of the Fixed Rate Bonds under either conventional tender or switch tender, in which case the original maturity of the Fixed Rate Bonds (or Fixed Rate Bonds to be issued under a switch tender) will remain unchanged. However, the amount to be paid for the new Fixed Rate Bonds in the re-opened issue will include the settlement amount  $A_0$  in paragraph 26 for successful bids, plus an amount equal to the interest accrued from the last interest payment date to the allotment date of the relevant new Fixed Rate Bonds, or in the case of a re-opening in the first interest period, plus an amount equal to the interest accrued from the issue date of the original Fixed Rate Bonds to the allotment date of the relevant new Fixed Rate Bonds. The accrued interest payable per minimum denomination of HK\$50,000 of the new Fixed Rate Bonds will be announced at least four business days in advance of the tender day.
31. Where under a switch tender, if the settlement day is not an interest payment date of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender, then the amount to be paid to a successful bidder by the Monetary Authority in relation to the early redemption of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender from that successful bidder will include the settlement amount  $A_1$  in paragraph 26, plus an amount equal to the interest accrued from the last interest payment date to the settlement day of the switch tender, or in the case of a settlement day falling in the first interest period of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender, plus an amount equal to the interest accrued from the issue date of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender to the settlement day of the switch tender. The accrued interest per minimum denomination of HK\$50,000 of the pre-specified issue of the Fixed Rate Bonds redeemed at that tender will be announced at least four business days in advance of the tender day.
32. Primary Dealers whose tenders have been successful in whole or in part will be notified of their allotment of the Fixed Rate Bonds and the amount payable as soon as practicable after the allotment. For switch tender, Primary Dealers will additionally be notified of the nominal value of the pre-specified issue of the Fixed Rate Bonds to be redeemed at that tender that they should deliver to the Monetary Authority for early redemption, as well as the relevant amount receivable from the Monetary Authority, as soon as practicable after the allotment. In all cases, the amount of the Fixed Rate Bonds allotted and redeemed (as applicable), the Average Accepted Price and the lowest price at which the new Fixed Rate Bonds have been allotted will be announced not later than 3:00 p.m. on the tender day on the Refinitiv screen (HKGBINDEX), Bloomberg (GBHK<GO>) and the Programme’s website (www.hkgb.gov.hk) or by any other means specified by the Monetary Authority. The cut-off time for announcement of tender results is subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.

Competitive Tender Procedure for HONIA-indexed Floating Rate Notes

33. All tenders must be made in a form substantively similar to the form at Annex B to this Information Memorandum or in any other form prescribed by the Monetary Authority. Tenders must reach the Monetary Authority not later than 10:30 a.m. on the tender day. They should be transmitted via a Central Moneymarkets Unit

Member Terminal, or authenticated facsimile using the numbers already provided to Primary Dealers or by any other means as may be specified by the Monetary Authority. All tenders submitted will be binding and will not be revocable from 10:30 a.m. on the tender day. The cut-off time for submission of tenders is subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.

34. Tenders must be made on a bid-spread basis, subject to a minimum bid of HK\$50,000 each. Tenders above this minimum must be in integral multiples of HK\$50,000.
35. Applicants will be required to state in the tender the spread, which can be positive, zero or negative, expressed as a percentage and rounded to two decimal places, and the nominal value ( $F_0$ ) of the Notes tendered for at that spread. The difference between any multiple specified spread in a tender bid should be at least 0.01% and rounded to two decimal places. The issue price of the Notes shall be par.

- (a) For conventional tender, if the tender is allotted in full, the amount of payment ( $A_0$ ) to be effected by a successful bidder to the Monetary Authority on settlement day should be equal to the nominal value of the Notes tendered for:

$$A_0 = F_0$$

- (b) For switch tender, if the tender is allotted in full, the amount of payment ( $A_0$ ) to be effected by a successful bidder to the Monetary Authority on settlement day should be equal to the nominal value of the Notes tendered for:

$$A_0 = F_0; \text{ and}$$

the amount of payment ( $A_1$ ) to be received by that successful bidder from the Monetary Authority for the early redemption of the pre-specified issue of the Notes redeemed at that tender should be calculated by the following formula:

$$A_1 = F_1 \times P_1$$

where the terms  $F_1$  and  $P_1$  mean the following:

$F_1$ : the nominal value of the pre-specified issue of the Notes redeemed at that tender, which shall equal to the total nominal value of new Notes ( $F_0$ ) allotted to that successful bidder

$P_1$ : the pre-specified early redemption price of the pre-specified issue of the Notes redeemed at that tender as announced by the Monetary Authority.

