

Insights

PRIMARY MARKET BULLETIN NO. 36 – DRAFT TECHNICAL NOTE ON TCFD DISCLOSURES

Nov 16, 2021

SUMMARY

The FCA has published Primary Market Bulletin No. 36 to introduce specific Task Force on Climate-related Financial Disclosures (TCFD) aligned climate-related disclosure requirements for listed companies and to set out the FCA's disclosure expectations and supervisory strategy.

Disclosure requirements for premium and standard listed companies

The FCA has recently introduced “comply or explain” disclosure requirements for annual financial reports of UK and overseas commercial companies with a premium listing consistent with the Financial Stability Board's Task Force on the Climate-related Financial Disclosures (TCFD) framework. Under the Listing Rules, companies in-scope are required to include, for financial years beginning on or after 1 January 2021, a statement setting out:

- whether they have made climate-related financial disclosures consistent with the TCFD's recommendations and recommended disclosures;
- where they have not made disclosures consistent with some or all of the TCFD's recommendations and/or recommended disclosures, an explanation of why, and a description of any steps they are taking or plan to take to be able to make consistent disclosures in the future – including relevant timeframes for being able to make those disclosures;
- where they have included some, or all, of their disclosures in a document other than their annual financial report, an explanation of why; and
- where in their annual financial report (or other relevant document) the various disclosures can be found.

The FCA has recently consulted on extending these rules to standard listed companies and we await the outcome of this consultation. Finalised rules are expected by the end of 2021 and these

rules will apply for financial years beginning on or after 1 January 2022.

New Technical Note on TCFD aligned climate-related disclosure requirements for listed companies

The proposed Technical Note, on which the FCA are seeking feedback, gives further guidance on the FCA disclosure expectations under the Listing Rules. For example,

- where a company has not made disclosures consistent with some or all of the TCFD's recommendations and/or recommended disclosures, the company should provide full, clear and meaningful explanations for not including such disclosures, written in plain language which leaves no room for ambiguity; and
- where a company provides details of any steps it is taking or plans to take to be able to make consistent disclosures in the future, it should provide sufficient level of detail so that investors can fully understand the nature of the proposed action.

FCA supervisory strategy

The FCA are responsible for monitoring and ensuring compliance with the Listing Rules but the Financial Reporting Council will also play a significant role, from 2022, in reviewing TCFD-aligned disclosures in a selection of annual reports and contacting companies which do not comply with these requirements.

If a listed company fails to make a “comply or explain” statement in their annual financial report, the FCA will request that the company publishes the TCFD statement via a Regulatory Information Service as soon as possible after discovery.

[Primary Market Bulletin No. 36](#)

[Draft Technical Note on TCFD aligned climate-related disclosure requirements for listed companies](#)

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