

LEGAL UPDATES

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SEC Puts Climate Disclosure Rules on Hold Pending Judicial Review

On April 4, 2024, the Securities and Exchange Commission (SEC) released an order issuing a stay of the newly adopted SEC climate disclosure rules (our guide to the new climate disclosure rules is available here).

In issuing the stay, the SEC noted it is not departing from its view that the climate disclosure rules are consistent with applicable law and within the SEC's longstanding authority and that it will continue vigorously defending the final rules' validity in court.

However, the SEC noted that a stay avoids potential regulatory uncertainty if registrants were to become subject to the final rules' requirements during the pendency of the legal challenges to their validity. The SEC also noted that given the procedural complexities accompanying the consolidation and litigation of the large number of petitions for review of the final rules, a stay will facilitate the orderly judicial resolution of the challenges and allow the U.S. Court of Appeals for the Eighth Circuit to focus on deciding the merits.

What this means to you

With the imposition of the stay pausing the newly adopted SEC climate disclosure rules, registrants will not become subject to the rules until the legal challenges in the Eighth Circuit have been resolved. At this time, it is unclear if the phase-in period for disclosures under the new rules will be delayed, given that the current phase-in period does not begin for registrants until 2025 at the earliest. Accordingly, registrants still need to evaluate what work may need to be done to begin revising their controls and procedures to comply with the new rules before a final judgment is rendered by the courts.

Contact us

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Husch Blackwell's Securities & Corporate Governance team will continue to monitor these cases and their implications. Should you have any questions, please do not hesitate to contact Craig Adoor, Steve Barrett, Robert Joseph, Victoria Sitz, Andrew Spector, or your Husch Blackwell attorney.