

News Release

UOB (China) expands suite of foreign exchange solutions to deepen support of cross-border business activities

Shanghai, China, 25 February 2019 – United Overseas Bank (China) Limited (UOB (China)) today announced that it has successfully completed the first transactions for two new cross-border foreign exchange (FX) solutions.

The first solution is onshore hedging between the Chinese renminbi and Malaysian ringgit under the Appointed Overseas Office (AOO)¹ Framework. The AOO Framework was launched by Bank Negara Malaysia to provide additional flexibilities on ringgit transactions where AOO can undertake back-to-back FX transactions to facilitate settlement of trade and ringgit assets between non-Malaysian counterparties and Malaysian residents, which include individuals and registered entities². As one of the few AOOs in China, UOB (China) is able to execute renminbi-ringgit transactions including currency exchange, swaps and forwards for corporate and institutional clients. With the new onshore hedging solution, the Bank's clients can streamline their currency exchange process, minimise FX costs and mitigate FX risks. UOB (China) completed its first renminbi-ringgit FX spot transaction via the AOO Framework in January 2019 for a client importing agriculture products from Malaysia.

To assist clients to seize more cross-border opportunities, UOB (China) also tapped the innovative policies offered in the Shanghai Free Trade Zone (FTZ) to offer hedging solutions for renminbi-foreign currency options under the Free Trade Accounting Unit (FTU)³. The option instrument, which encompasses interest rates, currencies and commodities, enables clients to optimise their funding and investments. In January, the Bank also executed its first US dollar-renminbi hedging for a syndicated loan to help a client manage its FX risk in view of the strengthening US dollar.

¹ AOO refers to an appointed overseas parent company, subsidiary company, sister company, head office or branch of a Malaysian licensed onshore bank's banking group, excluding a Malaysian licensed International Islamic Bank. Source: Bank Negara Malaysia

² Source: Statement by Financial Markets Committee: Appointed Overseas Office Framework, Bank Negara Malaysia, 6 December 2016, http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4318&lang=en

³ The Free Trade Accounting Unit (FTU) is a free trade accounting system announced by the People's Bank of China. This accounting system allows authorised financial institutions to set up split units and to undertake investment, financing or FX transactions for entities operating within the Shanghai FTZ.

Source: State Administration of Foreign Exchange, <https://www.safe.gov.cn/shanghai/2014/0522/31.html>

Mr Mark Yang, Head of Global Markets, UOB (China), said, “The Belt and Road Initiative and renminbi internationalisation continue to drive regional trade and investment flows. As a result, we are seeing a growing demand from our clients for diversified cross-border and cross-currency solutions to hedge their market risks. In continually enriching our offering of FX solutions, we can help our clients drive their performance. In 2019, we will remain focused on enhancing our market research and risk management strategies, and expanding our Southeast Asian currency-based solutions to serve our clients’ needs more effectively.”

UOB (China) is committed to providing clients with more comprehensive FX solutions. The Bank is a direct market maker of renminbi-Singapore dollar and renminbi-Thai baht, and is able to do direct trading for its clients through the China Foreign Exchange Trade System (CFETS). The Bank also partners regulators, industry bodies and the rest of UOB Group to keep clients updated on market developments, insights and potential opportunities across the region through events such as seminars.

The Bank’s FX business grew steadily in 2018. UOB (China) was among the top 40 traders in China’s interbank FX market and the top ten traders on CFETS’ trading platform on an Executable Streaming Prices (ESP)⁴ basis. UOB (China) is the only foreign bank among the top ten ESP traders.

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About United Overseas Bank (China)

United Overseas Bank (China) Limited (UOB (China)) is a wholly-owned subsidiary of United Overseas Bank Limited (UOB), a leading bank in Asia. Headquartered in Shanghai, UOB (China) was incorporated in the People’s Republic of China on 18 December 2007 and commenced operations on 2 January 2008. With a stable and far-sighted approach, UOB (China) has grown its network to 16 branches and sub-branches in the major cities across China.

Over the years, our employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB (China) is steadfast in our support of social development, particularly in the areas of art, children and education.

⁴ On 5 February 2018, CFETS announced the integration of a US dollar/renminbi bilateral ESP module into its FX trading platform, where traders’ orders are matched instantaneously based upon pricing.

Source: CFETS: Announcement on the CFETS New FX Trading Platform Launching (Phase II)

<http://www.chinamoney.com.cn/english/svcnrl/20180126/2297.html>

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