

CCDC Collateral Management and Cross-border Applications



China Central Depository & Clearing Co., LTD.

FEI TAO

Collateral Management Center

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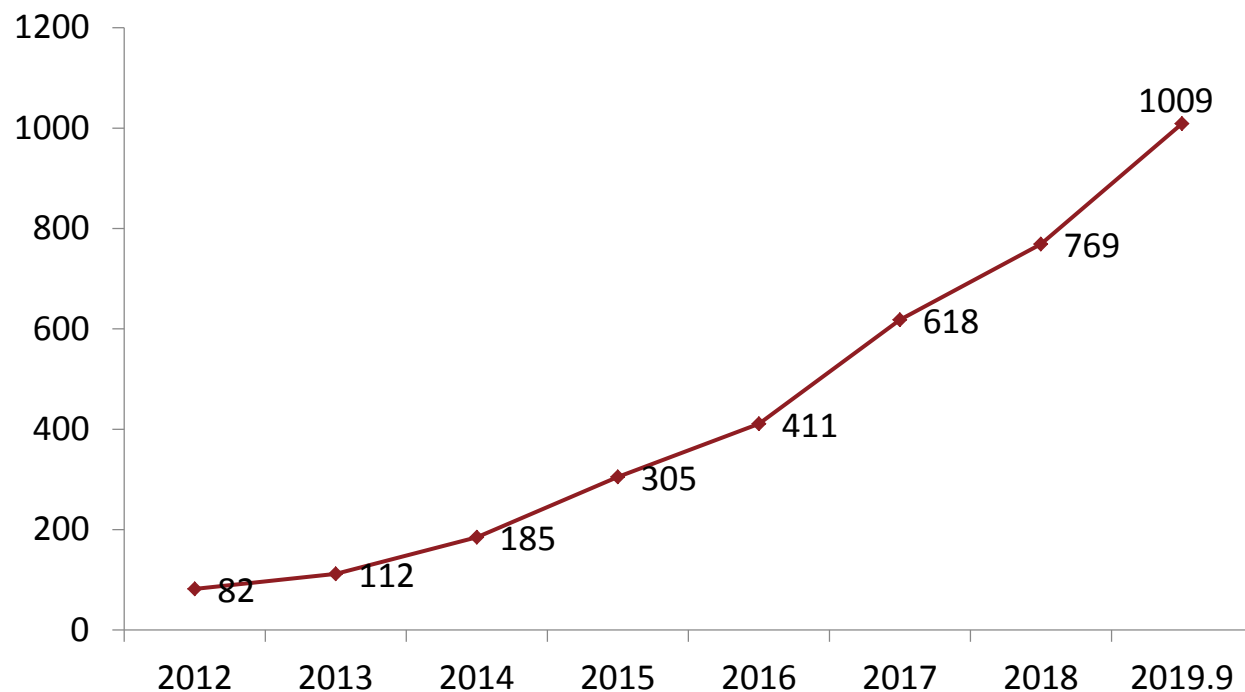


