

# SEC Proposes Rescission of its Climate-Related Disclosure Rules

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On May 29, 2026, the Securities and Exchange Commission (“SEC” or “Commission”) proposed a complete rescission of its climate-related disclosure rules it had adopted in early 2024.<sup>1</sup> This rescission represents the current Commission’s view that the rules exceed the Commission’s statutory authority and impose undue costs on registrants. Enterprises affected by the climate-related disclosure rules and preparing for compliance should evaluate how this rescission may affect their plans for disclosure while still complying with pre-existing requirements imposed by the SEC as well as state-level and international requirements and criteria of any relevant voluntary disclosure frameworks.

## Background: In 2024, the SEC Adopted the Climate-Related Disclosure Rules Which Were Immediately Challenged

On March 6, 2024, the SEC adopted final rules requiring public companies—both domestic registrants and foreign private issuers—to include certain climate-related information in their registration statements and annual reports.<sup>2</sup> We summarize these rules in this [Client Alert](#). The key requirements of the rules included: (1) the disclosure of

<sup>1</sup> The proposed rescission was published in the *Federal Register* on June 3, 2026. Rescission of Climate-Related Disclosure Rules, 91 Fed. Reg. 33296 (June 3, 2026), available at <https://www.govinfo.gov/content/pkg/FR-2026-06-03/pdf/2026-11091.pdf>.

<sup>2</sup> SEC Release No. 33-11275 (March 6, 2024), available at: <https://www.sec.gov/files/rules/final/2024/33-11275.pdf>.

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material climate-related risks; (2) disclosures regarding the board of directors' oversight of climate-related risks and the role of management in assessing and managing material climate-related risks; (3) a description of companies' processes for identifying, assessing, and managing material climate-related risks; (4) the disclosure of Scope 1 and Scope 2 greenhouse gas ("GHG") emissions for so-called large accelerated filers and accelerated filers, and third-party attestation on a phased-in basis; and (5) the disclosure in a registrant's audited financial statements of the effects of severe weather events and other natural conditions, as well as the costs and impacts of carbon offsets and renewable energy credits, if material. Notably, the rules did not require disclosure of Scope 3 emissions, which had been included in the original proposal in 2022, but were removed in the final rules in response to concerns expressed during the public comment period.

The rules faced significant legal challenges almost immediately after their adoption. Private companies, U.S. states, NGOs, climate advocacy groups and other stakeholders filed multiple petitions for review in various federal courts of appeals. Those cases were consolidated in the United States Court of Appeals for the Eighth Circuit. The SEC subsequently issued a voluntary stay in April 2024, halting the effectiveness of the rules pending the outcome of the litigation.

In addition to the direct legal challenges faced by the 2024 final rules, U.S. Supreme Court precedent dramatically shifted in June 2024 when *Loper Bright Enterprises v. Raimondo* overturned the Chevron doctrine, which for 40 years had required courts to defer to an agency's reasonable interpretations of ambiguous statutes. The *Loper Bright* ruling stripped agencies like the SEC of a line of defense they had traditionally relied upon when defending rulemakings, like the climate-related disclosure rules.<sup>3</sup> Coupled with the Supreme Court's 2022 decision in *West Virginia v. EPA*, requiring clear congressional authorization for agency actions falling within the major questions doctrine,<sup>4</sup> the decision in *Loper Bright* drastically altered the SEC's ability to defend the climate-related disclosure rules.

### The May 2026 Proposed Rescission of the Climate-Related Disclosure Rules

Following the change in presidential administration in January 2025, the SEC signaled a different approach to climate-related disclosure regulation. In February 2025, the SEC announced that it would no longer defend the climate-related disclosure rules in the Eighth Circuit litigation, effectively conceding the legal challenges. The Commission's new leadership expressed the view that the rules exceeded the SEC's statutory authority, imposed significant and unwarranted costs on registrants, and were inconsistent with the principles of materiality that have traditionally governed the federal securities disclosure regime.<sup>5</sup>

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<sup>3</sup> See *Loper Bright Enterprises v. Raimondo*, 603 U.S. 369 (2024).

