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TISE offers (Asia) a green capital market

Fiona Le Poidevin, CEO at The International Stock Exchange Group [TISEG], explores how capital markets participants can benefit from utilising The International Stock Exchange [TISE], including its newly launched green market segment **TISE GREEN**.

The International Stock Exchange [TISE] is headquartered in Guernsey, Channel Islands and it has offices in each of the three British Crown Dependencies of Guernsey, Jersey and the Isle of Man. The business has been established since 1998 and today TISE is home to more than 2,800 listed securities valued at nearly US\$400 billion.

The rise of green finance

TISE has recently launched a new green market segment, **TISE GREEN**, to enhance the visibility of those investments which make a positive impact on the environment.

As I am writing, global leaders are meeting in Katowice, Poland, to discuss how to turn pledges made in the Paris Climate Agreement of 2015 into reality. The renowned naturalist and filmmaker Sir David Attenborough told this latest United Nations Conference of the global threat of climate change and UN Secretary General Antonio Guterres highlighted the opportunities of the green economy by saying that “governments and investors need to bet on the green economy, not the grey.”

“TISE GREEN has been established to enable those seeking funding for environmentally beneficial initiatives to highlight their green credentials.”

The focus on environmental sustainability in recent years has led to an established and growing sector of green finance. Indeed, there is an increasing pool of investors who are mandated either to only invest, or to invest a certain proportion of their assets, into investments which, alongside traditional financial return, provide positive environmental benefits.

TISE GREEN has been established to enable those seeking funding for environmentally beneficial initiatives to highlight their green credentials while, at the same time, providing easier access for investors who are looking to allocate to those investments which have been verified as meeting globally recognised standards in green finance.

TISE GREEN

TISE GREEN is open to all types of green investments, including bonds, funds and investment vehicles, and trading companies, from any jurisdiction. An appropriate third-party needs to provide verification both initially and ongoing annually that the investment meets an internationally recognised standard of green finance.

An appropriate third party includes firms which have been specifically endorsed by those who have initiated global standards, audit firms and rating agencies and other niche specialists in assessing environmentally sustainable initiatives.

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The recognised standards include the Green Bond Principles published by the International Capital Markets Association (ICMA) or the Common Principles for Climate Mitigation Tracking published by the Multilateral Development Bank (MDB) and the International Development Finance Club (IDFC).

The investment must first be admitted to TISE's Official List but beyond the usual fees for listing, there is no additional charge for the subsequent entry to, and presence on, **TISE GREEN**. Successful applicants will be added to the **TISE GREEN** section of TISE's website and receive **TISE GREEN** logos for their own use in promoting their presence on the segment.

Green for impact

The launch of **TISE GREEN** also follows from the Guernsey regulator, the Guernsey Financial Services Commission (GFSC), launching the world's first regulated green fund product, the Guernsey Green Fund. Funds which have a Guernsey Green Fund route 1 designation and which are listed on TISE will meet the criteria for a presence on **TISE GREEN**.

I'm delighted that we're bringing such an exciting product to market at a time of heightened interest in environmental sustainability. As an exchange, by bringing together issuers and investors, we will play our role in facilitating the flow of capital into investments which enhance or protect the environment.

I received very positive feedback to the development of our green offering during the recent Global Impact Investing Network (GIIN) Investor Forum in Paris and we will be monitoring the marketplace to ensure that as it develops further, and as the standards evolve globally, we will continue to be able to offer a product which is suitably comprehensive and robust.

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From green to Asia

TISE GREEN is open to both investments which will be newly listed and also to investments which are already listed on TISE. Where the investments are already on TISE's Official List, issuers do not need to pay any more fees but only need to provide third party verification of the green credentials of the investment to gain admission to the green segment.

There are several issuers with TISE-listed securities who are now considering this option, including a Hong Kong incorporated issuer which has borrowed money from investors in the region to lend to companies which are undertaking green and environmentally sustainable projects.

This listing is among the 2,200 plus debt listings on TISE where issuers include: UK companies with equity listed on the London Stock Exchange which are issuing convertible bonds; leading private equity groups which are financing transactions through the issuance of bonds and loan notes; and a mix of US and European, public and private companies, issuing high yield bonds.

CHMT Peaceful Development Asia Property Limited

TISE is also seeing an increased number of listings from the Asia region. For example, in August, TISE played a role in a ground breaking property deal when the Exchange became home to US\$4.1 billion worth of bonds which were listed as part of the financing for the world's most expensive real estate transaction for a single building to date.

The bonds were issued by CHMT Peaceful Development Asia Property Limited to finance the acquisition of Hong Kong's fifth largest skyscraper, The Center. The bonds were listed on TISE in two tranches, of approximately US\$3.3 billion Tranche A notes and US\$800 million Tranche B notes, with an 18 month maturity.

Law firm Walkers acted as listing sponsor and adviser to CHMT Peaceful Development Asia Property Limited, working with their counterparts at Ashurst in Hong Kong.

It is hugely pleasing that TISE was chosen as the listing venue for such a significant and notable bond issuance. This provides yet further evidence that issuers and their advisers are increasingly viewing TISE as the exchange of choice for listing specialist debt securities and especially where there is an international dimension. This is one of a number of Chinese-origin issuances we have seen coming to TISE recently and I am excited about the potential to grow this pipeline of business from Asia.

“TISE is also seeing an increased number of listings from the Asia region.”

Cinda Finance Finance [2014] II Limited

The number of Asian-related listings coming to TISE has grown noticeably in recent months and follows a period of sustained growth following from the listing of three series of notes by China Cinda Finance Finance [2014] II Limited in 2015. At the time, these notes represented the first securities to be listed on the Exchange by an issuer with an ultimate parent company domiciled in China, which is China Cinda Asset Management Company.

The offices of Mourant in Hong Kong (and Guernsey) worked with their counterparts at King & Wood Mallesons and Davis Polk & Wardell LLP to complete the transaction.

What we are seeing is that Asian-origin corporates are increasingly raising finance from international markets either to reinvest back into the region or to finance acquisitions globally and where a listing is required as part of these transactions then TISE is now among the stock exchanges to which issuers and their advisers turn.

Conclusion

Our position as a fully regulated marketplace offering proportionate admissions criteria, responsive service and cost-effective listings means that we are receiving growing recognition globally, including in Asia.

This is being enhanced further through the addition of new product and service offerings, including the launch of TISE GREEN and the introduction of new rules from January 2019, for example to facilitate the listing of debt being offered to not just sophisticated but also retail investors.

This reputation and ongoing enhancement of our listing and trading services is something we will be looking to capitalise on through 2019 as we expand our brand visibility internationally.



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