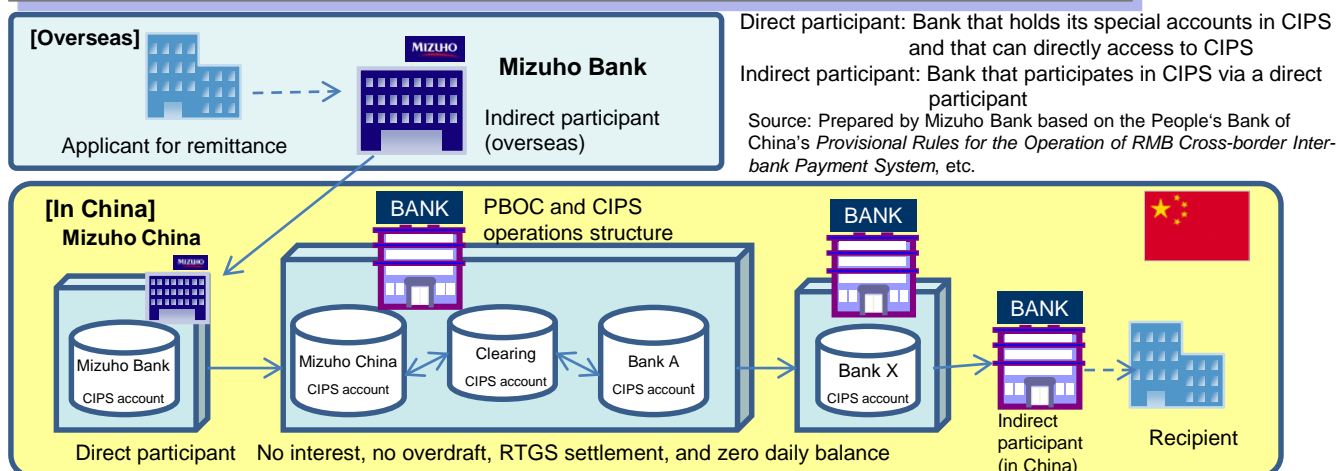


RMB Cross-border Interbank Payment System (CIPS)

What is the RMB Cross-border Interbank Payment System (CIPS)?

- ◆ In October 2015, the People's Bank of China officially released the RMB Cross-border Interbank Payment System (CIPS) as financial infrastructure to facilitate the settlement of trading and investments denominated in RMB.
- ◆ Its main functions are remittances and inter-bank settlements for customers related to cross-border RMB settlements (trade in goods & services, direct investment, financing, and fund transfer for individual customers, etc.). Its operation hours are until 20:00 (Chinese time) (covering part of the European time zone).
- ◆ The system has adopted a method involving one connection for one bank, centralized settlement, and Real-Time Gross Settlement (RTGS). Its telegraphic message format conforms to ISO20022.
- ◆ Transmission is available in English and Chinese. The conversion to SWIFT telegraphic message is also available.
- ◆ The system will co-exist with the settlements of offshore RMB (CNH) clearing banks, such as those in Hong Kong, for the time being.

Example of cross-border RMB settlement through CIPS (future overview)



Mizuho Bank's subsidiary in China, Mizuho Bank (China), Ltd. began connecting with CIPS on July 11, 2016 (Saturday) (a first for a Japanese bank).

Reference: "Mizuho Bank Connects to CIPS," *Nihon Keizai Shimbun* (morning edition) on July 4, 2016 and "Mizuho Bank Releases Connection to CIPS," *Nihon Keizai Shimbun* (morning edition) on July 12, 2016

Connected banks

First batch, October 2015: 19 banks (11 Chinese banks and 8 non-Chinese banks, no Japanese banks)

Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications, China Merchants Bank, Shanghai Pudong Development Bank, China Minsheng Banking Corp, Ltd, Industrial Bank, Pingan Bank, Hua Xia Bank, HSBC Bank China, Citibank China, Standard Chartered Bank (China), DBS China, Deutsch Bank (China), BNP Paribas China, ANZ Bank (China), and Bank of East Asia

Second batch, July 2016: 8 banks (5 Chinese banks and 3 non-Chinese banks)

China CITIC Bank, China Guangfa Bank, Bank of Shanghai, Bank of Jiangsu, Bank of China (Hong Kong), **Mizuho Bank (China) (Mizuho Bank)**, Bank of Tokyo-Mitsubishi UFJ (China), and Hang Seng Bank

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