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Contribution of Finance to the Low Carbon Economy

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ABSTRACT

Given the advent and spread of carbon assets, as well as the rapid development of financial markets and transactions related with them, this paper intends to achieve the objective of categorizing these phenomena and describing their main characteristics, in such a way that it can be used as a reference by those professionals and scholars who are in-terested in the fighting climate change through the world of finance. In this line, this paper will review and analyse the main carbon assets on regulated and voluntary markets, Emission Reduction Purchase Agreements (ERPAs) and the various structures they may acquire, the role of carbon funds, futures and options over carbon assets, as well as adap-tation in financial markets, particularly in relation to climate derivatives and disaster bonds. The paper ends with a proposal of a reference framework that gathers and categorizes different carbon assets, carbon markets and financial operations traded on these markets.

KEYWORDS

Carbon Markets, Carbon Assets, Carbon Finance

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