Press Release

SEC Proposes Mandatory Disclosures for Public Companies of Climate Change Risks

PAULINA ENCK | MARCH 22, 2022

A new proposed rule by the Security and Exchange Commission (SEC) would require public companies to provide climate-related risk data disclosures for the first time. In a new insight, Director of Financial Services Policy Thomas Wade discusses how the SEC's proposed rule raises serious questions ranging from constitutionality to the basic necessity of this regulatory land-grab.

Key points:

- These disclosures would cover not just the financial risks stemming from climate (itself notoriously difficult to model) but would extend to a company's greenhouse gas emissions as well as its climate-related strategy and risk processes.
- It is not clear that the SEC rule is necessary given the current risk practices of public companies and preexisting disclosure requirements.
- It is also not clear that the proposed rule is within the SEC's constitutional mandate, or that the disclosure requirements would create comparable data of sufficient quality to have value to investors or the general public.

Read the analysis