

















**U.S. PIRG** 



























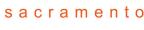


**350** 













Transformative

















May 20, 2024

Senate Majority Leader Schumer 322 Hart Senate Office Building Washington, DC 20510

Senate Republican Leader McConnell 317 Russell Senate Office Building Washington DC 20510 Speaker Mike Johnson 568 Cannon House Office Building Washington, DC 20515

House Democratic Leader Jeffries 2433 Rayburn House Office Building Washington, DC 20515

## RE: Oppose CRA efforts to nullify the SEC's disclosure rule and banking regulators' bank risk management principles on climate-related financial risk

Dear Senator Schumer, Senator McConnell, Representative Johnson, and Representative Jeffries:

Our organizations are writing to express our strong opposition to the Congressional Review Act resolutions of disapproval against the Securities and Exchange Commission's Climate Financial Risk Disclosure Rule and the Climate-Related Financial Risk Management Principles from the Federal Reserve Board (Fed), the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC).

According to financial regulators, climate-related financial risk represents a growing threat to consumers, financial institutions, and the financial system. The accelerating property insurance crisis<sup>2</sup>—driven in large part by worsening climate impacts—is just the beginning, and these risks will spread to other parts of the financial system and continue to hurt consumers and the broader economy.

So far, U.S regulators have taken important but incredibly limited initial steps to measure and manage the accelerating financial risks caused by climate change despite clear statutory responsibilities.<sup>3</sup> The resolutions of disapproval in question would nullify modest efforts to deliver higher quality climate-related risk data to investors and more effective bank risk management in the face of growing threats to bank safety and soundness.

## We urge you and all members to vote no on the following resolutions:

 H.J.Res.127 / S.J.Res.72: CRA resolution against the SEC's rule "The Enhancement and Standardization of Climate-Related Disclosures for Investors."

<sup>&</sup>lt;sup>1</sup> U.S. Treasury Financial Stability Oversight Council, "Report on Climate Related Financial Risk." 2021. https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf

<sup>&</sup>lt;sup>2</sup> Christopher Flavelle, Jill Cowan, and Ivan Penn, "Climate Shocks Are Making Parts of America Uninsurable. It Just Got Worse." June 2, 2023.

https://www.nvtimes.com/2023/05/31/climate/climate-change-insurance-wildfires-california.html

<sup>&</sup>lt;sup>3</sup> Alex Martin, "American exceptionalism on climate risk amplifies financial instability," *Green Central Banking*, 8 June 2023. https://greencentralbanking.com/2023/06/08/federal-reserve-exceptionalism-financial-instability/

- Vote no. The SEC climate risk disclosure rule is critical to give investors the information they need to protect themselves from climate-related financial risk and accurately value the securities of public companies. The SEC was highly responsive to concerns raised by opponents and finalized an "incredibly modest" disclosure rule that, while not requiring the full scope of information needed by investors, will provide an important baseline of disclosures. Further, the scope of the rule is well within the statutory authorities of the Commission, as confirmed repeatedly over 90 years of Supreme Court precedent since the Exchange Act became law.
- H.J.Res.124 / S.J.Res.###, H.J.Res.125 / S.J.Res.###, and H.J.Res. 126 /
  S.J.Res.###: CRA resolutions against the joint interagency document "Principles for
  Climate-Related Financial Risk Management for Large Financial Institutions" issued by
  the OCC, the Fed, and the FDIC.
  - Vote No. The bank regulators issued climate-related risk management principles that are a set of important but non-binding principles for how the largest banks should incorporate climate change into their risk management and governance. The climate risk principles do not direct, encourage, or discourage any specific lending or financial activities, but rather focus on the ways climate change can manifest as risk across the traditional financial risk stripes (e.g., credit, market, liquidity, and operational risk). Climate-related financial risks increasingly represent a threat to financial stability and to bank safety and soundness, so these risk management principles are a critical step towards ensuring a stable banking system.

## Sincerely,

1000 Grandmothers for Future Generations
17 Communications
350 Bay Area Action
350NYC
350 Sacramento
350 Yakima Climate Action
Adasina Social Capital
Alabama Interfaith Power & Light
Americans for Financial Reform
Center for American Progress
Center for Citizens Conserving Environment & Management (CECIC)
Change the Chamber\*Lobby for Climate
Climate Action California
Climate Hawks Vote
Climate Reality Project Monterey Bay CA

<sup>&</sup>lt;sup>4</sup> Prof. Jill Fisch, Testimony before the HFSC committee, Apr. 10, 2024, https://docs.house.gov/meetings/BA/BA00/20240410/117092/HHRG-118-BA00-Wstate-FischP-20240410.pdf

Dayenu: A Jewish Call to Climate Action DISABILITY PEOPLES FORUM UGANDA

**Divest Oregon** 

**Elders Action Network** 

**Elders Climate Action** 

**Environmental Defense Fund** 

Friends of the Earth

Green America

Harford County Climate Action

Indivisible CA Green Team

Institute for Agriculture and Trade Policy

Interfaith Center on Corporate Responsibility

Majority Action

MARBE S.A.

Micah Six Eight Mission

National Education Association (NEA)

Natural Resources Defense Council

Ocean Conservancy

Oil and Gas Action Network

Oxfam America

Public Citizen

Rainforest Action Network

Rise Economy

SanDiego350

Santa Cruz Climate Action Network

Sierra Club

SoCal 350 Climate Action

Stand.earth

Texas Campaign for the Environment

The Center for Social Sustainable Systems

The Climate Reality Project California State Coalition

The People's Justice Council

The Phoenix Group

Third Act

Transformative Wealth Management, LLC

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Union of Concerned Scientists