

The SEC Voluntarily Stays Climate-Related Disclosure Rules Pending Eighth Circuit Judicial Review

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On April 4, the Securities and Exchange Commission (SEC) issued a stay on the implementation of its newly enacted climate impact disclosure rules. This decision is connected to a challenge to the rules currently pending in the U.S. Court of Appeals for the Eighth Circuit, which is a consolidation of numerous lawsuits that hit the SEC following the rule announcement on March 6. The SEC adopted a scaled-back version of its initial 2022 proposal, requiring large public companies to report their greenhouse gas emissions, climate-related risks to their businesses, and the financial harm caused by extreme weather events, in their registration statements and annual reports. The reporting requirements were to be rolled out in stages, with the largest filers beginning disclosures in 2025.

The consolidated action in the Eighth Circuit encompasses numerous petitions filed across six different circuit courts by businesses, states, and other entities that accuse the SEC of overstepping its position as a securities regulator. Other petitioners, such as the Sierra Club and the Natural Resources Defense Council, alternatively argue that the rules do not go far enough to protect shareholders from the risks of climate change on their investments. Before the consolidation, the Fifth Circuit granted a motion seeking an administrative stay of the final rules. On March 21, the Judicial Panel on Multidistrict Litigation selected the U.S. Court of Appeals for the Eighth Circuit by lottery as the venue for the consolidated actions. Multiple motions were then filed in the Eighth Circuit seeking a stay of the new rules, prompting the SEC's voluntary stay while the motions were still pending.

According to an [order](#) posted to the SEC's website, the agency hopes the stay "will facilitate the orderly judicial resolution of those challenges and allow the court of appeals to focus on deciding the merits" and "avoid[] potential regulatory uncertainty." The agency and its supporters argue that climate disclosures are material to investors, and without them, investors are limited in their ability to evaluate and compare the climate-related risks of their investments. The stay will remain in effect through the completion of the Eighth Circuit's judicial review.

For more information, See *State of Iowa et al. v. SEC*, case number 24-1522, in the U.S. Court of Appeals for the Eighth Circuit.

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