June 16, 2022

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0609

The undersigned individuals and organizations strongly oppose the Securities and Exchange Commission's proposed climate disclosure rule, known as "The Enhancement and Standardization of Climate-Related Disclosures for Investors." The proposed rule is unnecessary, unjustified, and an expensive exercise in environmental bureaucracy with little to no practical benefit for U.S. investors. The billions of dollars in additional compliance costs would fall on the shareholders, employees, and customers of U.S. public companies, while the benefits would flow to a handful of large asset management, consulting, and accounting firms.

I. The Commission Lacks the Statutory Authority to Enact This Rule. The current proposal goes beyond the agency's legitimate powers and is a dramatic change to its standard operating procedure. The SEC's existing authority to require public companies to make disclosures of financially material information does not extend to environmental and social topics like climate change.

II. Requiring Subjective and Disparaging Disclosure Is Unconstitutional. The federal government's authority to compel speech by corporations is generally limited to information that is "purely factual and uncontroversial." That is clearly not the case with the proposed climate rule, which is both subjective and controversial.

III. The Proposed Rule Is Rent-Seeking by Interested Parties. The ostensible "demand" for climate disclosure data is driven by an elite constituency of asset managers, financial analysts, consultants, and accountants who stand to benefit financially from the provisions of the proposal.

IV. The Proposed Disclosures Are Climate Policy Masquerading as Materiality. By introducing specific, prescriptive requirements rather than ones based on general materiality principles, the agency is trying to suggest that anything climate-related should be considered presumptively relevant to a company's bottom line.

V. The Rule Does Not Pass Any Reasonable Cost-Benefit Test. The SEC's own estimates suggest that the current "external cost burden" of disclosure and compliance for public companies will rise from approximately $3.8 billion per year to over $10.2 billion based on this proposal alone - a staggering increase for a single rule.

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VI. Estimates of Physical Climate Risk Are Exaggerated. Dramatic predictions of future climate disasters rely on overheated climate models that dramatically overestimate future warming and its hypothetical economic impacts.

VII. Estimates of Political Transition Risk Are Exaggerated. The SEC predicts future greenhouse gas restrictions will make oil and gas investments risky, but the policies regulators are talking about are unpopular and have been repeatedly rejected in the U.S., both legislatively and administratively. Major new climate legislation is unlikely.

VIII. Estimates of Market Transition Risk Are Exaggerated. Consumer research, investor sentiment, and recent market trends do not support the Commission's assumption that consumers will shun energy-intensive firms going forward. Firms that deliver value to consumers will continue to be popular with investors, regardless of carbon footprint.

We urge the agency to reconsider and abandon this rulemaking and instead restate its current position that climate-related risks need only be disclosed by public companies if they meet the traditional definition of being financially material to investors.

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