01
PART ONE

Overview of CCDC Collateral Management Service

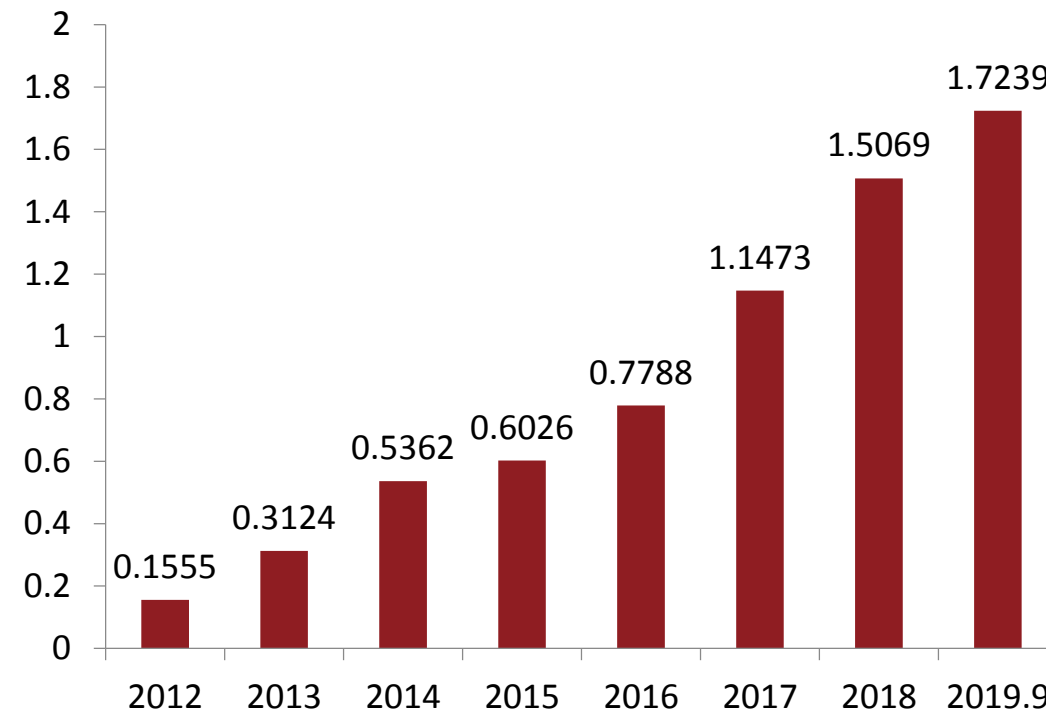
Overview of CIBM

Number of accounts of foreign investors (by end of Sep 2019)



Data Source : CCDC

Bond holdings of overseas investors (in trillion RMB)

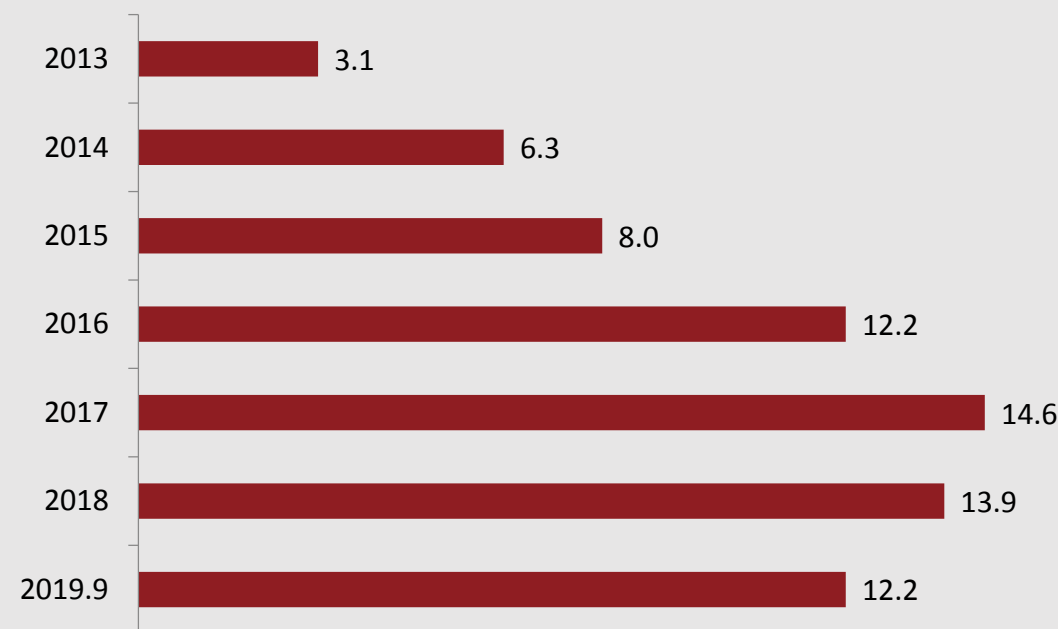


Overview of CCDC Collateral Management

Field	Balance	Ratio
China Bond Market	95.10	100%
Bonds deposited in CCDC	62.92	66.16%
Bonds pledged in CCDC	12.21	12.84%

