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City launches trial run of gold central clearing operation

By Gaby Lin in Hong Kong

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A launching ceremony is held for the trial operation of the Hong Kong Precious Metals Central Clearing Company Ltd and Shanghai-Hong Kong Gold Market Co-operation on July 7, 2026. (PHOTO / HKSAR GOVT)

Hong Kong's long-anticipated central clearing and settlement system for gold officially began its trial operation on Tuesday, marking a key milestone in the special administrative region's endeavor to further strengthen its position as a global hub for **international gold trading**.

"The initial gold deposits and the first transaction settlements have been completed. They involve multiple banks, as well as their clients, including mining companies, refiners, jewelers and other investors," Hong Kong Chief Executive John Lee Ka-chiu announced at the Hong Kong FIC & Bond Connect Summit.

Designed to provide efficient and reliable clearing and settlement services for bilateral and over-the-counter gold transactions, the system is operated by Hong Kong Precious Metals Central Clearing Co Ltd (HKPMCC), an entity wholly owned by the HKSAR government. The company's board includes representatives of the Shanghai Gold Exchange (SGE), regulatory bodies and 11 banks from the Chinese mainland and overseas.

Lee said the newly launched system will create a solid foundation, allowing the SAR to take the next major step to build a comprehensive gold trading ecosystem that "benefits a world of investors and institutional capital seeking safe-haven assets".

Financial Secretary Paul Chan Mo-po said the commencement of the system's trial operation has marked a significant step forward in developing Hong Kong's gold-trading infrastructure.

He added that authorities are committed to building a thriving gold-trading ecosystem, which he believes "will further enhance the richness, depth, and breadth of our financial markets, create new investment opportunities for local and overseas investors, and inject new momentum into the development of the financial sector".

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The HKSAR government also announced on Tuesday a package of targeted initiatives to support the gold-trading ecosystem, including the introduction of a two-way physical gold-transfer mechanism, dubbed Delivery Connect, linking the local markets with Shanghai.

Under the new mechanism, market participants can choose to deposit their physical gold holdings into the SGE International Board's designated vault in the HKSAR through the HKPMCC. It is also expected to create a channel for them to engage in both the SGE's on-exchange market and Hong Kong's OTC market, and facilitate the flow of physical gold between the two places.

Three local banks, including The Hongkong and Shanghai Banking Corp Ltd, joined the Delivery Connect as the first batch of participants and have already completed their inaugural two-way transfers on the

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The HSBC said the latest development could help strengthen Hong Kong's position as a leading international financial center and offshore renminbi hub, while promoting further integration of the regional gold ecosystem. The Delivery Connect is expected to broaden market access and improve operational efficiency for gold investors, the bank added.

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The launch of a gold price ticker, called HAU, was another new initiative, which will complement the global spot price code XAU. Through platforms of Bloomberg and the London Stock Exchange Group, global market participants, particularly those active during Asian trading hours, can now access more convenient and timely pricings in the Hong Kong gold-trading market.

In addition, the HKSAR government said it is considering development of a new renminbi gold futures contract, with delivery support from the SGE.

Robert Lee Wai-wang, a lawmaker representing the financial sector, said the launch of the gold central clearing and settlement system would help standardize clearing and settlement activities while providing a more efficient platform for market participants across sectors, thereby attracting more transactions related to gold and other precious metals to Hong Kong.

In the long run, he added, the move could also enable the SAR to contribute to the nation's efforts to strengthen its gold pricing power and enhance its voice in international markets.

Mofiz Chan, chairman of the Hong Kong Securities and Futures Professionals Association, said the system addresses the needs of participants across local, mainland and international markets while paving the way for Hong Kong to expand its physical gold storage capacity.

He said he looks forward to a more diverse local financial market, and seeing more exchange-traded funds (ETFs) backed by locally stored physical gold, as well as ETFs structured in alternative unit sizes — such as taels or grams — to be launched in the future. "This could help attract more international capital to our city," he added.

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