August 3, 2026

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Rescission of Climate-Related Disclosure Rules, File No. S7-2026-19, 91 Fed. Reg. 33296 (June 3, 2026)

Dear Ms. Countryman:

Better Markets[1] appreciates the opportunity to comment on the above-referenced proposal.[2] The proposal would rescind the climate risk disclosure rule that the Commission adopted in 2024. Because there is no basis to rescind a rule the Commission so recently adopted to provide investors with material information, the Commission should withdraw the proposal.

The basis for rescinding the rule appears to be the Commission's view that the rule "exceed[ed] the statutory limits on the Commission's disclosure authority."[3] But in adopting the climate risk disclosure rule, the Commission demonstrated that the federal securities laws "authorize the Commission to ensure that public company disclosures provide investors with information important to making informed investment and voting decisions."[4] And the Commission adopted the climate risk disclosure rule "based on its determination that the required disclosures will elicit information that investors have indicated is important to their investment and voting decisions."[5] The Commission noted that "climate-related risks can affect a company's business and its financial performance and position in a variety of ways," and that investors had "expressed the need for more reliable information about the effects of climate-related and other severe weather events or other natural conditions on issuers' businesses, as well as information about how registrants have considered and addressed climate-related risks when

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1 Better Markets is a non-profit, non-partisan, and independent organization founded in the wake of the 2008 financial crisis to promote the public interest in the financial markets, support the financial reform of Wall Street, and make our financial system work for all Americans again. Better Markets works with allies—including many in finance—to promote pro-market, pro-business, and pro-growth policies that help build a stronger, safer financial system that protects and promotes Americans' jobs, savings, retirements, and more.

2 91 Fed. Reg. 33,296 (June 3, 2026).

3 *Id.* at 33,298.

4 *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, 89 Fed. Reg. 21,668, 21,683 (Mar. 28, 2024).

5 *Id.* at 21,685.

conducting operations and developing business strategy and financial plans."[6] As a result, the Commission considered adopting the climate risk disclosure rule well within its authority.

The Commission's theory now seems to be that "Congress restricted the information an issuer or reporting company must disclose to items central to an understanding of the company's business or financial characteristics."[7] Repeatedly, the Commission expresses the view that only disclosures that refer to a company's business or financial characteristics are consistent with the federal securities laws.[8] The problem is that saying over and over that Congress intended to limit disclosures to business or financial characteristics does not mean that is what Congress intended.

Indeed, the Commission itself has previously recognized that this is not what Congress intended. Over 50 years ago, on May 12, 1976, SEC Chairman Roderick M. Hills, during a Republican administration, transmitted a report to the Senate Banking, Housing, and Urban Affairs Committee on questionable and illegal corporate payments and practices. The report said:

> The disclosure system is oriented toward the basic interests of investors, but it does not speak exclusively to financial relationships and data. Disclosure requirements also should facilitate an evaluation of management's stewardship over corporate assets.[9]

The Commission may be limited to requiring the disclosure of material information—information in the basic interests of investors—but material information is not limited to information that refers to a company's business or financial characteristics. Investors "might reasonably be interested in information that is nonfinancial."[10] In other words, non-financial information may be relevant to a company's financial performance and important to investors.

Information about the climate-related risks that companies face is just such information. Almost 20 years ago, 22 institutional investors told the SEC that "'the risks and opportunities many corporations face in connection with climate change falls squarely within the category of material information.'"[11] The chorus of voices echoing this view has only increased since then.

For example, after the SEC issued a concept release on disclosure requirements in 2016, 80% of commenters "urged the SEC to improve how companies disclose ESG information in

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6 *Id.*

7 91 Fed. Reg. at 33,302.

8 *See, e.g.*, 91 Fed. Reg. at 33,302 ("The Commission's rulemaking with respect to disclosures must be 'channel[ed] by and comparable to the kinds of disclosures recited in the statutes, which refer to a registrant's business or financial characteristics.") (alteration in original); *id.* ("For mandatory disclosures in public offerings or periodic reports, this means that any additional, substitute, or more detailed disclosure requirements must be related to the registrant's business or financial characteristics."); *id.* at 33,303 ("Expansive notions of the public interest and protection of investors do not provide a basis for straying beyond the types of business or financial characteristics that Congress specified.").

9 Report of the Securities and Exchange Commission on Questionable and Illegal Corporate Payments and Practices, Committee on Banking, Housing, and Urban Affairs, 94th Cong. (May 1976), at 19-20, https://www.sec.gov/spotlight/fcpa/sec-report-questionable-illegal-corporate-payments-practices-1976.pdf.

