

April 10, 2018
Bank of Japan

Preparation for the Implementation of Cross-border DVP Link between
BOJ-NET JGB Services and HKD CHATS

Bank of Japan (BOJ) has been discussing with Hong Kong Monetary Authority (HKMA) about introducing framework that enables DVP (delivery versus payment)¹ settlement for cross-border transaction (cross-border DVP link) of Japanese government bonds (JGBs) and Hong Kong dollar (HKD) with a view to reducing settlement risk.

– Cross-border DVP link has been discussed in “Cross-border Settlement Infrastructure Forum (CSIF)”, which was founded under ASEAN+3 in 2013. In particular, BOJ and HKMA released the result of their joint study on cross-border DVP link in May 2015.

Based on the discussion above, BOJ will start preparing for the implementation of cross-border DVP link in the fiscal year 2018 by linking BOJ-NET (Bank of Japan Financial Network System) JGB Services with HKD CHATS (Hong Kong dollar Clearing House Automated Transfer System)² in order to enable DVP settlement of JGBs and HKD.

At this juncture, BOJ and HKMA intend to implement cross-border DVP link around the spring of 2021. Details such as go-live date will be made public in due course, depending on the progress in the preparatory work of BOJ and HKMA.

BOJ will continue to work closely together with HKMA and relevant parties such as user financial institutions of BOJ-NET toward implementation.

For queries, please contact:

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Note: Please title your email “Cross-border DVP Link.”

¹ DVP is a link between a securities transfer system and a funds transfer system that ensures that delivery occurs if, and only if, payment occurs.

² HKD CHATS is a real-time gross settlement (RTGS) system of Hong Kong dollar.

(Ref: Image of Cross-border DVP Link)