36. Tenders for the Notes which are accepted will normally be allotted Notes in the order from the lowest to the highest bidding spreads until the nominal amount of the Notes of such accepted tenders equals or exceeds the nominal amount of the Notes available for allotment.
37. Accepted tenders which are below the highest accepted spread will be allotted Notes in full; those which are accepted and which are at the highest accepted spread may be allotted Notes in full or in part or, in the event a ballot is required as



described below, no Notes at all. In the case of allotment in part, a calculation will be made of the amount of Notes available for allotment at the highest accepted spread as a percentage (the “pro-rata percentage”) of the total amount applied for at that spread. As far as possible the pro-rata percentage will be applied to the amount of Notes tendered by Primary Dealers at the accepted highest spread, rounded down to the nearest multiple of HK\$50,000. The remaining nominal amount of Notes shall be reserved and aggregated to reach the denomination of the Notes (i.e. HK\$50,000) for allotment by way of balloting.

Other Tender Arrangements for HONIA-indexed Floating Rate Notes

38. The Monetary Authority will set no minimum spread on the Notes on offer at any tender and will expect to allot the whole amount on offer. The Monetary Authority reserves the right not to allot all the Notes on offer at any tender or to scale down the allotment to a successful bidder, though he would only consider doing so in exceptional circumstances, e.g., where the tender is made at an unacceptably deep discount to the prevailing market level or to avoid disproportionate market share by a market participant. The Monetary Authority reserves the right to acquire Notes at a conventional tender at par in the event of under-subscription.
39. In a conventional tender of any issue of the Notes, where the amount of Notes applied for is less than the whole amount on offer at the tender, the Monetary Authority may call upon any Primary Dealer which has subscribed less than the Average Amount at that tender to subscribe for the unsubscribed Notes:
- (a) at par; and
  - (b) in an amount which is no more than the difference between the Average Amount and the amount of the Notes subscribed by that Primary Dealer at that tender.

The Monetary Authority may, without notice or other formality, exercise the above right by notifying each relevant Primary Dealer of the amount of the Notes for which it is required to subscribe through the issue of an allotment notification report upon completion of the relevant tender. The term “Average Amount” shall mean the whole amount of the Notes on offer at the tender as described above in this paragraph 39 divided by the total number of Primary Dealers.

40. Where under a switch tender, if the settlement day is not an interest payment date of the pre-specified issue of the Notes redeemed at that tender, then the amount to be paid to a successful bidder by the Monetary Authority in relation to the early redemption of the pre-specified issue of the Notes redeemed at that tender from that successful bidder will include the settlement amount  $A_1$  in paragraph 35, plus an amount equal to the interest accrued from the last interest period end date to the settlement day of the switch tender, or in the case of a settlement day falling in the first interest period of the pre-specified issue of the Notes redeemed at that tender, plus an amount equal to the interest accrued from the issue date of the pre-specified issue of the Notes redeemed at that tender to the settlement day of the switch tender. The accrued interest per minimum denomination of HK\$50,000 of the pre-specified issue of the Notes redeemed at that tender will be announced at least four business days in advance of the tender day.

41. Primary Dealers whose tenders have been successful in whole or in part will be notified of their allotment of the Notes and the amount payable as soon as practicable after the allotment. For switch tender, Primary Dealers will additionally be notified of the nominal value of the pre-specified issue of the Notes to be redeemed at that tender that they should deliver to the Monetary Authority for early redemption, as well as the relevant amount receivable from the Monetary Authority, as soon as practicable after the allotment. The amount of the Notes allotted, the Average Accepted Spread, and the Highest Accepted Spread at which the new Notes have been allotted will be announced not later than 3:00 p.m. on the tender day on the Refinitiv screen (HKGBINDEX), Bloomberg (GBHK<GO>) and the Programme's website (www.hkgb.gov.hk) or by any other means specified by the Monetary Authority. The cut-off time for announcement of tender results is subject to adjustment in accordance with relevant typhoon and rainstorm procedures, or at the sole discretion of the Monetary Authority in light of other operational considerations.

