Securities and Exchange Commission Request for Public Input on Climate Change Disclosures: International Capital Market Association Comments

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The International Capital Market Association ("ICMA") submitted June 15th comments to the Securities and Exchange Commission ("SEC") in response to a request for public input on current potential regulation of climate change disclosures.

Then-acting Chair Allison Herren Lee requested comments as the SEC evaluates climate-related disclosure rules. See Public Input Welcomed on Climate Change Disclosures, U.S. Securities and Exchange Commission, https://www.sec.gov/news/public-statement/Lee-climate-change-disclosures.

ICMA describes itself as promoting "well-functioning and cross-border capital markets, which are essential to fund sustainable economic growth." Its members are stated to include private and official sector issuers, banks, broker-dealers, asset managers, pension funds, insurance companies, market infrastructure providers, central banks and law firms.

The industry-driven standards and recommendations it provides are stated to include four core fixed income market areas:

- Primary
- Secondary
- Repo & Collateral
- Sustainable Finance

ICMA states that it serves as the Secretariat to the Green and Social Bond Principles ("Principles").

The organization describes the Principles as the:

. . . global standards for a $1.6 trillion market representing the largest source of market finance dedicated to sustainability and climate transition available internationally to corporates, banks and sovereigns.

The primary themes and subthemes outlined in ICMA's comments include:

- It is essential to have a global coordinated approach to climate disclosure
- Disclosures should be determined by principles-based materiality
- Disclosures should have safe-harbor protection
- Other issues
- the need for the compliance burden and costs to be minimised to the greatest extent possible;

- avoiding requiring climate-related disclosures that are not relevant and useful for investors for the purpose that the disclosure is designed to fulfil (noting that the disclosure that will be relevant and useful for an investment decision in bonds, for example, will be different to the disclosure that will be relevant and useful for other purposes such as an investment decision in equity securities or stewardship purposes; and
- a phased implementation of disclosure requirements over time once reliable metrics and methodologies are adopted.

A copy of the June 15th comments can be downloaded here.