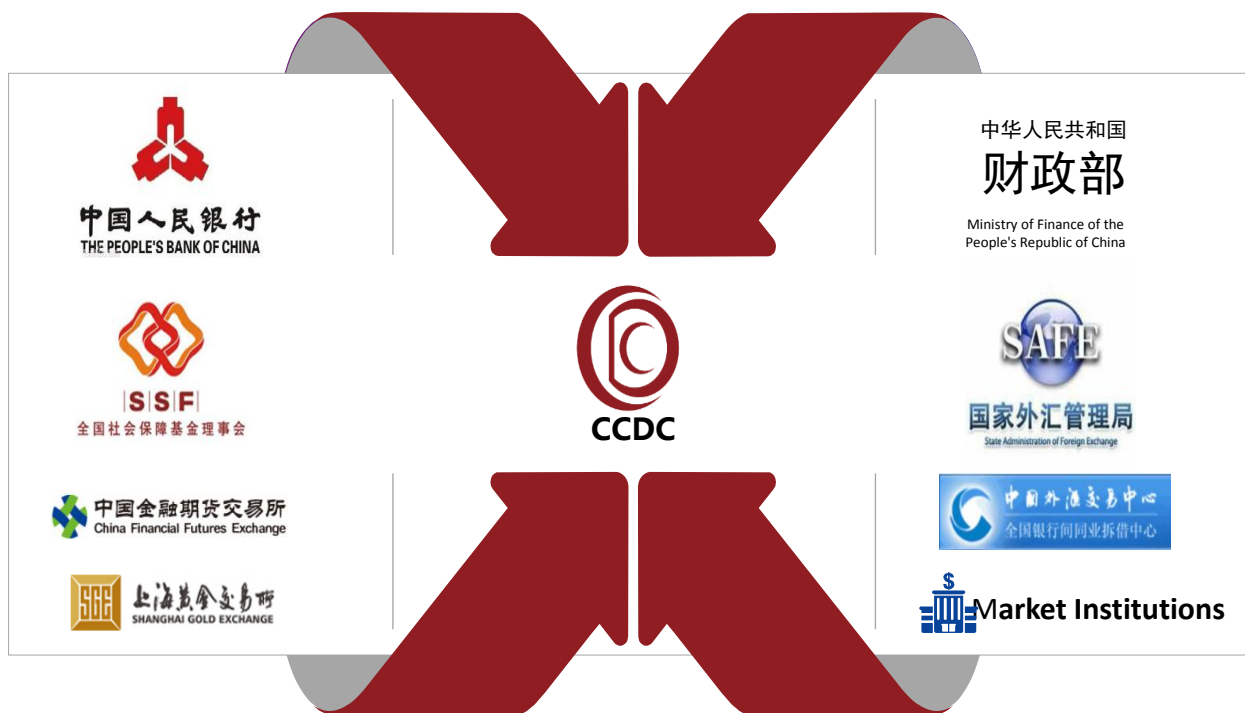
Unit : Trillion RMB

Collateral under the management of CCDC (in RMB trillion)

