



## SEC Issues Interpretive Guidance on Disclosure Related to Business or Legal Developments Regarding Climate Change

**FOR IMMEDIATE RELEASE**  
**2010-15**

*Washington, D.C., Jan. 27, 2010* — The Securities and Exchange Commission today voted to provide public companies with interpretive guidance on existing SEC disclosure requirements as they apply to business or legal developments relating to the issue of climate change.

Federal securities laws and SEC regulations require certain disclosures by public companies for the benefit of investors. Occasionally, to assist those who provide such disclosures, the Commission provides guidance on how to interpret the disclosure rules on topics of interest to the business and investment communities. The Commission's interpretive releases do not create new legal requirements nor modify existing ones, but are intended to provide clarity and enhance consistency for public companies and their investors.

The interpretive release approved today provides guidance on certain existing disclosure rules that may require a company to disclose the impact that business or legal developments related to climate change may have on its business. The relevant rules cover a company's risk factors, business description, legal proceedings, and management discussion and analysis.

"We are not opining on whether the world's climate is changing, at what pace it might be changing, or due to what causes. Nothing that the Commission does today should be construed as weighing in on those topics," said SEC Chairman Mary Schapiro. "Today's guidance will help to ensure that our disclosure rules are consistently applied."

Specifically, the SEC's interpretative guidance highlights the following areas as examples of where climate change may trigger disclosure requirements:

- **Impact of Legislation and Regulation:** When assessing potential disclosure obligations, a company should consider whether the impact of certain existing laws and regulations regarding climate change is material. In certain circumstances, a company should also evaluate the potential impact of pending legislation and regulation related to this topic.
- **Impact of International Accords:** A company should consider, and disclose when material, the risks or effects on its business of international accords and treaties relating to climate change.
- **Indirect Consequences of Regulation or Business Trends:** Legal, technological, political and scientific developments regarding climate change may create new opportunities or risks for companies. For

### Video: Open Meeting



Chairman Schapiro  
Discusses the  
Interpretive Guidance:  
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[Text of Chairman's  
Statement](#)

instance, a company may face decreased demand for goods that produce significant greenhouse gas emissions or increased demand for goods that result in lower emissions than competing products. As such, a company should consider, for disclosure purposes, the actual or potential indirect consequences it may face due to climate change related regulatory or business trends.

- **Physical Impacts of Climate Change:** Companies should also evaluate for disclosure purposes the actual and potential material impacts of environmental matters on their business.

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The SEC's interpretive release will be posted on the SEC Web site as soon as possible.

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<http://www.sec.gov/news/press/2010/2010-15.htm>

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Modified: 01/27/2010