

Green Finance Derivatives: Navigating the Next Frontier of Sustainable Capital Markets

Questions (2)

1. **Who is the author of the article and when was it published?**
2. **What organization published a report in 2020 that helped establish the framework for sustainable derivatives?**
3. **According to the text, what has been the dominant sustainable finance instrument for the past decade?**
4. **True or False: Green derivatives were once considered a theoretical construct confined to academic papers.**
5. **What is the primary difference between a green bond and a sustainability-linked derivative, according to the text?**
6. **How do "Sustainability-linked interest rate derivatives" benefit a borrower?**
7. **What specific risks do "Weather derivatives" help protect against?**
8. **The text mentions "Carbon offset swaps." What do these allow companies to manage?**
9. **Explain the "paradox" mentioned in the text regarding traditional derivatives markets.**
10. **Describe the concept of "ESG performance swaps." How do they differ from traditional derivatives?**
11. **Identify three specific challenges that have constrained the development of the green derivatives market.**
12. **Why does the text suggest that traditional Value at Risk (VaR) models might be inadequate for green derivatives?**
13. **What external factor does the text highlight as a critical risk for financial institutions in 2025?**
14. **What are the three "critical developments" the author believes market maturation depends on?**