In July 2009, the authorities lifted restrictions on RMB trade settlements between China and Hong Kong. This was the first time RMB settlements were permitted outside mainland China.

In recent years, the authorities have incrementally eased regulations further. This has led to the development of RMB markets in Hong Kong and elsewhere (offshore RMB markets). These exist alongside the RMB market on mainland China (onshore RMB market), where buying and selling restrictions still apply. As a result, there are now two RMB markets.

This does not mean there are two different currencies in circulation, namely, an onshore RMB (CNY) and an offshore RMB (CNH). CNY is the currency code for RMB assigned by the ISO (International Organization for Standardization).

Mizuho Bank uses “CNY” to denote RMB funded in the onshore market and “CNH” to denote RMB funded in the offshore market.
The differences between the onshore RMB (CNY) and offshore RMB (CNH) markets

The main differences are outlined below.

### Onshore RMB (CNY) market

- **Buying and Selling Restrictions**: There are buying and selling restrictions.
- **Currency Exchange System**: A reference rate is published daily by the PBOC (the reference rate is set without reference to the previous business day’s exchange rate). The RMB is only allowed to fluctuate within 2.0% of the reference rate each day.
- **Regulatory Authorities**: The PBOC (State Administration of Foreign Exchange)
- **Market Participants**: Mainland China residents (approved investments)

### Offshore RMB (CNH) market (Hong Kong)

- **Buying and Selling Restrictions**: There are no buying and selling restrictions.
- **Currency Exchange System**: The exchange rate floats freely.
- **Regulatory Authorities**: Hong Kong Monetary Authority
- **Market Participants**: Hong Kong residents/non-residents; some mainland China residents

*These characteristics could be impacted by regulatory changes on mainland China.*

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**Regulations in the onshore RMB market may be changed as needed. For the latest information, please contact the branch in charge of your account or any local Mizuho branch.**

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