Institute for Policy Integrity
NEW YORK UNIVERSITY SCHOOL OF LAW

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Statement on the SEC's Climate-Related Disclosures Rule

Today, the Securities and Exchange Commission (SEC) voted to approve its final rule requiring public companies to disclose, in their registration statements and annual reports, information about the climate-related financial risks they face. The Institute for Policy Integrity at NYU School of Law filed comments on the proposed rule's economic analysis, the proposed rule's similarity to prior SEC rulemakings, and the SEC's justification for issuing the rule. We also authored a report on the potential impact of new California and European Union climate-related disclosure regimes on the SEC's economic analysis of this rule.

Don Goodson, Senior Attorney at the Institute for Policy Integrity at NYU School of Law, issued the following statement:

"As summarized by the SEC, the rule is of a piece with the SEC's prior regulations and guidance documents. The SEC has long required disclosure of information that may not appear to be financial on its face but is relevant to investors' assessment of registrants' future financial prospects. For example, existing SEC disclosure regulations cover a wide variety of topics that shed light on a company's risk exposure, ranging from a company's involvement in environmental proceedings to whether and how its compensation practices could create perverse incentives for management. As the reality of climate change sinks in, the SEC is doing what it has always done, and what it is required to do. With this rule, the SEC is simply protecting investors and ensuring they have the information needed to make sound decisions.

The proliferation of climate risk disclosure requirements in other jurisdictions around the world only underscores the need for the SEC to require consistent, comparable, and reliable disclosures. Many public companies have already started gathering the information needed to comply with the SEC's new disclosure rule due to requirements in other jurisdictions.

For markets to run efficiently and competitively, investors need reliable information about public companies' climate-related financial risks. The SEC has the legal authority to require public companies to provide this information."

Goodson and others who work on these issues are available for interviews.

Related resources:
- Our law journal article, co-authored with other legal scholars, "Mandating Disclosure of Climate-Related Financial Risk"
- Our report, *Assessing the Costs and Benefits of Mandatory Climate Risk Disclosure*
- Our comments to the SEC on this rulemaking:
    - Comments on the Economic Analysis for the Proposed Rule

- Comments on Reasoned Explanation for the Proposed Rule
- Comments on Regulatory Precedents for the Proposed Rule
- Comments on the Continued Need for SEC Action on Climate-Related Disclosures

- Commentary pieces on this rulemaking
  - Mandating Disclosure of Climate-Related Financial Risk
  - The SEC's Climate-Risk Disclosure Rule is not novel. And that's a good thing.
  - Why We Still Need the SEC's Climate-Related Disclosures Rule

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