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In-House Corner: What Colleagues Are Asking About the SEC's Climate Rules



This feature of our blog is where our in-house readers share tips, anecdotes and thoughts about things that come up in their daily practice. This particular batch of thoughts is about the types of questions that in-house disclosure drafters are getting about the SEC's new climate disclosure rules (here's a [blog](#) giving the in-house perspective on first steps being taken in the wake of the new rules):

1. "Nothing yet as I am driving this issue."
2. "The questions have been mostly about how the *materiality* standard will be practically applied. As with the material cybersecurity incident disclosure rule, some internal constituents crave more certainty than the historical reasonable investor standard supplies."
3. "For the financial statement footnotes piece, since we are in the financial services industry, do we need to include any impact from changing interest rates or stock prices on our losses, expenditures, etc., if those market changes are assumed to have resulted from severe weather events? Or is that too indirect to be picked up?"
4. "Nothing really yet. Everyone knows this is early days."
5. "The questions I am getting the most are:
 - How do you assess our current ability to comply with the rules?
 - Will the disclosure rules require any changes to our sustainability programs, commitments or goals?
 - What is the board and management oversight and governance construct/ framework that we will observe?
6. "We see very little chance of this surviving to its effective date and that is the general attitude that I sense around here. In other words, no one is really asking any questions as they assume this is dead upon arrival,

which I think is spot on, particularly in light of the 5th Circuit shooting down a pretty uncontroversial rule recently."

7. "I'm mostly getting questions about costs. What should the budget be looking like going forward? Will this make our independent auditor wealthier than their wildest dreams?"

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