
SEC Pauses Implementation of Recently Announced Climate-Related Disclosure Requirements for Public Companies Amidst Consolidated Judicial Review

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In light of recent challenges, the Securities and Exchange Commission has voluntarily delayed implementing its new rule, adopted on March 6, 2024, which includes a comprehensive package of climate disclosure rules that, after a phase in period, would require extensive climate-related disclosures by public companies in their periodic reports and registrations statements.

The Enhancement and Standardization of Climate-Related Disclosures for Investors, adopted by a 3-2 vote nearly two years after it was initially proposed, would require disclosure of material climate-related risks, financial impacts of severe weather events and, for certain registrants, greenhouse gas emissions if material. Though scaled back considerably from the Proposed Rule, the Final Rule would create significant compliance obligations for many registrants in what is the first federal disclosure requirement for public companies specifically related to climate. In the wake of the announcement of the Final Rule, several legal challenges have been brought against it, with some arguing that the Final Rule goes too far and others arguing that it does not go far enough. All of the various petitions have been consolidated and, by random lottery, assigned to the US Circuit Court of Appeals for the Eighth Circuit for review. The SEC announced a voluntary stay of the rules on April 4, 2024, explaining that the stay will allow for an orderly reconciliation of the various challenges.

Despite the delay and the challenges, public companies should familiarize themselves with the requirements of the Final Rule and take steps to prepare for compliance.

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