

International investors get easier access to Chinese green bonds

- The Luxembourg Stock Exchange (LuxSE) tightens its partnership with the Shanghai Stock Exchange (SSE).
- The exchanges signed an agreement to launch a green bond index that synchronously displays quotes in China and Europe.
- The new index series tracks the performance of Chinese green bonds in Renminbi and used to finance environmentally-friendly projects.

The index series is composed of two indices that reflect the value of green bonds issued and listed on the stock market in Shanghai. The indices aim to provide greater transparency and facilitate access to Chinese green securities for investors in Europe.

As part of a cross-border cooperation between SSE and LuxSE (the exchanges signed a Memorandum of Understanding back in 2006, now they are signing an Index Agreement), the indices will be displayed on both exchanges' websites synchronously. The new index family was jointly developed by the Shanghai Stock Exchange and China Securities Index Co and consists of two indices: the [SSE Green Corporate Bond Index](#) and the [SSE Green Bond Index](#).

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At the end of 2016, the Shanghai Stock Exchange listed 1,182 companies, with the total market capitalisation of 28.5 trillion RMB. Its total annual turnover in 2016 stood at 50.2 trillion RMB and the average daily turnover reached 205.6 billion RMB. The total capital raised in the equities market in 2016 tallied 805.6 billion RMB. The bond market consisted of 8,077 listed bonds with the outstanding value totalling 6.2 trillion RMB, the annual turnover standing at 224.7 trillion RMB.

The launch of the index series with SSE once again shows Luxembourg Stock Exchange's involvement and close relationships with China, the global green bond issuance leader. Earlier this year, LuxSE signed a similar index-display agreement with the [Shenzhen Stock Exchange](#).

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Speaking at the launching event in Luxembourg:

Pierre Gramegna, the Minister of Finance of Luxembourg said: "During the recent official visit of Prime Minister Xavier Bettel to China, whom I accompanied, we saw first-hand how committed China is to green finance and the fight against climate change. Therefore, I am very pleased that the index-display agreement between the Luxembourg Stock Exchange and the Shanghai Stock Exchange will help to further facilitate access to Chinese green securities in Europe. After the great success of a similar agreement with the Shenzhen Stock Exchange, I would like to congratulate Robert Scharfe and his team on this new promising initiative. Luxembourg once again proves to be a leading hub for green finance in Europe and a key player for financing sustainable growth in China and beyond."

Robert Scharfe, LuxSE CEO said: "Our today's announcement – the agreement to display SSE's green bond indices on LuxSE – is our response in support of a tight cooperation between China and Europe in the field of green finance. It is a practical solution to help green finance go mainstream and engage not only public, but also private investors. China is already the world's number 1 green bond issuer, and a country seriously committed to tackle climate change. LuxSE is the number one green bond platform. It's a perfect match."

Dongke Zhang, Vice Chairman of SSE, commented: "As an observer of the Green Bond Principles, SSE keeps on promoting green corporate bonds and ABS. The target of SSE is to establish a green bond market with high quality in line with the international standards. SSE Green Corporate Bond Index and SSE Green Bond Index launched by SSE and China Securities Index Company Limited will bring the information of mainland China's green bond market to international market, which could be treated as a good start for SSE and Luxembourg Stock Exchange to gradually realize information connection and business cooperation."

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About the Luxembourg Stock Exchange (LuxSE)

The Luxembourg Stock Exchange (LuxSE) is the leading exchange for international securities in Europe with more than 3000 bond issuers representing over 100 different countries. LuxSE is also one of the largest offshore RMB trading centres on the continent and the largest venue for green bonds in Europe.

In 2016, LuxSE launched the Luxembourg Green Exchange (LGX), a platform dedicated exclusively to green, social and sustainable securities. 110 green, 8 social and 2 sustainable bonds are currently displayed on LGX, representing an issuance value of over EUR 55 bn.

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