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Investing: Singapore Exchange Creates Sustainable Debt Label

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Investing



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The Singapore exchange, SGX Group, **announced** the launch of the SGX Sustainable Fixed Income initiative, which “allows investors to more easily identify investments that meet certain criteria at issuance” for fixed income securities. These criteria are: (1) alignment with **recognized** green, social and sustainability standards; (2) confirmation from a “reputable external reviewer” that the securities align with these recognized standards; and (3) regular public reports setting out the securities’ alignment with these recognized standards and any material developments that may affect alignment with these standards. Issuers can use the SGX Sustainable Fixed Income Mark to identify any security that meets these requirements.

Singapore Exchange Regulation (SGX RegCo) has estimated that approximately 200 of the fixed income securities currently listed on the exchange already meet the criteria and these will be “onboarded over the next few months.” Issuers applying to list and quote fixed income securities on the exchange can also simultaneously apply for recognition under the Initiative and the two applications will be considered concurrently.

According to Lee Beng Hong, Head of Fixed Income, Commodities & Currencies, SGX Group, the initiative allows issuers “to demonstrate their commitment to these well-understood standards and raise their visibility and profile to investors who are interested in sustainable fixed income securities.” Tan Boon Gin, CEO of SGX RegCo, also stated that “[s]ustainable investing is gaining momentum and SGX Group anticipates that such an assurance may therefore be helpful for other asset classes.”

Taking the Temperature: With this initiative, Singapore now joins other exchanges across the region, including the Hong Kong and Shanghai stock exchanges, which already offer green listings. Demand for ESG-related investment products continues to increase and this announcement likely comes in response to growing concern over the lack of consistent standards and regulations in the markets for identifying sustainable

investments. The Singapore exchange has included widely adopted and supported [international standards](#) as part of its initiative, which should promote green listings on the exchange.