

SEC Withdraws Defense of Climate Disclosure Rules

APRIL 7, 2025

On March 27, 2025, the U.S. Securities and Exchange Commission (the SEC) voted to end its defense of the climate disclosure rules (the Climate Disclosure Rules) introduced under the leadership of former SEC chairman Gary Gensler, which would have required companies to provide extensive climate-related disclosures in their filings with the SEC. After the vote, in a letter to the U.S. Court of Appeals for the Eighth Circuit, the SEC stated that its agency attorneys would no longer appear before the court to defend the Climate Disclosure Rules against pending lawsuits or complaints. The decision comes 45 days after Mark T. Uyeda, the SEC's acting chairman, requested that the court pause the lawsuit challenging the rules and grant the SEC 45 days to decide whether to move forward with a defense.

Mark T. Uyeda noted in response to the decision: "The goal of today's Commission action and notification to the court is to cease the Commission's involvement in the defense of the costly and unnecessarily intrusive climate change disclosure rules."

Commissioner Caroline Crenshaw, in dissent, stated: "We are now firmly in a period of policy-making through avoidance and acquiescence, rather than policy-making through open, transparent, and public processes...This approach does not benefit the markets, capital formation, or investors."

BACKGROUND

The Climate Disclosure Rules were adopted by the SEC on March 6, 2024, with the goal of enhancing transparency for investors concerning the impacts of climate change on public companies. In particular, the Climate Disclosure Rules would have required reporting companies to disclose certain climate-related business concerns and information in their public filings, including, but not limited to, their greenhouse gas emissions and other climate-change-related metrics.

In February 2025, the SEC stayed the implementation of the Climate Disclosure Rules because of the various lawsuits challenging the rules and the SEC's authority to impose the rules. The lawsuits were eventually consolidated in the Eighth Circuit case *State of Iowa, et al. v. SEC*, No. 24-01522, where the case continues to be litigated.

NEXT STEPS

The SEC's withdrawal from defending the Climate Disclosure Rules marks a pivotal change in the regulatory landscape under its new leadership. In the absence of federal mandates, companies may experience ambiguity regarding disclosure obligations related to climate risks, necessitating close monitoring of further SEC guidance. Issuers and investors should proactively adapt to the evolving environment to manage compliance risks and meet investor expectations effectively.

Winston's Capital Markets & Securities Law Watch will continue to monitor any developments on the Climate Disclosure Rules, and we will provide our readers with additional updates as they become available.

For more information, or if you have any questions, please contact the authors of this blog post or your regular Winston contacts.

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