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FEX FINDS CLIMATE FRIENDLY IN CHINA

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One of the things I like about this space is the ongoing efforts to innovate in a global manner. Such is the case with the [Financial and Energy Exchange](#) (FEX). Yes, the exchange, which aims to offer everything from carbon to energies on its OTC and futures trading platform to clean-tech stocks, is a sponsor of EMN. But that is not the reason FEX is being featured today.

Last week, [FEX](#) signed an memorandum of understanding with the [China Beijing Environmental Energy Exchange](#) (CBEEEX) to establish an international carbon trading platform , contribute to the development of markets for clean-tech companies and help build Beijing into a carbon financial center. In addition, the MOU calls for CBEEEX and FEX to jointly establish the Beijing International Carbon Finance Research Institute and the Beijing Green Finance Association to provide outlets for new busiennses and emissions trading infrastructure. See the release here - [FEX and CBEEEX Form a Strategic Partnership to Develop Environmental Markets](#).

What Brian Rice, CEO of FEX is trying to do with his exchange and with this agreement is admirable. It's more than just partnering with a Chinese firm as a simple win-win. It's trying to build something that is - pardon the pun - sustainable - with multiple wins across the environmental market spectrum. Providing its OTC platform technology and perhaps bringing its derivatives platform to CBEEEX would be tremendous for those looking to connect to capital markets. Helping CBEEEX bring companies with real cutting edge technology and solutions to the clean-tech space could prove invaluable not just to investors, but to the broader market that is searching for products to tackle the greenhouse gas problem. Establishing the insitute and association brings the education and networking needed to make it all work.

There is much to be learned from this approach. For those who doubt China's commitment to this market, look again. This is a country that now thrives on opportunity and is looking for ways in which to make it happen both domestically and internationally. FEX and CBEEEX's MOU is just that at the moment - an opportunity to work together. But it could be a critical start to build something special in the years ahead.

One of the best things Chicago's futures exchange leaders did more than almost 30 years ago was establish ties to Asia. CME Group was one of the pioneers in that space, launching the mutual offset system, which allowed firms to trade Eurodollars during US hours in Chicago and then trade the same contract at the Singapore Exchnage afterward. Beyond that, CME Group built strong ties in other markets such as China, Korea and Malaysia, just a name a few. Such seeds have sprouted only recently after years of meetings, regulatory and technology changes. Those relationships take years, if not decades to build. Richard Sandor's Climate Exchange has done yoeman's work in China as well, with its ties to the Tianjin Climate Exchange. Sandor's work is like many others, forged in patience, persistence and vision. BlueNext, also created a relationship with CBEEEX last year, which supports the notion that China is giving carbon markets real attention.

Forget the quagmire that was Copenhagen. Some real progress is being made by companies right now.

-Jim Kharouf

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