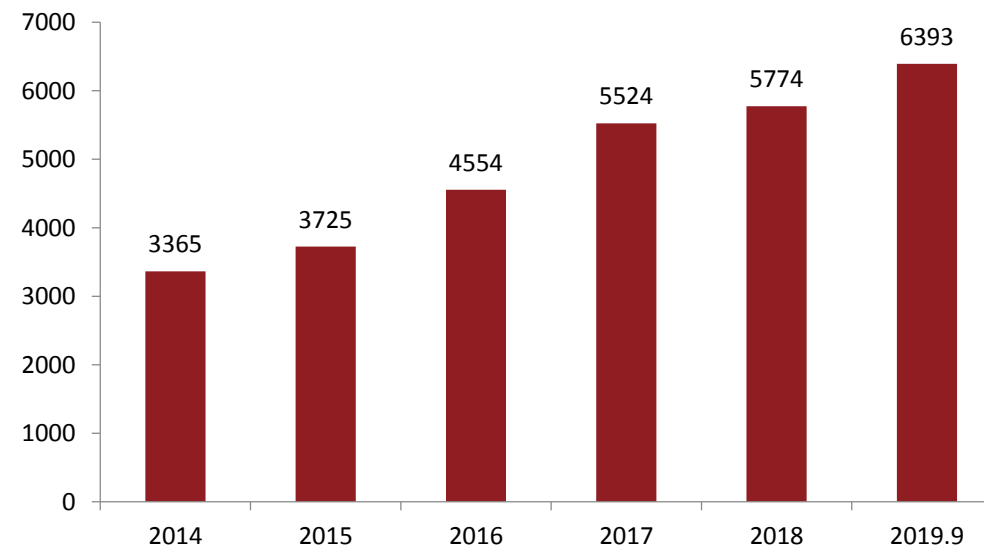


Overview of CCDC Collateral Management

We provide services to **6393** market institutions

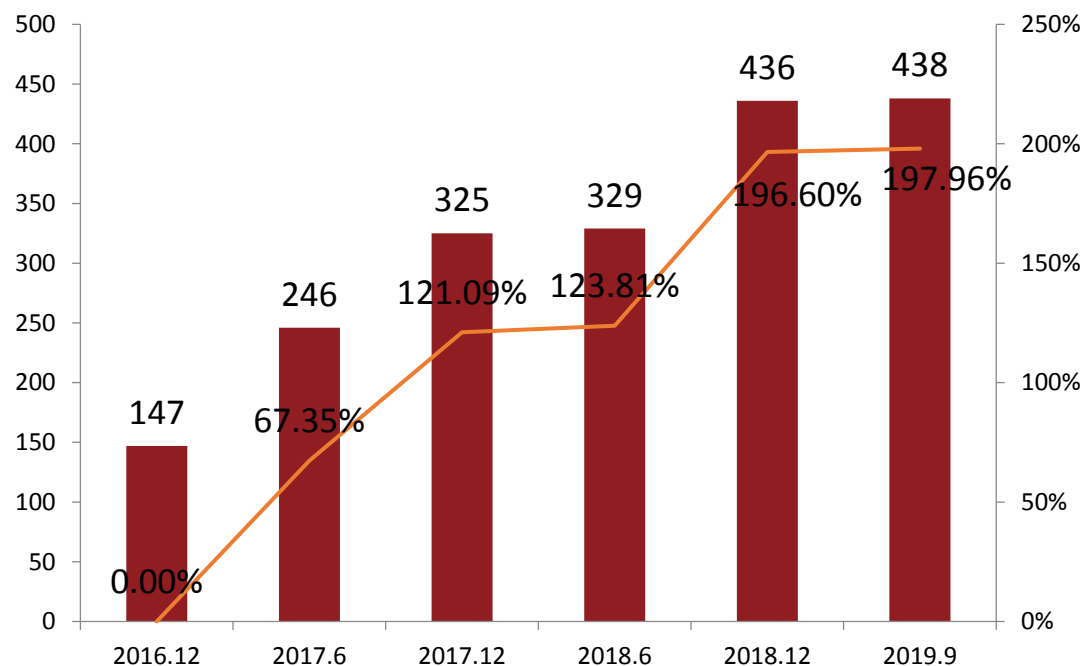


Number of clients of Collateral Management Center



Overview of CCDC Corss-border Collateral Service

Cross-border collateral business balance (in RMB 100 million, 2016-2019.9)



Notes: Percentage Change is the growth rate of collateral balance compared with the level in Dec 2016.

