



THOMSON REUTERS

Press Release

ASIFMA ADVOCATES OPEN CAPITAL MARKETS AND INCREASED GLOBAL USAGE OF RMB TO PAVE THE CURRENCY'S PATH TO PROMINENCE

Hong Kong, 8 May 2014 - ASIFMA, together with Standard Chartered and Thomson Reuters, today launched the "[RMB Roadmap](#)", a new white paper which advocates and anticipates more open capital markets and increased global usage of renminbi as part of the currency's rise to greater prominence.

"The thesis of the RMB Roadmap is that China's currency does not currently match its economic heft and it needs to go through a five-step process for this evolution: first, as a deposit currency internationally; second, through increased usage for trade purposes; third, as an investment currency; fourth, through central banks signing more bilateral swap agreements with the PBOC; and finally fifth, global acceptance as a reserve currency. Our white paper examines how and when this will evolve and the challenges it entails," said Mark Austen, CEO, ASIFMA.

Many analysts and industry experts consider the timing is right for the renminbi to take its place among the leading currencies of the world as China continues to demonstrate its influence and effectiveness on the world economic stage. However, a combination of factors has contributed to a somewhat slower rate of recognition for the Chinese currency and the renminbi is only now gaining traction. Factors that have impacted the extent of the renminbi's use as a global currency include a relatively closed capital account, under-developed domestic capital markets and the use of the renminbi for trade settlement still lags behind other global currencies.

Further opening of the country's capital account, a steady rise in the use of the renminbi as an investment currency by international investors and the International Monetary Fund (IMF) recognition of the renminbi as a potential reserve currency through Special Drawing Rights (SDR) are all critical steps towards the greater internationalisation of the currency and the liberalization of China's financial markets.

Commenting on the positive outlook for the renminbi, Carmen Ling, Global Head of RMB Solutions at Standard Chartered Bank, said, "The building blocks for RMB internationalization have stacked up well so far, and the ongoing efforts to further liberalize the currency is very encouraging. With a 2020 horizon, we think that China's capital account should be 'open' by then albeit with some Chinese characteristics. There should be greater and more seamless direct investment flows with global RMB liquidity facilitating global cross-border trades and payments efficiently. We are optimistic of the Chinese leadership's resolve to continue with this cautious but bold ambition."

“The offshore renminbi market was created explicitly to allow the currency to move toward internationalization while the onshore market remains largely separate from the global market,” noted Adrian Gostick, Managing Director, Financial & Risk, China, Thomson Reuters. “As capital controls ease and linkages between the onshore and offshore markets grow, the convergence between these two markets is inevitable, albeit at a gradual pace.”

For example, as the dim sum bond market has evolved into a proper credit market rather than just a currency play, spreads between dim sum bond yields and that of onshore bonds have gradually narrowed since the dim sum market opened in July 2010. The average coupon on dim sum bonds has moved to 3.2% in 2014 from 2.4% in 2010, while the average coupon on onshore bonds fell to 3.8% in 2014 from 4.7% in 2010.

“Gradual onshore and offshore participation in the RMB markets by global central banks and investors through the use of swap lines, the Qualified Foreign Institutional Investor (QFII) and RMB Qualified Foreign Institutional Investor (RQFII) programs, the rapidly growing offshore or “dim sum” bond markets and the rise of offshore RMB centers – Hong Kong being the largest – have contributed to the first phase in the RMB’s internationalization, but there is still a long way to go. The recent announcement of the Shanghai-Hong Kong Stock Connect pilot program is a prime example of the evolving and exciting landscape,” concluded Patrick Pang, Managing Director – Fixed Income, ASIFMA.

-ENDS-

Please note: The RMB Roadmap can be accessed [here](#)

For media queries, please contact:

Corliss Ruggles

Head of Communications

ASIFMA

Tel: +852 2537 3029 / +852 9359 6996

Email: cruggles@asifma.org

Joyce Li

Manager, Corporate & Business Communication

Standard Chartered Bank Hong Kong Ltd

Tel: +852 28203841

Email: joyce.li@sc.com

Julie Wang Evans

PR Manager, Financial & Risk, Asia Pacific

Thomson Reuters

Tel: +852 2843 6367

Email: julie.evans@thomsonreuters.com

About ASIFMA

[ASIFMA](#) is an independent, regional trade association with over 60 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

More information about ASIFMA can be found at: www.asifma.org.

About Standard Chartered

Standard Chartered – leading the way in Asia, Africa and the Middle East

We are a leading international banking group, with more than 86,000 employees and a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. Our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

For more information please visit www.sc.com. Hear from Standard Chartered's experts and comment on our blog at ourviews.sc.com. Follow Standard Chartered on [Twitter](#), [LinkedIn](#) and [Facebook](#).

About Thomson Reuters

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial and risk, legal, tax and accounting, intellectual property and science and media markets, powered by the world's most trusted news organization. Thomson Reuters shares are listed on the Toronto and New York Stock Exchanges. For more information, go to <http://thomsonreuters.com>.