

Press release

Luxembourg, 20 March 2018

For immediate release

Luxembourg Stock Exchange (LuxSE) cooperates with Shanghai Clearing House (SHCH) to facilitate international investors' access to Chinese green bonds

- The two organisations have signed a Memorandum of Understanding (MoU) to set up a long-term cooperation mechanism.
- Their objective is to close the information gap between green bonds traded on the largest green bond market in the world, the Chinese Interbank Market (CIBM), and international investors.

The MoU is yet another step in LuxSE's long-standing commitment to bridge issuers in China interbank bond market with international investors, and facilitate the acquisition of Chinese domestic green bonds by investors located outside China.

CIBM is ranked as the world's leader in terms of issuance volume in green bonds. Taking advantage of LuxSE's expertise in the field of green bond information disclosure, and SHCH's efforts in bringing CIBM to the world, this MoU provides a channel to facilitate the CIBM access to international investors, enhancing the international visibility and transparency of Chinese green bonds.

"By signing this MoU, we wish to bridge the asymmetrical information gap between Chinese domestic bond issuers and the international investors. As foreseen in the MoU, we will have a special focus on green and sustainable bonds", comments Robert Scharfe, CEO of LuxSE.

Investors interested in such green bonds can benefit from the cooperation, and make the investment either through direct access or mutual bond market access between Mainland China and Hong Kong SAR (known as "Bond Connect"). This cooperation will provide strong support for the increasing opening up of China's interbank bond market.

On 9 March, the Agricultural Development Bank of China (ADBC) disclosed its green bond information on Luxembourg Green Exchange (LGX), an international exchange operated by LuxSE. The information about the green bond is now available in English and free of charge on the LGX platform. It is the first time a Chinese domestic green bond issued through Bond Connect, deposited in Shanghai Clearing House and traded in CIBM is displayed on an international exchange.

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About Shanghai Clearing House (SHCH)

Shanghai Clearing House (SHCH) was established on November 28, 2009. It is the important financial market infrastructure approved and directed by the People's Bank of China, is a Qualified Central Counterparty (QCCP) accepted by People's Bank of China and also one of the central securities depositories in China.

SHCH actively implements the essence requirement that finance should serve real economy, and pushes forward CCP clearing, registration, custody and settlement services at the same time. At present, SHCH has established a CCP clearing service system in China's OTC financial market, including CCP clearing for bonds, interest rate derivatives, foreign exchange and exchange rate derivatives, commodity derivatives. Besides, SHCH has developed a national center of registration, custody and settlement for corporate credit bonds, serving innovative financial products, such as corporate credit bonds, financial bonds, money market instruments and structured products.

By strictly following Principles for Financial Market Infrastructures (PFMI) jointly released by BIS and IOSCO, SHCH has developed a set of effective and complete risk management system, reached the highest assessment (rating 4) in the assessment report on implementing PFMI in 2016. Also, SHCH got the permission from CFTC that SHCH may immediately clear certain swaps for the propriety trades regarding US persons, with an effective period of one year. Besides, SHCH released valuation data for more than 24,000 fixed income products in 12 categories, and 26 return rate curves every day, thereby making great contribution to PBC's systemic risk management.

With the increasing influence in risk control, SHCH has become a member of Executive Committee of CCP12 in 2015, and successfully pushed on the registration and location of CCP12 entity in Shanghai in 2016. CCP12 is the first international industry association located in China, and also the third international financial organization in China following BRICS Development Bank and Asian Infrastructure Investment Bank. With these achievements, SHCH serves to promote the soft power of Chinese financial industry in international competition and helps the construction of Shanghai International Financial Center.

For more information visit www.shclearing.com

About the Luxembourg Stock Exchange (LuxSE)

The Luxembourg Stock Exchange (LuxSE) is the gateway to access international investors. With more than 35,000 listed securities, including some 26,000 bonds, from 3,000 issuers in 100 countries, LuxSE is the world's number one exchange for the listing of international securities and offers a unique full service throughout listing, trading and reporting.

LuxSE is also the first exchange in the world to operate a platform dedicated entirely to green, social and sustainable securities. In 2016, LuxSE launched the Luxembourg Green Exchange (LGX), a platform dedicated exclusively to green, social and sustainable securities. LGX has become a meeting place for green-focused issuers and investors.

LuxSE also operates a specialist subsidiary, Fundsquare, which provides services to substantially support and standardize cross-border distribution of investment funds.

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