

**June 15, 2021**

Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE Washington, DC 20549-1090  
USA

**Re: Public Input on Climate Change Disclosures**

Dear Ms. Countryman,

The International Capital Market Association (“ICMA”) welcomes the opportunity to provide comments to the Securities and Exchange Commission (the “SEC” or “Commission”) as it considers establishing climate-related disclosure rules in connection with Commissioner Lee’s March 15, 2021 statement requesting public comments (the “Request”).

ICMA promotes well-functioning cross-border capital markets, which are essential to fund sustainable economic growth. It is a not-for-profit membership association with offices in Zurich, London, Paris and Hong Kong, serving around 600 member firms in 60 countries. Among its members are private and official sector issuers, banks, broker-dealers, asset managers, pension funds, insurance companies, market infrastructure providers, central banks & law firms. It provides industry-driven standards and recommendations, prioritising four core fixed income market areas: primary, secondary, repo & collateral and sustainable finance. ICMA works with regulatory and governmental authorities, helping to ensure that financial regulation supports stable and efficient capital markets. [www.icmagroup.org](http://www.icmagroup.org)

ICMA also serves as the Secretariat to The Green and Social Bond Principles, which are the global standard 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. In 2020, these standards were referenced by an estimated 97% of sustainable bonds issued globally.

Our response is with respect to the cross border debt capital markets. ICMA has for many years worked closely with the Securities Industry and Financial Markets Industry Association (“SIFMA”) on cross-border regulatory issues and ICMA has seen and supports the comments in SIFMA’s letter dated June 10, 2021 to the Commission on the above subject. Accordingly, ICMA would like to provide you with comments on what it believes are the key areas, including responses that support or reinforce comments the SEC has received from SIFMA.

## **1. It is essential to have a global coordinated approach to climate disclosure**

In view of the significance of the US financial markets globally and the SEC's regulatory role, we encourage the SEC to continue to work with regulators and other standard setters as it develops its climate-related disclosure rules. There is already some degree of investor and issuer confusion experienced with the number of different market-based and official sector green/climate-related taxonomies and standards being established. Similarly creating different and potentially conflicting mandatory disclosure regimes will have significant disadvantages in terms of not only costs and complexity but also could cause there to be inconsistent and less disclosure. We recommend that the SEC coordinate its efforts in this regard with the work of the Task Force on Climate-related Financial Disclosures ("TCFD") and the Climate Disclosures Standards Board ("CDSB") who have a head start and developed expertise in this regard.

We also recommend that the SEC allow foreign issuer registrants to use home country disclosures to fulfil SEC disclosure requirements in view of other jurisdictions and standard setters establishing other disclosure regimes. Using substituted compliance will over time also facilitate closer alignment of different disclosure regimes and is a more practically achievable approach compared with attempting global agreement on a single disclosure standard. SIFMA states in its letter, "Recognition of existing disclosure frameworks, where appropriate, also will facilitate consistent ex ante policy development and ex post supervisory oversight, which will ultimately support global climate finance, efficient markets, and capital formation."

## **2. Disclosures should be determined by principles-based materiality**

Limiting required climate-related disclosures mainly to the material information and objectives of registrants and making these principles-based has the practical advantages of facilitating disclosures more readily tailored to different industry groups with differing climate-related characteristics and considerations, while at the same time fitting within the long established and understood legal framework for disclosure under the US federal securities laws. Referring to SIFMA's letter, "A principles-based approach also will ensure that registrant disclosures can align, where appropriate, with any global sustainability reporting baseline developed by an International Sustainability Standards Board ("ISSB") established by the International Financial Reporting Standards Foundation ("IFRS Foundation") that may be endorsed by the International Organization of Securities Commissions ("IOSCO"), as well as with the requirements of other U.S. and international financial services industry regulators."

### **3. Disclosures should have safe-harbor protection**

From ICMA's direct experience in sustainable finance standard-setting and establishing and sponsoring the Green, Social, and Sustainability-Linked Bond Principles, there is today an increasing demand from both investors and issuers for consistent and reliable climate-related metrics and data against a background of widely seen problems with data generation and assimilation as well as changing standards, assumptions and methodologies used for climate-related projections. These uncertainties and a changing, unsettled landscape are likely to prevail for some time.

We therefore believe it necessary and reasonable that safe harbors be adopted for both SEC enforcement, as well as for private litigation as protections for registrants against meritless or novel lawsuits from investors for forward-looking climate-related disclosures. We agree with SIFMA that there should also be a safe harbor from SEC enforcement for historical quantitative climate-related disclosures in view of the lack of accurate and reliable data and lack of settled standard metrics, and that the SEC should provide guidelines that registrants cannot have scienter for third-party information in both historical and forward-looking climate-related disclosures.

### **4. Other issues**

ICMA agrees with and supports the views of SIFMA in their comment letter with respect to:

- 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.

ICMA very much welcomes the SEC's efforts and thoughtful approach to climate-related disclosures in an area of strong and growing interest for our official and private sector stakeholders and appreciates the Commission's consideration of ICMA's views.

If you have questions or wish to discuss the foregoing further, please contact me at [leland.goss@icmagroup.org](mailto:leland.goss@icmagroup.org) or on +44 7721 890 44.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leland Goss', with a horizontal line extending to the right.

Leland Goss

Managing Director, General Counsel and Member of the Executive Committee  
International Capital Market Association