

MEMORANDUM

To: Members of the Committee on Financial Services

From: Financial Services Majority Staff

Date: March 13, 2024

Re: March 18, 2024, Subcommittee on Oversight & Investigations Hearing Entitled “Victims of Regulatory Overreach: How the SEC’s Climate Disclosure Rule Will Harm Americans.”

On Monday, March 18, 2024, at 10:00 a.m., the Subcommittee on Oversight and Investigations (Subcommittee) of the Committee on Financial Services will hold a hearing at the Made in Tennessee Building, 945 E. Baddour Parkway, Lebanon, Tennessee 37087, entitled “Victims of Regulatory Overreach: How the SEC’s Climate Disclosure Rule Will Harm Americans.” Testifying at the hearing will be:

- Ms. Whitney Hermandorfer, Director of Strategic Litigation Unit, Office of Tennessee Attorney General
- Ms. Renea Jones, Co-Owner, Jones & Church Farms, Inc.
- Mr. Alex Scott, Associate Professor of Supply Chain Management, University of Tennessee, Knoxville

This hearing will examine the Securities and Exchange Commission’s (SEC) climate disclosure rule, finalized on March 6, 2024. The Subcommittee will review the rule’s impact on U.S. businesses and the SEC’s regulatory overreach. This rule is part of the aggressive regulatory agenda the SEC has been pursuing under the direction of Chair Gensler, and the cumulative impact of the rule on our markets, together with the onslaught of rushed rulemaking, has yet to be analyzed by the SEC.

Background

After two years and the submission of over 15,000 comment letters in response to the SEC’s proposal, the SEC voted to finalize an 886-page climate disclosure rule on March 6, 2024. Among other requirements, the rule requires companies to file mandatory disclosures detailing emissions data and climate-related risk mitigation strategies.¹ Although purported to serve the interests of individual investors, they are not demanding what this rule requires.² As adopted, the SEC’s climate disclosure rule creates a significant financial burden on businesses but fails to provide a justification for the individual investors the SEC is tasked to protect.

¹ Securities and Exchange Comm’n., *The Enhancement and Standardization of Climate-Related Disclosures* (Mar. 6, 2024) (final rule).

² *Problems with the SEC’s Climate Disclosure Proposal: Testimony Before the H. Comm. On Financial Services*, 118th Cong. 2–3 (2024) (statement of Lawrence A. Cunningham, Emeritus Professor at George Washington University) (explaining that SEC’s proposal refers to “investor demand” but mostly cites to agency sources and other institutions focused on social and political investing).