Bond Case Briefs

Municipal Finance Law Since 1971

World's First Green Exchange Lists $74 Billion in Its First Year.

The Luxembourg Green Exchange, the world's first bourse for securities related to climate change, listed 63 billion euros ($74 billion) of bonds after one year.

"This far outstripped what we expected," Jane Wilkinson, head of sustainable finance at the Luxembourg Stock Exchange, said in a phone interview. "It clearly outstrips the growth we've seen in Luxembourg on the regular market, which was stable.''

The Luxembourg Green Exchange, also known as the LGX, was set up as a place where investors could be certain that what they were buying was really a green bond. The industry is unregulated to date, although issuers can voluntarily follow frameworks such as the Green Bond Principles or the Climate Bond Initiative. The LGX obliges its issuers to provide full documentation, both before and after issuance.

The 63 billion euros makes up about 1 percent of the Luxembourg Stock Exchange, in terms of value of listed assets, according to Wilkinson. The global green bond market reached $95 billion last year. After a record-breaking 2017 first half, Bloomberg New Energy Finance raised its 2017 forecast for issuance to $130 billion from $123 billion. Wilkinson said the figure could be as much as $140 billion.

The LGX receives as many as two to three questions and requests daily from parties such as treasury departments and law firms that are interested in issuing green bonds, according to Wilkinson.

"There's definitely an increased interest by potential issuers,'' Wilkinson said. "New players that are waking up and thinking this could be an interesting market for us and starting to do their homework.''

There is rising interest in China, U.S. municipalities and Latin American financial institutions, she said. Corporate issuers are also getting more involved.

"It's still a bit of a nascent market, if you're a big company I feel like they should lead the way,'' Wilkinson said. "I understand that they don't need to list because they have enough interest, but that kind of issuer can use their influence.''

Some large companies in the clean energy industry haven't labeled their bonds as green, even if they could, such as Tesla Inc.'s recent $1.8 billion offering. This may be because of the additional reporting that's generally expected from investors to prove that the funds raised are only being used for environmentally-focused projects, Wilkinson said.

Bloomberg Markets

By Anna Hirtenstein

September 27, 2017, 2:00 AM PDT

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com