<sup>4</sup> See *West Virginia v. EPA*, 597 U.S. 697, 722-23 (2022).

<sup>5</sup> Press Release, SEC Proposes Rescission of Climate-Related Disclosure Rules (May 29, 2026), <https://www.sec.gov/newsroom/press-releases/2026-49-sec-proposes-rescission-climate-related-disclosure-rules>.

On May 29, 2026, the SEC voted to propose the full rescission of the climate-related disclosure rules.<sup>6</sup> The grounds for the proposed rescission were further articulated in a statement made by Chairman Paul Atkins as well as in an SEC press release and a fact sheet released by the SEC, and include:<sup>7</sup>

- **The Current Commission’s Policy Objectives:** The climate-related disclosure rules conflict with the Commission’s current policy objectives of encouraging capital formation and public company status. The rules are beyond the policy concerns of federal securities law.
- **Exceeding Statutory Authority:** The rules go beyond the SEC’s authority under the Securities Act of 1933 and the Securities Exchange Act of 1934. The rules effectively mandate a specialized, prescriptive environmental reporting regime that was not contemplated by the federal securities laws and that improperly extends the SEC’s disclosure framework beyond its traditional materiality-based approach.
- **Departure from Materiality Principles:** The rules impose line-item disclosure requirements that are not necessarily tied to financial materiality for any given registrant.
- **Cost-Benefit Concerns:** The significant compliance costs associated with the rules, including costs related to GHG emissions quantification, attestation, and new internal controls and procedures, are not justified by commensurate benefits to investors.
- **Redundancy with Existing Requirements:** The SEC’s existing disclosure framework, including requirements to disclose known trends, uncertainties, risk factors, and material impacts in Management’s Discussion and Analysis (“MD&A”) and elsewhere, already adequately addresses climate-related risks where they are material to a particular registrant. Regulation S-K and Regulation S-X already require disclosure of material information, including material climate-related risks, without the need for a standalone climate-specific disclosure regime.

### Implications for Registrants

The SEC’s climate-related disclosure rules remain stayed and have never been effective. Still, companies should be mindful of the fact that the rescission proposal is not yet final. The proposal is subject to a public comment period ending August 3, 2026, with the final vote on rescission expected to occur later this year. While the rescission would eliminate the requirements of the rules, companies remain subject to compliance obligations under the existing materiality-based disclosure framework (including Regulation S-K Items 101, 103, and 105, and Regulation S-X, as well as MD&A requirements).

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<sup>6</sup> SEC Release No. 33-11421 (May 29, 2026), available at <https://www.sec.gov/files/rules/proposed/2026/33-11421.pdf>.

<sup>7</sup> Statement on Proposing Release for Rescission of Climate-Related Disclosure, Paul S. Atkins, SEC Chairman (May 29, 2026), <https://www.sec.gov/newsroom/speeches-statements/atkins-statement-rescission-climate-related-disclosure-rules-052926>; Press Release, SEC Proposes Rescission of Climate-Related Disclosure Rules (May 29, 2026), <https://www.sec.gov/newsroom/press-releases/2026-49-sec-proposes-rescission-climate-related-disclosure-rules>; SEC Fact Sheet Rescission of Climate-Related Disclosure Rules (May 29, 2026), <https://www.sec.gov/files/33-11421-fact-sheet.pdf>.

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Companies should also bear in mind that emerging state-level regimes—most notably California’s climate disclosure legislation (SB 253 and SB 261)—may impose separate and independent reporting obligations.<sup>8</sup> Additionally, international frameworks, including the European Union’s Corporate Sustainability Reporting Directive (CSRD), may affect companies with operations or listings outside of the United States.

Finally, companies which disclose or contemplate disclosure of climate-related information through voluntary frameworks such as the International Sustainability Standards Board’s (ISSB) standards should assess the appropriateness, content, scope, and approach to disclosure in light of investor and other stakeholder expectations, peer practice, and reputational considerations, even in the absence of a federal or state regulatory mandate.

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<sup>8</sup> Other states are also contemplating their own climate disclosure and reporting regimes, including Illinois, New York, Colorado, New Jersey, and Washington.