

## Conferences

### Relevant Laws and Regulations

### Self-regulatory Rules and Guidelines

## Guidelines on Green Note of Non-Financial Enterprises

(Deliberated and Approved at the first session of the Forth NAFMII Bond Market Professional Committee and the first session of the Fifth Governing Council; filed with and approved by the People's Bank of China on March 17, 2017)

- Article 1** This *Guidelines on Green Note of Non-Financial Enterprises* (this “*Guidelines*”), formulated in accordance with the *Administrative Rules on Debt Financing Instruments of Non-Financial Enterprises in the Interbank Bond Market* (PBOC Decree [2008] No. 1), PBOC Announcement [2015] No. 39, and applicable self-regulatory rules of the National Association of Financial Market Institutional Investors (“NAFMII”), are designed to promote the building of a green financial system; mobilize and encourage more private capital into the green sector; support non-financial enterprises to adopt a green, recycling, and low-carbon development model; and regulate their issuance of green note.
- Article 2** In this *Guidelines*, “green note” means debt financing instruments issued in the interbank market by a domestic or foreign incorporated non-financial enterprise (hereinafter referred to as “Issuer”) to raise proceeds specifically for green projects in such areas as energy efficiency, environmental protection, pollution prevention, resource conservation, and recycling.
- The *Green Bond Endorsed Project Catalogue* compiled by the Green Finance Committee of China Society for Finance and Banking may serve as a reference for the definition and classification of green projects.
- Article 3** Any prospective Issuer must register the green note to be issued with NAFMII, and relevant participants shall accept the self-regulation of NAFMII.
- In this *Guidelines*, “relevant participants” include without limitation issuers, lead underwriters, credit rating agencies, law firms, accounting firms, and independent certification agencies.
- Article 4** To issue green note, the Issuer shall in the registration documents expressly disclose details of green projects, including without limitation:
- (1) the project overview;
  - (2) a statement that the designated green project meets applicable standards; and
  - (3) the target environmental benefits of the green project, such as energy conservation and emission reduction.
- Article 5** Independent certification agencies are encouraged to give evaluation opinions on green projects in green note, and disclose relevant information.
- Article 6** Independent certification agencies shall have strong expertise and public credibility in relevant fields, practical experience in green bond evaluation, and a high level of market recognition. Analysts of independent certification agencies must have a high level of professional training and ethics; maintain honesty, integrity, objectivity, impartiality, and due diligence; and ensure that the evaluation results are fair, independent, consistent, and complete.
- Article 7** Issuers shall use the proceeds raised from green note toward developing and operating green projects, supplementing green projects related working capitals, or repaying green loans. Green loans shall be bank loans or borrowings from other financial institutions earmarked for green projects.
- Article 8** An Issuer issuing green note shall open an escrow account for holding the proceeds. The relevant funds supervision institution shall manage the receipt, deposit, and transfer of the proceeds and ensure the proceeds are appropriated for green projects.
- Article 9** An Issuer issuing green note shall pledge to use the full amount of proceeds toward green projects in a manner compliant with laws, regulations, and national policies. Any change by the Issuer to the use of proceeds during the outstanding period of green note shall be disclosed by announcement at least five working days in advance, and shall also meet the requirements of this *Guidelines*.
- Article 10** Enterprises are encouraged to register and issue green note. NAFMII shall create a fast track for the registration process of green note, improve its registration services, and identify notices of acceptance for registration of green note with uniform marks.
- Article 11** In addition to disclosing information in accordance with the *Rules for Information Disclosure on Debt Financing Instruments of Non-Financial Enterprises in the Interbank Bond Market* and other applicable self-regulatory rules, any Issuer issuing green note shall also disclose, by April 30 of each year, the use of proceeds and progress of relevant green projects in the preceding year, and by August 31 of each year, the use of proceeds and progress of relevant green projects in the first half of the year.
- Article 12** Issuers issuing green note shall disclose the use of proceeds and progress of relevant green projects through NAFMII-recognized channels.

- Article 13** As required by PBOC Announcement [2015] No. 39, Green Note specified in this *Guidelines* may be invested with funds raised from green financial bonds.
- Article 14** Market intermediaries are encouraged to provide specialized services to facilitate the issuance of green note. Market makers are encouraged to conduct market-making business in relation to green note in the secondary market. NAFMII will publicize relevant services based on the involvement of market intermediaries.
- Article 15** NAFMII encourages relevant institutions such as pension funds, insurance premiums, and other types of capital to invest in green note and to publish green investment responsibility reports. NAFMII will support the establishment of a green investor alliance in China to build consensus in the development of green finance.
- Article 16** Independent certification agencies are encouraged to disclose the “green rating” of debt financing instruments in their evaluation, and conduct follow-up evaluation and release periodic evaluation reports on green note’ contribution toward green projects and the environment.
- Article 17** Issuers are encouraged to introduce structural innovations to green note, and to issue innovative products aligned with national green sector policies, including various types of structured debt financing instruments linked to environmental rights as well as green asset-backed notes supported by income streams generated from green projects.
- Article 18** Any violator of this *Guidelines* or relevant self-regulatory rules of NAFMII shall be subject to disciplinary actions under the *Market Self-Disciplinary Rules relating to Debt Financing Instruments of Non-Financial Enterprises*.
- Article 19** Where other rules or guidelines have otherwise provided for the registration and issuance of debt financing instruments involving foreign issuers, such rules or guidelines shall prevail.
- Article 20** The Secretariat of NAFMII reserves the right to interpret this *Guidelines*.
- Article 21** This *Guidelines* shall come into force as of the date of publication.

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