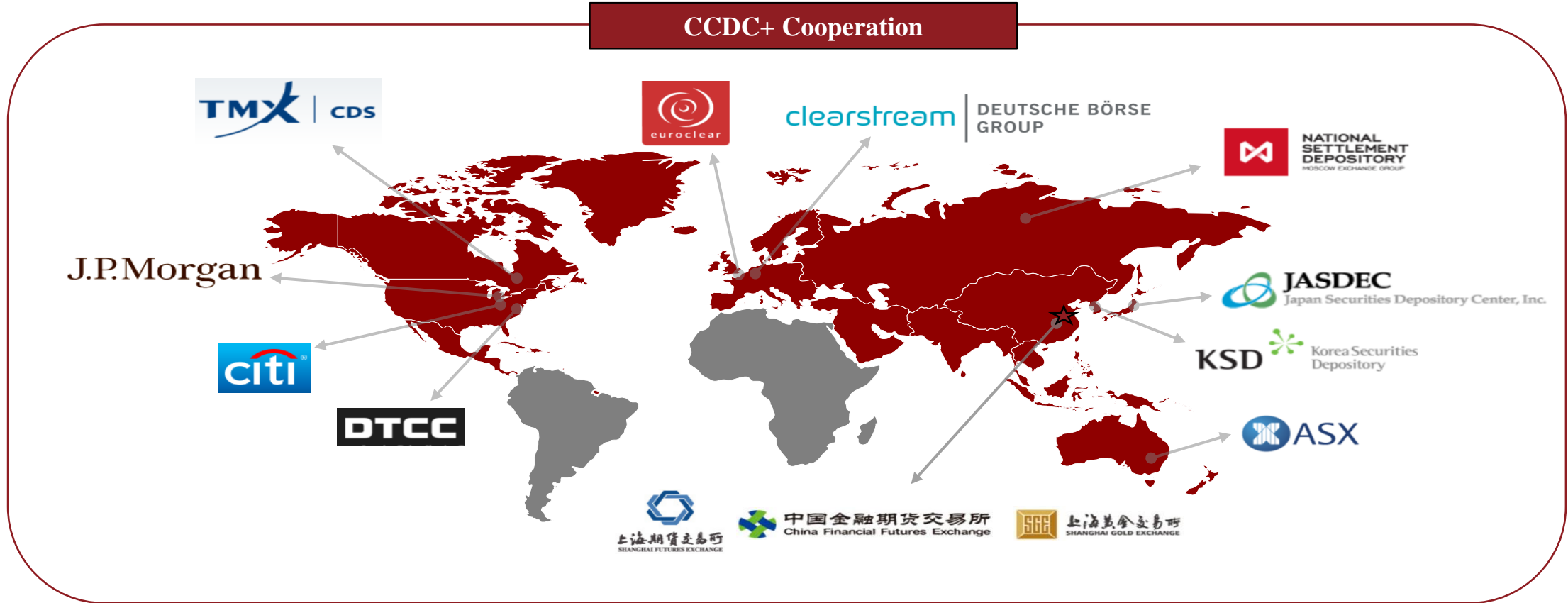
Data Source: CCDC

- Expansion of our cross-border business is our next focus.
- By the end of September, the balance of collateral for our cross-border business exceeded **RMB 44 billion**.

10th China-UK Economic and Financial Dialogue

- Jointly promoting **RMB bonds** as common qualified collateral accepted by **the UK market**