### **Settlement Arrangements**

42. Payment for, and registration through the computerized book entry system of, the Government Bonds issued by tender will be for value on the issue date, which is the first business day immediately following the relevant tender day. By submitting a tender on behalf of any applicant, the relevant Primary Dealer agrees to pay for the Government Bonds allotted as a result of such tender. Settlement of payments will be made in the manner described in paragraphs 43 and 44 below. Settlement of payments between Primary Dealers and their clients will continue to depend on the interbank payment system and traditional payment methods.
43. In the case of a Primary Dealer which is a licensed bank, payment in Hong Kong dollars will be effected through its settlement account maintained with the Monetary Authority.
44. In the case of a Primary Dealer which is not a licensed bank, payment in Hong Kong dollars will be effected as follows:
- (a) the Monetary Authority will debit the settlement account of the correspondent bank of that Primary Dealer; and
  - (b) the correspondent bank will debit the appropriate account of that Primary Dealer.
45. The Monetary Authority will, on the issue date, credit the nominal value of the Government Bonds allotted to the relevant Primary Dealers to their securities accounts maintained with the Monetary Authority upon receipt of payments.
46. For switch tender, provided that the Monetary Authority is satisfied that, on the settlement day of the relevant tender, a successful bidder, as sole owner, has delivered free from any security or other interest the required nominal value of the pre-specified issue of the Government Bonds to be redeemed at that tender to the Monetary Authority for early redemption in the manner described in the relevant operating procedures prescribed by the Monetary Authority, the Monetary Authority will arrange for the issuance of the relevant new Government Bonds in the manner described in paragraphs 42 to 45 above to that successful bidder. If a successful bidder fails to deliver the required nominal value of the pre-specified issue of the Government Bonds to be redeemed at that tender in the manner so described, the Monetary Authority will act in accordance with the relevant operating procedures as appropriate, and the defaulting bidder may be liable to pay charges in respect of such failure in the manner described in the relevant operating

procedures. Settlement of payments between Primary Dealers and their clients will continue to depend on the interbank payment system and traditional payment methods.

### **Redemption and Interest Payments**

47. On the maturity date for any Government Bonds issued, the Monetary Authority will arrange for the relevant computerized entries in the securities accounts to be reversed and for the settlement accounts of the relevant Recognized Dealers which are licensed banks to be credited in Hong Kong dollars with the relevant amounts of principal upon maturity of the Government Bonds. For any Fixed Rate Bonds issued, the final interest payment will be credited on the maturity date. For any Notes issued, the final interest payment will be credited on the final interest payment date, which is the second business day following the maturity date. For the avoidance of doubt, for any Notes issued, if any day between the maturity date and the final interest payment date ceases to be a business day (e.g. typhoon), or is not a business day (e.g., gazetted as a general holiday in Hong Kong), the final interest payment date shall be adjusted to the next business day such that it remains on the second business day following the maturity date of the Notes. Payments to the relevant Recognized Dealers which are not licensed banks will be by way of credit to their bank accounts via their correspondent banks which will in turn have their settlement accounts credited. Settlement of payments between Recognized Dealers and their clients will continue to depend on the interbank payment system and traditional payment methods.
  
48. On an interest payment date of any Government Bonds, the Monetary Authority will arrange for the settlement accounts of the relevant Recognized Dealers which are licensed banks to be credited with the relevant amount of interest in Hong Kong dollars. Payment of interest to the relevant Recognized Dealers which are not licensed banks will be by way of credit to their bank accounts via their correspondent banks which will in turn have their settlement accounts credited. Settlement of payments between Recognized Dealers and their clients will continue to depend on the interbank payment system and traditional payment methods.
  
49. If the issue date specified for any issue of the Government Bonds for any reason ceases to be a business day (e.g., typhoon), payment by and/or to the successful bidders will be postponed to the immediately succeeding business day which will then be deemed to be the issue date. However, the interest payment dates, interest period end dates (applicable only to the Notes), and maturity date originally specified will remain unchanged. If the maturity date or any interest payment date for any issue of the Fixed Rate Bonds for any reason ceases to be a business day (e.g., typhoon), payment will be made on the immediately succeeding business day. If the maturity date or any interest payment date for any issue of the Fixed Rate Bonds is not a business day (e.g., gazetted as a general holiday in Hong Kong), payment will be made on the immediately succeeding business day unless that day falls in the next calendar month, in which case payment will be made on the business day immediately preceding the originally specified maturity date or interest payment date for any issue of the Fixed Rate Bonds. If the maturity date or any interest period end date for any issue of the Notes for any reason ceases to be a business day (e.g., typhoon), the maturity date or interest period end date concerned will be the next business day. If the maturity date or any interest period end date for any issue of the Notes is not a business day (e.g., gazetted as a general holiday in Hong Kong), the maturity date or interest period end date concerned will be the next business day unless that day falls in the next calendar month, in which case the maturity date or the interest period end date concerned will be the business

day immediately preceding the originally specified maturity date or interest period end date for any issue of the Notes.

