

SEC Expected to Vote on Proposed Climate Disclosures by April 2024

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The Securities & Exchange Commission recently disclosed, in a filing with the Office of Management and Budget, that the vote by the SEC Commissioners as to whether to issue the SEC's proposed climate disclosures is expected by April 2024. Such a date of promulgation--if it occurs--will be approximately two years since the climate disclosures were first proposed in March 2022.

However, it is likely best to take this suggested date with a grain of salt. The SEC's proposed climate disclosures were originally supposed to be proposed by the fourth quarter of 2021, and were not issued until March 2022. And those proposed disclosures contemplated that the climate disclosure rule would be finalized before the end of 2022. Yet that expected finalization in 2022 did not occur. Subsequent to that, the climate disclosures were next expected to be finalized in the first quarter of 2023, then by October 2023--and, in December 2023, those climate disclosures have still not been finalized and issued. So, although April 2024 appears to be the new expected date, it is not clear that will ultimately be when the SEC's climate disclosures are finalized and implemented.

That said, it is significant that this item remains on the SEC's regulatory agenda despite considerable political pushback in this area. However, it is also possible that the SEC perceives a pressing need for national uniformity when addressing these issue, as California has now issued a set of climate disclosure rules, and it is altogether possible that other states may follow suit. This potential for conflicting state rules is a paradigmatic example of when SEC intervention can be seen as necessary, and as promoting efficiency.

The U.S. Securities and Exchange Commission on Wednesday outlined its regulatory priorities for 2024, revealing that a long-awaited vote on climate disclosures could happen by April, alongside many new proposals that may be unveiled next year. The securities watchdog's agenda, filed with the federal Office of Management and Budget, contains a robust plate of 43 items, including 29 matters that could be finalized by spring and 14 potentially new proposals. The SEC and other regulators update their short-term priorities semiannually with the White House, though such agendas are not binding.

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