

LEGAL UPDATES

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SEC Proposes Rescission of Climate-Related Disclosure Rules

Executive Overview

On May 29, 2026, the U.S. Securities and Exchange Commission (SEC) proposed to rescind the climate-related disclosure rules adopted by the SEC on March 6, 2024 (the Climate Disclosure Rules). See here for HB's March 2024 guide to the Climate Disclosure Rules. The Climate Disclosure Rules were immediately challenged by a broad coalition of business groups, trade associations, and state attorneys general. On March 15, 2024, a three-judge panel of the U.S. Court of Appeals for the Fifth Circuit stayed the Climate Disclosure Rules, temporarily blocking their implementation amid litigation challenging their validity. Following consolidation of the litigation on March 21, 2024 in the Eighth Circuit, the SEC stayed the Climate Disclosure Rules on April 4, 2024. In March 2025, the SEC voted to withdraw its defense of the Climate Disclosure Rules, prompting a coalition of states to intervene in support of their validity. In September 2025, the Eighth Circuit held the litigation in abeyance while the SEC reconsidered the Climate Disclosure Rules through notice-and-comment rulemaking. This proposal is the SEC's response to that order.

What the SEC is Proposing to Rescind

The proposed action would withdraw the Climate Disclosure Rules package as a whole, including:

Regulation S-K Items 1500 through 1508, which would have created a climate-specific disclosure subpart for governance, strategy, risk management, targets and goals, greenhouse gas emissions, attestation and tagging;

Regulation S-X Article 8-01 and Article 14, which would have required climate-related financial-statement disclosures, including certain severe-weather and other specified effects;

Related amendments to Item 601 of Regulation S-K, Regulation S-T, Securities Act of 1933 (Securities Act) Rule 436, and the affected Securities Act and Exchange Act of 1934 forms; and

Associated iXBRL tagging, attestation, and expert-consent mechanics that were designed to support the Climate Disclosure Rules.

Because the Climate Disclosure Rules were stayed before they went into effect and were never codified in the Code of Federal Regulations, the proposal is presented as the withdrawal of adopted but not-yet-effective amendments rather than a conventional amendment to repeal already operative rules. However, the proposal would not take effect until the SEC adopts a final rescission rule following the close of the comment period. The Climate Disclosure Rules remain stayed in the interim. Comments on the proposal are due on or before August 3, 2026.

Basis for Rescission

The SEC offers two independent grounds for rescission. First, the current SEC believes the Climate Disclosure Rules exceeded the SEC's statutory authority to require disclosure of information central to investors' understanding of a public company's business or financial characteristics and, on significant questions of economic and political importance, lacked clear congressional authorization consistent with the major questions doctrine. Second, even assuming authority existed, the current SEC views the Climate Disclosure Rules as unnecessary, inconsistent with a registrant-specific, materiality-based disclosure framework, and detrimental to the SEC's policy objectives of facilitating capital formation and promoting public company status. SEC Chairman Paul S. Atkins has described the prior Climate Disclosure Rules as "ill-advised" and emphasized that disclosure obligations should be grounded in materiality, within statutory limits, and justified by benefits that outweigh the associated compliance costs.

The SEC also stressed that, while the Climate Disclosure Rules' requirement for most registrants to disclose Scope 1 and Scope 2 GHG emissions was qualified by "materiality," it nevertheless would have imposed significant annual compliance costs by requiring registrants to invest significant resources in determining organizational boundaries and measuring emissions that might not be tracked for any other business reason, all as a precondition to determining whether they had any "material" information required to be disclosed. The proposal further argues that detailed climate-specific disclosure could require competitively sensitive or proprietary information, including information about scenario-analysis assumptions, internal carbon prices, asset-allocation decisions, supply-chain vulnerabilities, and strategic plans. In the current SEC's view, those burdens and

potential disclosure costs are not justified by commensurate informational benefits for investors and run contrary to its policy objective of making public-company status more attractive.

The SEC's position going forward is to rely on existing Regulation S-K disclosure requirements and the anti-fraud provisions of the federal securities laws to elicit climate-related disclosures where they are material to a particular company's business and financial condition. In the SEC's view, decisions about whether and how public companies should respond to climate change implicate national energy and environmental policy, extend beyond the SEC's regulatory jurisdiction and subject matter expertise and, by effectively mandating prescribed risk management practices, intrude into corporate governance matters traditionally regulated by state law.

What This Means To You

While final rescission of the SEC's Climate Disclosure Rules remains subject to further SEC action following the public notice and comment period under this proposal, companies nevertheless may need to continue developing disclosure controls and procedures to support climate-related disclosures required by other, overlapping requirements. Despite the SEC's proposed retreat from its Climate Disclosure Rules, many companies remain subject to climate-related reporting obligations arising from state law, international regulations, investor expectations, contractual commitments, and voluntary reporting frameworks. Companies must also bear in mind—as the SEC emphasized in its release—that the proposed rescission of these Climate Disclosure Rules would not permit companies to omit material climate-related information from their filings that is required by their principles-based disclosure obligations under Regulation S-K, which continue to apply. Material climate risks must still be addressed in business descriptions, risk factors, and Management Discussion and Analysis on a company-specific basis.

As a result, companies should preserve the controls and internal escalation processes needed to identify material climate-related risks, known trends, proceedings, commitments and financial-statement effects under the existing framework. For their next annual report or registration statement, companies should refresh their analysis under the SEC's 2010 Commission Guidance Regarding Disclosure Related to Climate Change, check SEC-filed disclosure against sustainability reports, websites, investor materials and customer or lender statements, and maintain a current inventory of state, foreign and contractual reporting obligations.

Although the SEC's proposed rescission of the Climate Disclosure Rules marks a significant change in federal climate disclosure policy, it does not directly impact climate-related reporting required under other regulatory regimes or to satisfy any market-based investor demands for enhanced climate-related disclosures.

Contact Us

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If you have any questions regarding the SEC's proposed rescission and its implications for your company's reporting obligations, IPO planning, or governance practices, please do not hesitate to contact Steve Barrett, Robert Joseph, Andrew Spector, Brian Wetzstein, or your Husch Blackwell attorney.