50. For Fixed Rate Bonds, where the maturity date or any interest payment date for any issue of the Fixed Rate Bonds ceases to be a business day or is not a business day, the amounts of interest payable in respect of the applicable interest period under paragraph 13 shall be adjusted to take into account the earlier or later date that payment is made. In all cases, subsequent payment dates specified for the issue will remain unchanged. For the Notes, where any interest period end date for any issue of the Notes ceases to be a business day or is not a business day, the amounts of interest payable in respect of the applicable interest period under paragraph 17 shall be adjusted to take into account the earlier or later date that the interest period end date falls on. In all cases, subsequent interest period end dates specified for the issue will remain unchanged. Recognized Dealers should refer to the prevailing typhoon procedures specified by the Monetary Authority from time to time.

#### **Recognized Dealers and Primary Dealers**

51. Recognized Dealers are financial institutions appointed by the Monetary Authority which maintain securities accounts with the Monetary Authority to which Government Bonds may be credited and from which Government Bonds may be debited. All Recognized Dealers in accepting their appointments shall give the following undertakings to the Monetary Authority:
- (a) to comply with regulations that may be specified from time to time by the Monetary Authority;
  - (b) to supply relevant statistics that may be required by the Monetary Authority to enable him to monitor developments in the market;
  - (c) to allow the Monetary Authority or a person nominated by him to inspect their books and records relating to the Government Bonds to the extent permitted by law;
  - (d) to give timely instructions to the Monetary Authority for any transfer of the Government Bonds in the manner specified by him; and
  - (e) to inform their clients who are not Recognized Dealers that they may open a securities account with the Monetary Authority through a Recognized Dealer (see paragraph 63) and of the terms of issues of the Government Bonds.
52. Primary Dealers are appointed by the Monetary Authority from Recognized Dealers based on criteria determined by the Monetary Authority. The latest lists of Primary Dealers and Recognized Dealers are available on website: [www.hkgeb.gov.hk](http://www.hkgeb.gov.hk).
53. All bids in competitive tenders must be submitted through Primary Dealers and in return for this exclusive right to participate in competitive tenders, Primary Dealers have given the following undertakings to the Monetary Authority that they will:
- (a) actively participate in the competitive tenders, and if the Monetary Authority so requires, subscribe for any unsubscribed Government Bonds on the basis set out in paragraphs 29 and paragraph 39 above;

- (b) maintain a market in the Government Bonds by quoting bid and offer prices for the Government Bonds during normal securities market trading hours (i.e., between 9:00 a.m. to 12:00 noon and 1:00 p.m. to 4:00 p.m. Mondays to Fridays, excluding general holidays); and
- (c) provide daily price fixings for the Government Bonds and other relevant statistics to the Monetary Authority to enhance price transparency and to enable him to monitor developments in the market.

Primary Dealers are expected to take an active part in both the primary and secondary markets in the Government Bonds (including the repo market). In addition, they are also expected to promote the Institutional Bond Issuance Programme to their clients so as to broaden the investor base, and to provide market feedback to the Monetary Authority for further promoting the development of the Government bond and related markets.

54. In return the Monetary Authority will give the following undertakings to Primary Dealers:
- (a) he will only buy and sell the Government Bonds in the secondary market through Primary Dealers;
  - (b) he will grant Primary Dealers the exclusive right to participate in competitive tenders for the Government Bonds;
  - (c) he will grant Primary Dealers the exclusive right to access the Bond Swap Facility as described in paragraphs 58 to 62 below; and
  - (d) he will announce the amounts of the Government Bonds outstanding on a regular basis.