10 Jill E. Fisch, *Making Sustainability Disclosure Sustainable*, 107 Geo. L.J. 923, 936 (2019).

11 *Id.* at 937 (quoting Cal. Pub. Emps.' Ret. Sys. et al., Petition Before the U.S. SEC for Interpretive Guidance on Climate Risk Disclosure, at 2 (Sept. 18, 2007), http://www.sec.gov/rules/petitions/2007/petn4-547.pdf).

their public filings."[12] The "vast majority of respondents" saw climate-related risks as material.[13] The key takeaway was that it was "time for Congress and the SEC to take into account the costs to investors and the capital markets of *under-disclosing* material ESG information."[14]

The responses to the concept release also confirmed that concerns about overloading investors with immaterial disclosures were "overblown and, indeed, outdated."[15] Investors did not "believe themselves to be burdened by" the required disclosure of immaterial information.[16] It was "noteworthy that nearly all comments in the dataset raising concerns about the potential for 'immaterial' disclosure to overload investors and obscure material information were raised by companies and business advocates, not by investors themselves."[17] As a result, it was clear that "the disclosure overload claims raised by many public companies and business advocates who responded to the Concept Release [were] largely a false front for predictable concerns about the regulatory burdens of mandatory disclosure."[18] This meant that the "far bigger concern" was the "under-reporting of material ESG risks under the current disclosure framework and the inadequacy of both voluntary disclosure and current SEC guidance."[19]

Ten years later, with the SEC having addressed the "far bigger concern" with the climate risk disclosure rule, those same arguments are being used to justify the rule's rescission. The Commission says that the climate risk disclosure rule is "apt to create information overload for investors." [20] According to the Commission, the rule provides investors "with an avalanche of information that is unlikely to be material to the decision-making of a reasonable investor."[21] So the rescission, the Commission asserts, will "eliminate the risk of investor confusion or information overload."[22] These fears are no less a false front for public companies that simply do not wish to provide disclosures that are material to investors than they were ten years ago.

Indeed, if climate risk disclosures burden investors with immaterial information, the Commission does not explain why some companies voluntarily disclose information about climate-related risks. One analysis found that 84% of companies in the S&P 500 disclosed

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12 Virginia Harper Ho, *Disclosure Overload? Lessons for Risk Disclosure & ESG Reporting Reform From the Regulation S-K Concept Release*, 65 Vill. L. Rev. 67, 73 (2020).

13 *Id.* at 132.

14 *Id.* (emphasis in original).

15 *Id.* at 74 (emphasis in original).

16 *Id.* at 127.

17 *Id.*

18 *Id.* at 131.

19 *Id.*

20 91 Fed. Reg. at 33,310.

21 *Id.* at 33,309.

22 *Id.* at 33,330.

climate change as a risk factor in 2024, up from 67% in 2021.[23] These voluntary disclosures respond to investor demand for this information, as investors increasingly view climate-related risks as material.[24] At the same time, studies have found that global companies use a multitude of frameworks to disclose these climate-related risks. A study by accounting professionals found that 86% of the global companies reviewed used multiple standards and frameworks to present sustainability information.[25] That is why there was a need, with respect to climate-related risks, to "standardize and enhance the information available to investors about such matters."[26]

So rather than bombarding investors with immaterial information, the Commission is instead deciding now to rescind a framework that would allow for more decision-useful disclosure and to force companies to comply with a patchwork of disparate requirements. The risk of this fragmented framework will only grow over time, as states and other global governments move forward with their own climate risk disclosure guidelines,[27] while the Commission distorts the disclosure process for its own social policy objectives.

Ultimately, the SEC simply does not want companies to have to disclose information about climate-related risks. It justifies its view by saying that the Commission "should seek to adopt rules that elicit information pursuant to the standard of materiality established by the Supreme Court: information that a reasonable investor would consider important in buying or selling securities."[28] The problem is that investors would indeed consider information about climate-related risks important and therefore material. The SEC says that the prior Commission was wrong to adopt the climate risk disclosure rule because the information was "desired by some political interests."[29] Yet it is this Commission that believes, for political reasons, that only climate-related risks should not be disclosed to investors, whereas all other risks that plainly impact a company's bottom line and prospects would obviously be deemed material.

