

# **Green Bonds Update and Legal Issues**

## **Navigating the American Carbon World San Diego**

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# China

***“China could become the major green bond issuer in the world”***

Ma Jun – chief economist at the People’s Bank of China February 2, 2016

- China completed three green bond issues totaling \$7.9bn in Q1.



- China has launched two green bond initiatives
  - Pilot scheme via Shanghai Stock Exchange
  - Publication of green bond guidelines
- Market commentators estimate that China’s green bond market may be worth US\$230 billion in the next five years



# Legal Issues

- Covenant package
- Liability
  - “material misstatement or omission”
  - reasonable person making investment decision
  - Pitch materials v. Offering documents
- “The Cost of Being Green”
  - Barclays Credit Research, September 18, 2015
- How to protect issuers?
  - Certification, verification, reporting, compliance
  - Oil and gas precedents?



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