**Transfers of Government Bonds between Securities Accounts of Recognized Dealers maintained with the Monetary Authority**

55. The Government Bonds can be transferred from one Recognized Dealer's securities account to the securities account of another Recognized Dealer through book entries. The Recognized Dealers involved in the transfer of the Government Bonds are required to send their instructions for the transfer to the Monetary Authority.
56. Transfer instructions should be transmitted to the Monetary Authority via CMT, SWIFT, or authenticated facsimile using the numbers already provided to Recognized Dealers or by any other means as may be specified by the Monetary Authority.
57. All transfer instructions transmitted must reach the Monetary Authority on the day on which the transfer is to be effected (i.e., the settlement date) before the respective cut-off times as specified in the CMU Reference Manual published by the Monetary Authority (as updated from time to time) or in any written notice given by the Monetary Authority in relation thereto. The Monetary Authority reserves the right not to process any transfer instructions received after the cut-off

time. In such circumstances, any such transfer instructions will be re-processed on the next business day for settlement in CMU.

### **Bond Swap Facility**

58. To promote secondary market liquidity of the Government Bonds, Primary Dealers may request a term swap of holdings in an issue of the Government Bonds (“Eligible Bonds”) for a different issue of the Government Bonds (“Requested Bonds”) under the Bond Swap Facility for the Institutional Bond Issuance Programme.

A Primary Dealer may access the Bond Swap Facility at any time provided that:

- (a) the Primary Dealer has entered into a Master Issuance and Redemption Agreement with the HKSAR Government (acting through the Monetary Authority) (“Master Issuance and Redemption Agreement”), which remains valid and in effect;
  - (b) the Primary Dealer’s appointment as Primary Dealer has not been revoked by the HKSAR Government nor has the Primary Dealer’s right to access the Bond Swap Facility otherwise been suspended or terminated by the Monetary Authority;
  - (c) the relevant Primary Dealer holds as sole owner and free from any security or other interest sufficient holding in an issue of Eligible Bonds for swapping for the Requested Bonds. For the avoidance of doubt, holdings in client accounts of a Primary Dealer are not regarded as owned by the Primary Dealer;
  - (d) the nominal value of Requested Bonds to be obtained is within such swapping limit as may be imposed by the Monetary Authority on the Primary Dealer; and
  - (e) the request is made in accordance with the terms and conditions set out in the Master Issuance and Redemption Agreement, the Operating Procedures for Bond Swap Facility, Exchange Fund Bills and Notes Clearing and Settlement System Reference Manual and any other rules or regulations prescribed by the Monetary Authority from time to time for purposes of the Bond Swap Facility.
59. All requests must be made in the form specified by the Monetary Authority. A Primary Dealer may request a swap of Eligible Bonds for Requested Bonds from the HKSAR Government on a business day or by such other time as the Monetary Authority may specify, by entering into an issuance and redemption agreement (“Issuance and Redemption Agreement”) under the Master Issuance and Redemption Agreement. Through the Issuance and Redemption Agreement, the Monetary Authority will arrange for the issuance of Requested Bonds to the requesting Primary Dealer, subject to the receipt of sufficient value of the Eligible Bonds as determined by the Monetary Authority and confirmed with the relevant Primary Dealer, which will then be redeemed by the HKSAR Government; and on a pre-agreed future date, the requesting Primary Dealer and the Monetary Authority will reverse the abovementioned transactions by way of the requesting Primary Dealer delivering an equivalent nominal value of Government Bonds of the same issue as that of the Requested Bonds (“Equivalent Requested Bonds”) to the Monetary Authority, which will then be redeemed by the HKSAR Government, following which the Monetary Authority will arrange for the issuance of Government Bonds of an equivalent nominal value of Government Bonds of the



same issue as that of the Eligible Bonds (“Equivalent Eligible Bonds”) to the requesting Primary Dealer.

60. The Monetary Authority will regularly announce the maximum nominal value of Government Bonds that the HKSAR Government is ready to issue to a Primary Dealer under the Bond Swap Facility at any time in the manner described in the Operating Procedures for Bond Swap Facility.
61. Failure by a Primary Dealer to deliver the relevant Government Bonds under an Issuance and Redemption Agreement at the relevant times may result in the rejection by the Monetary Authority in whole or in part of any outstanding transfer instructions for Government Bonds received at the CMU involving the defaulting Primary Dealer as a counterparty, whether such transfer instructions relate to an Issuance and Redemption Agreement or not. The defaulting Primary Dealer may also be liable to pay charges in respect of such failure in the manner described in the Operating Procedures for Bond Swap Facility.
62. Further details on the Bond Swap Facility, including the relevant settlement arrangements, are set out in the Operating Procedures for Bond Swap Facility.