In adopting the climate risk disclosure rule, this Commission now says that the prior Commission was constructing "a new disclosure regime out of whole cloth."[30] To the contrary, it is this Commission that is inventing out of whole cloth the idea that only information about a

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23 Matteo Tonello, *Corporate Climate Disclosures and Practices: Risk, Emissions, and Targets*, Harv. Law Sch. Forum on Corp. Governance (May 3, 2025), https://corpgov.law.harvard.edu/2025/05/03/corporate-climate-disclosures-and-practices-risk-emissions-and-targets/.

24 *Investors Want Climate Risk Disclosures*, The University of Texas at Autin, McCombs School of Business (July 26, 2023), https://news.mccombs.utexas.edu/research/investors-want-climate-risk-disclosures/.

25 Soyoung Ho, *Nearly All Large Global Companies Disclose ESG Information*, Thomson Reuters (Mar. 1, 2023), https://tax.thomsonreuters.com/news/nearly-all-large-global-companies-disclose-esg-information/.

26 89 Fed. Reg. at 21,670.

27 Kelly Thoerig, *Shifting climate disclosure expectations raise new governance and risk challenges for public companies*, Lockton (June 23, 2026), https://global.lockton.com/us/en/news-insights/shifting-climate-disclosure-expectations-raise-new-governance-and-risk-challenges-for-public-companies; Ethan C. Rouen, *The SEC eliminated climate rules. Other governments are doing the opposite*., Harv. Bus. Sch., Institute for Business in Global Society (July 1, 2025), https://www.hbs.edu/bigs/federal-climate-rules;.

28 91 Fed. Reg. at 33,298.

29 *Id*.

30 *Id.* at 33,304.

company's business or financial characteristics is material. The Commission rejected that idea over 50 years ago.[31] The standard for materiality is not whether the information itself is about a company's business or financial characteristics. Nor is it whether a particular Commission favors or disfavors a particular type of information. The standard is whether the information is important to a reasonable investor. By any objective evaluation, a reasonable investor would consider important the impact of climate-related risks on a company's performance.

Perhaps because it cannot adequately explain why this information is immaterial, the Commission says that "to be necessary, an addition to required disclosures should cover material information not adequately elicited by an existing mandatory disclosure."[32] According to the Commission, existing rules already require disclosure when "climate change or other environmental issues, including transition risk, have materially affected the performance of a specific company."[33] But existing rules have not elicited disclosures when climate change or other environmental issues impact company performance due to "the vagueness of the disclosure obligation and issuers' ability to determine, in their judgment, that a given issue is not material *enough* to warrant disclosure."[34] So companies instead report boilerplate language that fails to provide investors with useful information.[35] Companies treat climate change risks with brevity and superficiality.[36] The climate risk disclosure rule prevents companies from using the fact that no rule specifically mandates climate risk-related disclosures to avoid disclosing information about the climate-related risks that they face that would be important to a reasonable investor.

In another attempt to bolster its view that the climate risk disclosure rule does not require the disclosure of material information, the Commission says that "Congress did not license the agency to act as a 'roving commission to inquire into [the] evils' of corporate behavior 'and upon discovery correct them.'"[37] That may be, although the quotation refers not to the SEC but to the Occupational Safety and Health Administration in a case about vaccine mandates. But the standard for disclosure is not whether the Commission is attempting to rectify corporate misbehavior but whether the information to be disclosed is material. In the same report 50 years ago in which the Commission stated that Congress did not limit the mandatory disclosure of material information to financial relationships and data, it said that "investors should be vitally interested in the quality and integrity of management."[38] That is because "[d]isclosure of these

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31 *See supra* text accompanying note 9.

32 91 Fed. Reg. at 33,305.

33 *Id.*

34 Fisch, 107 Geo. L.J. at 937 (emphasis in original).

35 Kristen Lang et al., Ceres, Turning Point: Corporate Progress on the Ceres Roadmap for Sustainability 11 (2018), https://perma.cc/L95Q-WWGM.

36 Nina Hart, Note, *Moving at a Glacial Pace: What Can State Attorneys General Do About SEC Inattention to Nondisclosure of Financially Materially Risks Arising From Climate Change?*, 40 Colum. J. Envtl. L.J. 99, 114 (2015).

37 91 Fed. Reg. at 33,302 (quoting *Nat'l Fed'n of Indep. Bus. v. Dep't of Lab., Occupational Safety & Health Admin.*, 595 U.S. 109, 126 (2022) (Gorsuch, J. concurring)).

