REFINITIV/HKEX RMB CURRENCY INDICES (RXY) Frequently Asked Questions

REFINITIV/HKEX RMB Currency Indices (RXY) offer market participants an independent, timely and transparent measure of RMB’s performance compared to China’s partner currencies:

- Timely – RXY Indices are calculated hourly using WM/Reuters rates
- Trusted – WM/Reuters rates are most widely used reference point for indices and financial contracts globally
- Independent – Neither Refinitiv nor HKEX trade or invest in FX markets or have links to government bodies
- Transparent – A complete methodology, including weighting mechanism and governance process is available at https://www.refinitiv.com/en/financial-data/indices/fx-currency-indices
- Backed by industry experts – Created by RMB, FX and index expert within Refinitiv and HKEX and advised by a number of buy-side and sell-side RMB market participants.

1. How do we weight the individual currencies?

   Bilateral trade with China, according to UN Comtrade data, and inclusive of data published by Hong Kong’s Census and Statistics Department to adjust for Hong Kong re-export. Please refer to the RXY Indices factsheet for the weights.

2. Why do we adjust HK’s weight?

   For Hong Kong SAR, figure from the Hong Kong Census and Statistics Department are used to estimate the import value of goods from China that are not retained for domestic usage. This is then removed from the reported exports from China to Hong Kong before calculating the weight. Where possible, such an adjustment would be made for any country or region in an index basket that re-exports a high amount of it’s imports but currently, only Hong Kong is adjusting in this way.

3. How do I trade the RXY indices?

   HKEX is considering the development of index-linked futures, and will further update the market upon completion of product assessment and any necessary regulatory approvals.

4. What are the hours of the RXY indices? How do we define the “trading day”?

   The RXY indices are published hourly, and the official end of the day is at 4pm Hong Kong time. Publication starts at 6am Hong Kong time of each Monday and ends at 4 pm Hong Kong time of each Friday. Indices update hourly with the expectation that no index is published at 5pm Hong Kong time on any weekday.

5. Why are you using WM/Reuters Hourly rates for the index calculation?

   These are the most trusted and relied upon FX rates globally for portfolio valuation, performance measurement, index calculation and as a price reference in financial contracts. Over, 2000 institutions globally use them and they are regulated by the UK Financial Conduct Authority and WM/Reuters hourly FX rates are EU BMR compliant benchmark rates.
6. **What is the Source of WM/Reuters rates?**

WM/Reuters rates use a combination of transaction prices from major liquidity venues, such as Refinitiv for traded currencies and contributions for restricted or domestic currencies. These are then used to publish hourly rates from 6am Hong Kong time to 10pm London time Monday to Friday for more than 150 currencies.

7. **What are the prices used for index calculation and how are they aggregated into an index?**

The most liquid spot exchange rates are typically quoted against USD. For this reason, all spot exchange rates used in are derived from the Refinitiv/WM rates against USD. For example, the CNHKRW rate is calculated as "CNHUSD*USDKRW". These rates are then geometrically averaged using the weights to create the index level. Mid-rates are used in all calculations.

8. **When can we see real-time?**

Real time is not a technical limitation, Refinitiv will explore producing an indicative real time version for market monitoring purposes only in the near future.

9. **How can I receive the indices?**

Upon initial launch the RXY indices will be available on Refinitiv Eikon - hourly index values will be available for market monitoring purposes at no additional cost or Permissioning for all clients. Shortly after launch, Refinitiv and HKEX will work with other vendors to ensure they can carry the indices.

10. **Can I create ETFs and Structured Products using these indices?**

The RXY indices are licensable for the basis of investment products which can be managed using listed futures (pending regulatory approval) on HKEX.

11. **What is the Index Advisory Group (IAG) and how does it work?**

The IAG consists of RMB experts who assist the Index Manager (an FX Index expert from Refinitiv) interpret the index methodology in the case of uncertainty. The Group provides a strictly advisory role to the Index Manager, and has no direct index management role. The Index Manager reaches out to as many members of the Group as required to assist him/her in the process of interpreting the rules in a case of the annual review of the constituent weights, or in the case of market uncertainties.

12. **How does day-to-day administration of the indices work? Who oversees them?**

Day-to-Day administration if very minimal, unlike equity indices which have many changes affecting them due to corporate actions. Regular operation is therefore highly automated, the IAG and Index Manager will only step in when unusual market circumstances occur, or at the annual review of the constituents.

13. **When do the indices start and how have the rules been applied in terms of backhistory?**

Each RXY index is based to 100 as of 31 December 2014 and is provided with a back history to 31 December 2010. The launch date for all RXY indices was 23 June 2016.

**For Further Information**
refinitiv.com/en/financial-data/indices

**Enquiries**
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