

SEC PROPOSES TO RESCIND 2024 CLIMATE DISCLOSURE RULES

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On May 29, 2026, the SEC took a significant step by proposing to unwind its climate-related disclosure rules. The proposal moves to eliminate the disclosure requirements for public companies around climate-related risk disclosure, governance, and, in some cases, greenhouse gas emissions in registration statements and annual reports. The climate-related disclosure rules were adopted in March 2024^[1] and then immediately paused. For legal and compliance teams navigating this shift the proposal may feel like a reprieve; however, the practical and legal implications of this development are considerably more nuanced.

What Is Being Proposed?

The SEC is proposing to rescind the 2024 climate disclosure framework in its entirety, including the requirements around climate-related risk disclosure, governance, and greenhouse gas emissions reporting. The proposal also solicits comments on potential alternatives to a full rescission of the rules.

The public comment period remains open until August 3, 2026, making now the time for companies, investors, and advisors to weigh in.

Are Companies Truly Off the Hook? The Short Answer: No.

Regulatory Considerations

For investors and the broader market, the proposal underscores the growing divergence between U.S. regulatory direction and international disclosure trends. Rescinding the SEC rule removes one potential federal requirement, but it does not entirely remove the overall compliance burden. For many companies, especially large companies and those with a global footprint, the obligation to measure, manage, and disclose climate-related information remains in place, just driven by a patchwork of global and state-level rules rather than an SEC disclosure requirement. Further, many of these regimes are more prescriptive than the SEC climate disclosure rules would have been. For example:

- Large companies doing business in California remain subject to the greenhouse gas emissions reporting requirements of SB 253 (with initial reporting deadline approaching August 10, 2026), and although enforcement is paused^[2] on the climate risk disclosure requirements of SB 261, as discussed in [our Nov 20, 2025 post](#), the requirements remain in place.
- The EU's Corporate Sustainability Reporting Directive (CSRD) has extraterritorial reach and will apply to U.S.-based companies with significant EU operations.
- There are many ISSB-aligned reporting requirements that are recently adopted or emerging in other jurisdictions globally (e.g., Australia, Japan).

Existing SEC Disclosure Obligations Remain

Even without the SEC climate disclosure rules, companies remain subject to existing disclosure obligations around material risks and information, which can include climate-related information for some companies. Back in 2010, the SEC published [guidance](#) acknowledging that factors such as climate-related legislation and regulations, business trends, and the physical effects of climate change could have a material effect on a registrant's business and operations and, where that materiality threshold has been met, companies are required to make climate change disclosures under Regulation S-K. This includes the description of the business, discussion of legal proceedings, risk factors, and management's discussion and analysis. Further, while the current SEC's review process may not focus on climate change-related disclosure, the Staff has placed heightened emphasis on this type of information in recent years, as evidenced by the SEC's [2021 Sample Comment Letter](#) that illustrates the types of climate-focused comments the Staff may issue to registrants. We discussed this guidance in our [September 23, 2021 post](#).

The Reputational Risk Equation

Recently, market expectations for climate information have been driven just as much, if not more, by market and stakeholder expectations than by regulation. Over the past several years, many companies have voluntarily disclosed ESG and climate data, and in doing so have effectively set a baseline level of transparency that investors, customers, and employees now expect.

Many investors and lenders still rely on this information, large customers continue to request it across supply chains, and companies remain subject to scrutiny from third-party raters that leverage this information. Some companies have scaled back the volume of voluntary climate and ESG disclosures they make in response to increasing public scrutiny and political activity in the U.S. However, the fact remains that halting disclosure altogether once a company has set a market expectation can pose real reputational risk, as it may raise questions about consistency, credibility, and what may be changing behind the scenes.

Five Things Compliance and Risk Leaders Should Keep in Mind

If the SEC climate-related disclosure rules are rescinded, it may seem to many leadership teams that the time and money spent to prepare for compliance was wasted. However, this development highlights the importance of the work compliance and risk leaders have been doing to support *all* climate disclosures, whether regulatory or voluntary. Here is what should be front of mind:

1. The Infrastructure You Built Has Lasting Value

Even though the SEC climate disclosure rules may be rescinded, many companies have already invested in systems, controls, and governance to prepare for compliance. That infrastructure still has value given overlapping state, international, and market-driven demands.

2. The Regulatory Landscape Is Fragmenting, Not Simplifying

Even without a single U.S. federal standard, many companies face a patchwork of climate disclosure requirements, including California, EU, and ISSB-aligned regimes, which can increase complexity and coordination risk. The SEC climate disclosure framework was the least prescriptive of these requirements, and many organizations will need to continue compliance preparation with the highest applicable standard in mind.

3. Securities Law Exposure Remains Unchanged

If the SEC climate disclosure rules are rescinded, it doesn't eliminate the need to disclose climate-related information that meets the SEC's materiality threshold or ensure that voluntary disclosures are accurate and consistent. In some ways, the absence of prescriptive rules may raise execution risk, because companies have more discretion but still face anti-fraud liability. This point deserves particular attention from legal teams.

4. Policy Volatility Is Here to Stay

The path to rescission, including litigation, political shifts, and agency reversals, demonstrates that climate disclosure requirements can change quickly across administrations and jurisdictions and it will be difficult for companies to prepare for any one regulatory requirement with certainty. Building and maintaining flexible, scalable reporting processes will be more important for long-term strategic compliance than optimizing for any single rule or regulation.

5. Board-Level Governance Oversight Is Now the Baseline

Many audit committees, boards, and management teams have already elevated oversight of climate and ESG disclosures. Most are unlikely to unwind that, given ongoing scrutiny from investors and other stakeholders.

The Bottom Line for CCOs and General Counsel

For issuers, this development raises immediate questions: What continues to be material from a risk disclosure standpoint, regardless of prescriptive rules? How should companies think about collecting and reporting climate information across multiple jurisdictions? And how will investor expectations and global regimes fill the gap left by the SEC? Companies should evaluate their current disclosure posture, map existing and emerging multi-jurisdictional obligations, and consider the rigor of governance and oversight for climate information.

If the SEC climate rule is rescinded, we haven't seen the end of climate disclosure requirements. It's just a pivot to a more fragmented and less predictable environment. For compliance and risk leaders, the focus should shift from "whether to comply" to how to manage across multiple regimes while maintaining credible, decision-useful disclosure.

[1] See BCLP's March 7, 2024 client alert, [Divided SEC Adopts New Climate-Related Disclosure Rules](#), for more information on the rules.

[2] See California Air Resources Board December 1, 2025 [Enforcement Advisory](#), stating that the regulator will not enforce the requirements of California's SB 261 in light of the ongoing litigation process.

Related Capabilities

- ESG Governance, Compliance and Reporting
- Securities & Corporate Governance
- Debt Capital Markets

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