38 Report of the Securities and Exchange Commission on Questionable and Illegal Corporate Payments and Practices, *supra* note 9.

matters reflects the deeply held belief that the managements of corporations are stewards acting on behalf of shareholders, who are entitled to honest use of, and accounting for, the funds entrusted to the corporation and to procedures necessary to assure accountability and disclosure of the manner in which management performs its stewardship."[39] So Congress may not have wanted the SEC to act as a roving commission into corporate misconduct, but it certainly wanted the SEC to help investors understand how corporations were using the assets entrusted to them.

Indeed, the climate risk disclosure rule discusses how it "facilitate[s] an evaluation of management's stewardship over corporate assets."[40] The Commission stated that the rule "will help investors 'assess a registrant's exposure to physical risks,' and 'better understand the overall vulnerability of assets . . . [and] loss experience.'"[41] As an example, the Commission noted that pursuant to the rule "one registrant may disclose that it is actively shifting assets away from exposure to flood zones."[42] This type of disclosure would "directly benefit investors who use this information to evaluate the financial prospects of the firms in which they are looking to invest."[43] This is exactly the type of information Congress wanted the SEC to provide investors.

If there was any doubt as to the materiality of the information the climate risk disclosure rule requires to be disclosed, the comments in response to the proposed rule from investors themselves eliminates it. One analysis found that of the 370 asset owners and asset managers who filed comments, "the overwhelming majority" wanted climate risk disclosures.[44]

For example, Vanguard said that it "consider[ed] climate risks to be material and fundamental risks for investors and management of those risks is important for price discovery and long-term shareholder returns."[45] Wellington Management said that "[a]ccurate and comparable information about climate risk is critical to [our] ability to make informed investment decisions on behalf of our clients."[46] And PIMCO said that "we believe climate risks often pose a material financial risk and, therefore, investors need disclosure of climate risks that is complete, reliable, and consistent in order to analyze how climate-related risks may affect a company's business or overall financial performance."[47]

Institutional investors were not the only ones highlighting the materiality of climate risk disclosures in response to the proposed rule. Betterment filed a comment letter limited "to a single issue—to offer evidence that that there is demand for the proposed disclosures, not only

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39 *Id.*

40 *See supra* note 9 and accompanying text.

41 89 Fed. Reg. at 21,779.

42 *Id.* at 21,853.

43 *Id.*

44 Jean Chemick, *What the SEC climate repeal means to investors*, E&E News (June 29, 2026), https://www.eenews.net/articles/what-the-sec-climate-repeal-means-to-investors/.

45 https://www.sec.gov/comments/s7-10-22/s71022-20132302-302834.pdf, at 1.

46 https://www.sec.gov/comments/s7-10-22/s71022-20131856-302305.pdf, at 1.

47 https://www.sec.gov/comments/s7-10-22/s71022-20132331-302894.pdf, at 3.

from institutional investors, but from retail investors as well."[48] 3,000 Betterment clients responded to a survey Betterment sent asking them about the materiality of climate risk disclosures, and Betterment found that 95% of respondents said that climate risk disclosures would potentially be "material to whether they would purchase a security."[49]

In 1937, William O. Douglas, the SEC's third chair, described the SEC as "the investor's advocate."[50] The sentiment was so powerful that, at least at one time, it appeared outside the chair's office at the SEC.[51] Yet this SEC now acts to rescind a rule investors overwhelmingly favor. This is not acting as the investor's advocate. It is acting as the investor's opponent.

The comments from the investors who the Commission supposedly exists to protect also belie the Commission's current view that, even apart from its purported lack of authority to adopt the climate risk disclosure rule, the rule should be rescinded as a matter of policy.[52] The Commission says that in its view the climate risk disclosure rule deviated from the SEC's longstanding approach to disclosure "that is 'rooted in materiality and facilitate[s] an understanding of a registrant's business, financial condition, and prospects[.]'"[53] Yet that is exactly the understanding the disclosures mandated by the climate risk disclosure rule facilitates.

The Commission's policy justifications for rescinding the climate risk disclosure rule turn the facts on their head. According to the Commission, the problem with the climate risk disclosure rule from a policy perspective is that it "prioritizes a single potential factor above any other that may affect the registrant."[54] But the climate risk disclosure rule gives the climate risks that companies face the same priority as other material information—it requires that information to be disclosed so investors can use it to inform their investment decisions. The climate risk disclosure rule treats climate risk, which is material to a company's prospects, the same as any other material risk that a company faces and that must be disclosed to investors. It is the Commission's proposed rescission of the climate risk disclosure rule that singles out climate-related risks from the category of material information as information investors should not have.