#### **Miscellaneous**

63. Each Recognized Dealer will have at least two securities accounts in the Register maintained by the Monetary Authority – one for its own holdings and the other for holdings of its clients. In addition, a Recognized Dealer may also request that specific custody accounts be opened for any of its clients who may wish their Government Bonds to be held by the Recognized Dealer in a separate account designated with the client’s name. These clients may then sell the Government Bonds in the custody account designated under their names through the Recognized Dealer, i.e., instruction for the transfer of title in the Government Bonds in such custody account before maturity of the Government Bonds must be routed through that Recognized Dealer. Legal title to the Government Bonds is vested in the holder of the securities account to which the Government Bonds are credited.

#### **Hong Kong Monetary Authority**

31 January 2024

**THE HONG KONG SPECIAL ADMINISTRATIVE REGION  
OF THE PEOPLE'S REPUBLIC OF CHINA  
GOVERNMENT BOND PROGRAMME  
Institutional Bond Issuance Programme  
Competitive Tender Form for Fixed Rate Bonds**

To : Monetary Authority (Fax: 852 – 2878 1676/ 1677) Date: \_\_\_\_\_

From: \_\_\_\_\_ ( \_\_\_\_\_ )  
Primary Dealer CMU Code

We hereby submit the following tender(s) for the issue:

CMU Issue Number _____ to be issued on _____ (Date)
---

Participant's TRN (for new bid) : \_\_\_\_\_ (max 16 chars)

Participant's TRN (for cancellation) : \_\_\_\_\_ (max 16 chars)

<b><u>Price bid</u></b> in descending order (percent to the nearest two decimal places)	<b>Nominal amount tendered</b> (HKD50,000 or its integral multiple)	<b>Amount payable if</b> allotted in full (HKD to the nearest cent)	<b>For use only by the</b> Monetary Authority

TOTAL:

HKD	Mn
-----	----

We authorize you to debit from our settlement account the amount payable for any issues that are allotted to us under any of the above tenders.

In case of a switch tender, we also irrevocably and unconditionally accept the relevant terms & conditions set out in the Operating Procedures for Switch Tender, including but not limited to the Monetary Authority debiting from our settlement account any relevant sums for purposes as described in the Operating Procedures for Switch Tender.

Person to contact in case of query: \_\_\_\_\_ (Tel: \_\_\_\_\_ )

\_\_\_\_\_  
Authorized Signature(s) or Test Number on total nominal amount

HKMA use only Signature(s)/Test No.  Verified by:
--

IMPORTANT: For fax transmission, please provide Test Number for the total nominal value tendered for.



**THE HONG KONG SPECIAL ADMINISTRATIVE REGION  
OF THE PEOPLE'S REPUBLIC OF CHINA  
GOVERNMENT BOND PROGRAMME**

**Institutional Bond Issuance Programme  
Competitive Tender Form for HONIA-indexed Floating Rate Notes**

To: Monetary Authority (Fax: 852 – 2878 1676/ 1677)

Date: \_\_\_\_\_

From: \_\_\_\_\_  
Primary Dealer(\_\_\_\_\_)  
CMU Code

We hereby submit the following tender(s) for the issue:

CMU Issue Number _____ to be issued on _____ (Date)
---

Participant's TRN (for new bid) : \_\_\_\_\_ (max 16 chars)

Participant's TRN (for cancellation) : \_\_\_\_\_ (max 16 chars)

<b>Spread bid</b> from the lowest to the highest (expressed as a percentage to two decimal points)	CCY	Nominal amount tendered (HKD50,000 or its integral multiple)	For use only by the Monetary Authority
	HKD		

TOTAL:

HKD

Mn

We authorize you to debit from our settlement account the amount payable for any issues that are allotted to us under any of the above tenders.

Person to contact in case of query: \_\_\_\_\_ (Tel: \_\_\_\_\_)

HKMA use only Signature(s)/ Test No.  Verified by:
---

\_\_\_\_\_  
Authorized Signature(s) or Test Number on total nominal amount  
Company Chop

**IMPORTANT:** For fax transmission, please provide Test Number for the total nominal value tendered for.