Overview of CCDC Corss-border Collateral Business





02

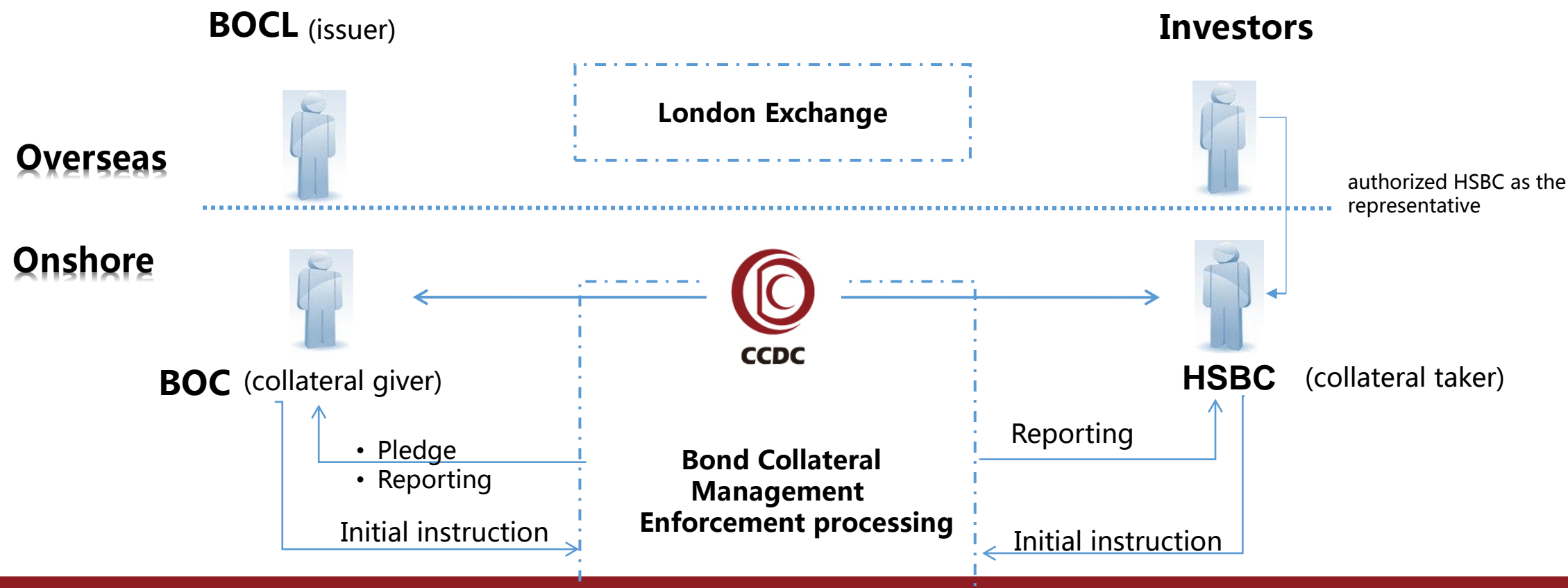
PART TWO

Cases of CCDC Cross-border Collateral Service

Cases of CCDC Corss-border Collateral Service

Support Overseas Issuance of BOC Green Covered Bonds

BOC used its green bonds as collateral to guarantee its issuance of overseas bonds. CCDC, as the collateral management provider, carried out the valuation, mark-to-market and assessment of the pledged assets pool. Meanwhile, CCDC acted as an executing agent to perform the default operation of the collateral in the event of default.



Cases of CCDC Corss-border Collateral Service

Support Currency Swap Transaction Between Domestic Commercial Banks and Foreign Central Banks

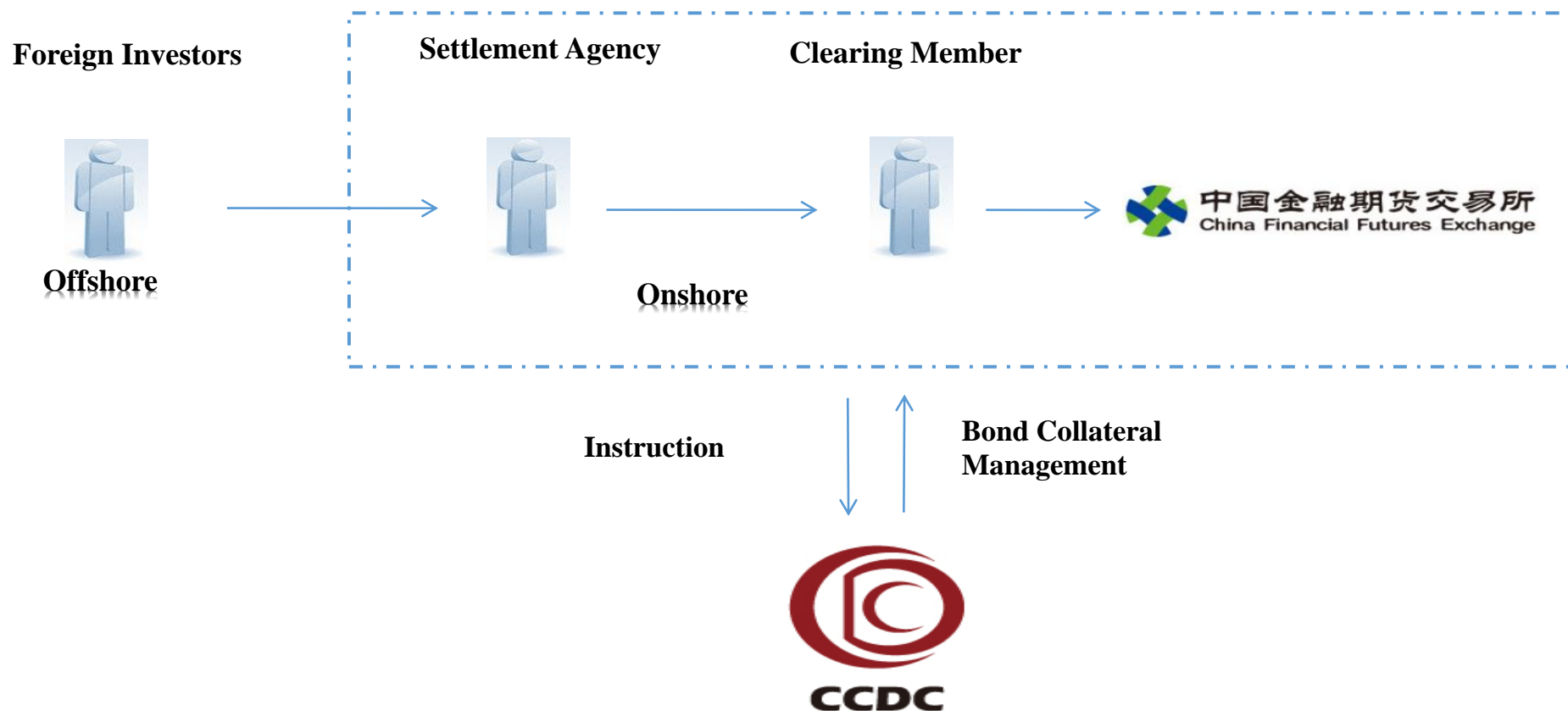
To control the credit risk from their counterparties, domestic commercial banks accepted RMB bonds from the overseas central banks as collateral to ensure that the swap contract can be successfully implemented.