Similarly, the Commission says that the climate risk disclosure rule does not "respond to a gap in investor protection in the securities disclosure regime; rather, [it] concern[s] the divisive and unsettled political and social issue of climate regulation."[55] As discussed above, however, investors have long said that the absence of a required disclosure regarding the climate-related risks companies face represents a gap in investor protection,[56] and the climate risk disclosure rule

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48 https://www.sec.gov/comments/s7-10-22/s71022-20132595-303097.pdf, at 1.

49 *Id.* at 3.

50 https://www.sec.gov/news/speech/speecharchive/1998/101698levitt.pdf.

51 https://www.sec.gov/news/speech/2009/spch040609mls.htm.

52 91 Fed. Reg. at 33,308.

53 *Id*. at 33,308-33,309 (citation omitted) (alteration in original).

54 *Id.* at 33,310.

55 *Id.* at 33,311.

56 *See supra* notes 12-14 and accompanying text.

fills that gap. Indeed, a summary of the comments from the law firm Paul Hastings said that commenters "emphasized that the Proposal is necessary to address the current climate-related disclosure gap."[57] These commenters noted that "voluntary disclosures, while commendable, are often incomplete, inconsistent, and reported in a wide array of qualitative and quantitative formats and media, making it extremely difficult for investors to accurately price climate-related risks across companies and adjust portfolio allocation."[58] As a result, the disclosures mandated by the rule would "enable investors to gauge a company's exposure to climate-related risks."[59]

It also cannot be that the federal securities laws prevent investors from understanding how public companies plan to respond to any "divisive and unsettled political and social issue." In this day and age, almost any issue could be described as "divisive and unsettled," and as implicating a "political" or "social" question. The standard should be whether, regardless of whether the information is divisive or political, it would be important to a reasonable investor.

The evidence that the climate-related risks companies face would be important to a reasonable investor is overwhelming. The mandated disclosure of this information is not a deviation from the Commission's approach to disclosure. It is the Commission's determination to prevent investors from receiving this information despite its materiality, simply because providing them with this information would not comport with its policy preferences regarding the relevant "political and social issue," that breaks with the SEC's investor protection mission.

The Commission insists that the climate risk disclosure rule is intended to "regulate how public companies manage the effects of climate-related matters or to hijack the public company reporting regime to further social policies unrelated to the aims of the Federal Securities laws"; it therefore views the rule as "inappropriately put[ting] a thumb on the scale with respect to registrants' decisions about whether and how to manage those effects."[60] But the climate risk disclosure rule does not require companies to do anything with respect to climate-related matters other than disclose what they are already doing. When adopting the rule, the Commission said:

> Similarly, the final rules neither seek to influence registrants' decisions about how to manage climate-related risks nor does their design incorporate, reflect, or favor any governance structure or process. Rather, consistent with our statutory authority, the final rules focus on disclosure of registrants' existing or developing climate-related risk governance practices.[61]

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57 Daye Cho & Molly Teague, *Commenters Respond to the SEC's Proposed Rules on Climate-Related Disclosures*, Paul Hastings (June 23, 2022), https://www.paulhastings.com/insights/client-alerts/commenters-respond-to-the-secs-proposed-rules-on-climate-related-disclosures.

58 *Id.*

59 *Id.*

60 91 Fed. Reg. at 33,311.

61 *See, e.g.*, 89 Fed. Reg. 21,712 ("Similarly, the final rules neither seek to influence registrants' decisions about how to manage climate-related risks nor does their design incorporate, reflect, or favor any governance structure or process. Rather, consistent with our statutory authority, the final rules focus on disclosure of registrants' existing or developing climate-related risk governance practices.").

So the rule did not "hijack" the reporting regime. It is the current Commission that is putting its thumb on the scale by preventing investors from having access to material information.

The simple fact is that this Commission disfavors climate-related disclosures. That is not a reason to prevent investors from having access to material information. Information about the climate-related risks companies face may be no more material than other information important to investors so they understand a company's prospects and can make informed investment decisions, but it is also no less material than such other relevant information. Yet rescinding the climate risk disclosure rule would single out climate risks as information relevant to a company's prospects that investors nonetheless should not have. Because the SEC is supposed to facilitate, and not prevent, investors' access to material information, it should withdraw the proposal.

Conclusion

We hope these comments are helpful as the Commission considers this matter.

Sincerely,

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