

Media Release
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Stock exchanges and green finance

Briefing paper sets next stage for bourses to back green bond growth

LONDON/LUXEMBOURG: 18/05/17 17:00 BST 18:00 CET: The Climate Bonds Initiative in collaboration with Luxembourg Green Exchange ([LGX](#)) have today launched “The role of exchanges in accelerating the growth of the green bond market” a Briefing Paper designed to stimulate debate and recognition of the measures available to national stock exchanges in supporting green finance.

The discussion paper outlines developments to date and examines the strategic role that exchanges can play in assisting and stimulating green bond market growth by facilitating market liquidity, geographic diversity, investor access and market integrity. This approach can also enhance their reputation and credibility, protect investor interests, and attract green assets.

A number of stock exchanges were consulted in preparation of the paper including the London Stock Exchange (LSEG), Nigerian Stock Exchange (NSE) & Borsa Italiana (BI).

6 Core Recommendations

The paper outlines six recommendations for exchanges to help accelerate the growth of the green bond market:

1. Developing green bond guidelines in order to pave the way for green bond issuances and listing.
2. Promoting transparency and encouraging the development of common practices that increase investor confidence.
3. Establishing green bond lists or segments that enable investors to easily discover and invest in assets addressing to climate change.
4. Supporting green bond indices or ETFs and thus make it easier for investors to track the performance of green bonds, and compare returns and volatility with other investments.
5. Fostering market dialogue and collaboration among all market participants, including regulators, investors, issuers, rating agencies, international standard-setting bodies, certifiers and auditors.
6. Fostering market education and assisting investors in understanding wider climate risks and opportunities.

Sean Kidney, CEO Climate Bonds:

“Green finance and green investment needs to shift up several gears in both scale and reach to support country climate plans and low carbon infrastructure development.

“Stock exchanges occupy a pivotal position across national and international capital markets. This discussion paper reflects the increasing significant role they have to play in the acceleration of global green investment.”

“The lead undertaken in the last few years by exchanges like Luxembourg, London and the Sustainable Stock Exchange Initiative ([SSE](#)) now needs expansion. This Briefing Paper canvasses various action steps for exchanges to adopt in supporting new green investment.”

“One of Climate Bonds objectives is to build robust and transparent assurance frameworks around green bond investment. We look forward to working cooperatively with exchanges to promote and strengthen domestic and international green bond markets.”

Jane Wilkinson, Head of Sustainable Finance, Luxembourg Stock Exchange:

“We decided to write the report together with CBI as we understand the vital role of stock exchanges in promoting sustainable finance.”

“Since the launch of the Luxembourg Green Exchange (LGX), a platform dedicated to green bonds, we have observed a growing interest of both investors and issuers: over the last seven months, the overall value of green bonds on our platform has grown by 30%, to 50.3billion EUR. But green is not enough for the market! There has been a strong push to expand our platform. This is why today we are launching the social and sustainable window of LGX. “

“We encourage other stock exchanges to embrace the green market opportunity and join us in supporting the continued development of sustainable finance.”

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Notes for Journalists:

About Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy.

It undertakes advocacy and outreach to inform and stimulate the market, provides policy models and government advice, market data and analysis and administers the Standards & Certification Scheme.

For more information, please visit www.climatebonds.net.

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About Luxembourg Green Exchange (LGX): Luxembourg Stock Exchange was the first exchange to list a green bond in 2007 and in September 2016 launched the Luxembourg Green Exchange (LGX), the first platform dedicated exclusively to green securities.

It aims to provide issuers and investors an environment where they can come together and fulfil their green, social and sustainable objectives. More information, please [visit here](#).

Current Exchanges with a dedicated green bond list/segment:

Oslo Stock Exchange launched a Green Bond list in January 2015;
Stockholm Stock Exchange launched a Sustainable Bonds list in June 2015;
London Stock Exchange created its Green Bond list in July 2015;
Mexico Stock Exchange launched in August 2016;
Luxembourg Stock Exchange in September 2016;
Borsa Italiana Green & Social Bonds list launched in March 2017

Examples of Green Bond Indices:

Solactive Green Bond Index Series launched on 12th March 2014
S&P Dow Jones Green Bond Index launched on 31 July 2014
Barclays & MSCI Green Bond Index launched on 13th November 2014
Bank of America Merrill Lynch Green Bond Index launched on 30th October 2014
ChinaBond China Green Bond Index Series launched on 15th April 2016
ChinaBond China Climate-Aligned Bond Index launched on 2nd September 2016
CUFE-CNI Green Bond Index Series launched on 20th March 2017

Disclosure: Since [June 2016](#) the Luxembourg Stock Exchange has been a member of the Climate Bonds [Partner Program](#).

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