Cases of CCDC Corss-border Collateral Service

Support Bond as Margin in Derivatives Trading

Foreign investor can use the RMB bonds instead of cash as the margin. By the end of Aug,2019, the balance of collateral under this business exceeded **RMB 7.5 Billion.**



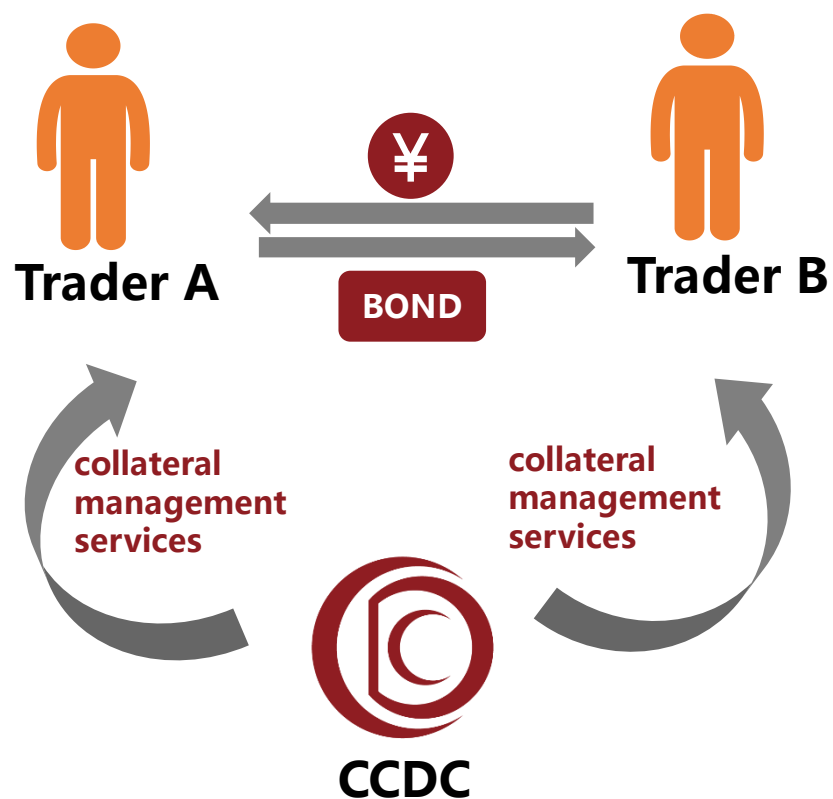


03

PART THREE

Innovations of Collateral Service Arrangements

Innovations of Collateral Service



Tri-Party Repo

- ❑ The core of tri-party repo is the introduction of a central securities depository acting as a third party to provide centralized and professional collateral management services.
- ❑ In October 2018, PBOC officially announced the launch of tri-party repo in CIBM.



- **The core difference of pledge and title-transfer is whether the title of bond collateral has been transferred**
- **Major breakthrough: quick disposition of collateral**
- **CCDC Support : Conversion into Value/Private Sale/Auction**
Debtor does not fulfill maturing debt, creditor has higher priority with pledged assets which disposed for auction.

Thank You!



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