

## **“We are not going to be moving slowly” SEC Director on ESG Disclosure Requirements**

Article By:

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The Securities and Exchange Commission (SEC) requests public comments to be made ahead of their decision to possibly strengthen Environmental, Social, and Corporate Governance (ESG) disclosures for corporations. Specifically, this action would hold companies more accountable for their possible contributions to global climate decline. While the comment period is open until June 13th, SEC Director of the Division of Corporation Finance John Coates urges submissions sooner rather than later.

“We’re not going to be moving slowly,” Coates said in a round table discussion of the SEC action hosted by New York University Vincent C. Ross Institute of Accounting Research on April 30th. “We’re going to be moving relatively promptly on this front, and if you really want your contributions read, I would send them in earlier than June 13<sup>th</sup>.”

Coates assured that more detailed attention will go into the submissions received ahead of the deadline.

“If you get them in earlier... we will be able to spend more time carefully reading them right away. We will eventually process all of them, just to be clear, but it may take more time for the ideas of them to get into our head so sooner rather than later, would be great.”

Among the comments already submitted, there is a wide range of opinions on whether the SEC is overstepping its responsibilities in taking on climate issues by requiring more transparency from companies. While some commenters tell the SEC to leave any climate policy to elected officials, others are enthusiastic about more uniform and structured approaches to accountability.

Some opinions fall in the middle, where commenters want to see the SEC simply enforce existing guidelines, set by organizations such as the Task Force on Climate-Related Financial Disclosure (TCFD) and the Sustainability Accounting Standards Board (SASB), instead of creating new and possibly confusing procedures. This is in response to arguments that the current course of action in climate reporting is insufficient, and corporations have found ways to escape sharing climate impact with their shareholders in the past.

Kelsey Condon, a whistleblower attorney at Kohn, Kohn and Colapinto, published [an article](#) on this

issue stating, “This policy change is important for whistleblowers to be aware of because a corporation’s misleading statements on these subjects are now likely to be treated as material by the SEC and may actually be prosecuted. Corporate insiders, i.e., whistleblowers, are well-positioned to [report to the SEC](#) when they know that a company’s statements about climate and ESG are false or designed to be misleading.”

And that, “Whistleblowers are a crucial source of information and evidence, providing a window into the opaque and sophisticated worlds of corporate inner workings and criminal networks, which law enforcement would otherwise not have. In this way, [whistleblowers are our best hope](#) for holding corporations to their environmental promises through such reporting. Now, the SEC may actually take action on such reports, and whistleblowers will enjoy the safeguards that come with reporting to the SEC, such as anti-retaliation protection, anonymity, and awards.”

With stricter regulations would come a greater need for those ready to blow the whistle on companies still failing to accurately communicate their environmental impact.

To read previously submitted comments, or submit your own, click [here](#).

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