

FTSE Chinese (Onshore CNY) Green Bond Index Series

Representing the world's second largest green bond market

The issuance of green bonds –conventional bonds with proceeds that are used to finance climate or environmental projects– has been growing at a rapid pace globally, and this progress is particularly evident in China. Since it began in 2015, China's domestic green bond market has quickly evolved to become the second largest in the world.

The FTSE Chinese (Onshore CNY) Green Bond Index Series is designed to measure the performance of this quickly growing opportunity set. Indexes relevant to both domestic and international investors are available:

The FTSE Chinese (Onshore CNY) Green Bond Index

The broadest of the Chinese green bond indexes, the index includes all eligible labeled government, SSA (supranational, sub-sovereign, and agency), and corporate bonds that meet China's local green bond standards.

FTSE Chinese (Onshore CNY) Internationally-Aligned Green Bond Index

A subset of the broad-market benchmark, the index includes only those labeled Chinese green bonds that conform to internationally-aligned green standards as defined by the Climate Bonds Initiative (CBI).

FTSE Chinese (Onshore CNY) Internationally-Aligned Green Bond Index – Interbank

Designed to measure the performance of Chinese green bonds available to international investors, the index includes green bonds traded on the China Interbank Bond Market (CIBM) that conform to internationally-aligned green standards as defined by the CBI.

Features

Representative:

Comprehensive coverage of China's green bond market, with indexes available that track the performance of bonds meeting China's local definition of "green" as well as indexes that include bonds meeting internationally-recognized standards.

The series also provides segmentation of the market by trading access routes, ensuring both domestic and international investors can track the market segment most relevant to their investment strategy.

Transparent:

Alignment with international standards is determined by the established, publicly available taxonomy of the CBI. Index ground rules are published on FTSE Russell's website.

Analytics and customization:

The indexes are supported by a robust suite of analytics and customization capabilities through The Yield Book platform. A variety of specifications including issue-level exclusions and alternative weighting schemes can be applied.

Index inclusion and methodology summary

Coupon	Fixed-rate, fixed-to-floating rate, and zero coupon bonds
Currency	CNY
Minimum maturity	Minimum one year to maturity. Fixed-to-floating rate bonds exit the index one year prior to their conversion to floating-rate
Minimum issue size	CNY 1 billion
Minimum credit quality	No minimum S&P or Moody's rating requirements, and non-rated bonds are included. Defaulted bonds are excluded.
Securities included	<p>Callable, putable, and perpetual bonds issued by the following entities:</p> <ul style="list-style-type: none"> • Federal and regional governments • Government-sponsored entities • Corporate entities¹ • China Development Bank • Agricultural Development Bank of China • Export-Import Bank of China
Securities excluded	Pure-play bonds, asset-backed securities, mortgage-backed securities, private placements, bonds issued primarily for the retail market, inflation-linked bonds, and convertibles
Issuing market	China Interbank Bond Market or listed labelled green bonds on either the Shanghai or Shenzhen exchanges
China's green bond standards ²	Cover onshore CNY labelled green bonds, whose use of proceeds are aligned with domestic taxonomies defined by either 1) The Green Bond Endorsed Project Catalogue published by The Green Finance Committee, China Society for Finance & Banking, endorsed by People's Bank of China (PBOC); or 2) Green Bond Issuance Guidelines by the National Development and Reform Commissions (NDRC)
International green bond standards as defined by the Climate Bonds Initiative (CBI) ³	Cover onshore CNY Labelled Green bond universe, whose use of proceeds have been mapped against the CBI use of proceeds taxonomy. The Climate Bonds Taxonomy is an internationally recognized guide to climate aligned assets and projects and is designed to assist investors understand how a bond's use of proceeds will facilitate the transition to a low carbon economy.
Weighting	Market capitalization-weighted
Rebalance frequency	Monthly on the final business day of the month

Source: FTSE Russell.

¹ Chinese State Owned Entities are considered as "corporate" for index purposes.

² Climate Bonds Initiative, 2018

³ Climate Bonds Standard, Version 2.1

About FTSE Russell

FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

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