

SEC Division of Examinations Omits Climate Concerns From List of Examination Priorities

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Earlier this week, the SEC's Division of Examinations released its 2024 examination priorities. While many of these priorities are expected, and reflect the goals articulated by the SEC in prior years, there is a noticeable absence from this list of priorities: nowhere does the SEC explicitly mention the issue of climate-based risks.

While the SEC Division of Examinations may not have adopted the same focus on climate risk as other elements of the SEC, this issue had been noted in prior lists of examination priorities. For example, last year's report on examination priorities had stated that “the Division will continue to assess systematically significant registrants' operational resiliency planning, such as their efforts to consider and/or address climate risk.” Here, the closest link to climate issues was the phrase “intense weather-related events” in a list of identified “operational disruption risks.” (Specifically, the

SEC identified the following “operational disruption risks” in the 2024 report: “proliferation of cybersecurity attacks, firms' dispersed operations, intense weather-related events, and geopolitical concerns.”)

Although the SEC has continued to advance much of its climate-focused agenda, including the recent Names rule (which essentially targets greenwashing), it does seem noteworthy that--at least in this one respect--climate risks appear to have been downgraded among the SEC's stated priorities.

The Securities and Exchange Commission’s Division of Examinations today released its 2024 examination priorities to inform investors and registrants of the key risks, examination topics, and priorities that the Division plans to focus on in the upcoming year. This year’s examinations will prioritize areas that pose emerging risks to investors or the markets in addition to core and perennial risk areas.

 <https://www.sec.gov/news/press-release/2023-222>

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