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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

March 24, 2021

The Honorable Allison Herren Lee
Acting Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Acting Chair Lee:

I am writing to seek more information about the Securities and Exchange Commission's (SEC) recent announcement of a newly created enforcement task force focused on climate and environmental, social and governance (ESG) issues.¹ This announcement came on the heels of two previous SEC press releases trumpeting an "enhanced focus" on climate-related priorities² and preceded a speech you recently gave at the Center for American Progress calling for increased mandatory corporate disclosures related to climate change, political donations, and other ESG issues.³

These announcements appear to presage major changes in longstanding practices on disclosure and enforcement matters at the SEC. Such changes would be premature. As recently noted by the U.S. Chamber of Commerce, the SEC has not yet completed its review and updates to the 2010 SEC guidance regarding climate change disclosures.⁴ Additionally, President Biden's nominee to serve as SEC chairman, Gary Gensler, is still pending confirmation.

It is imperative that the SEC provide fair notice, and fully comply with the Administrative Procedure Act if it is going to impose new requirements. The SEC also should not use enforcement actions as a backdoor for imposing new regulations on ESG and climate change issues. In order to better understand the scope and intention of this new task force and the SEC's "enhanced focus" on climate and ESG-related priorities, I am requesting a staff briefing on this subject by no later than the week of April 5, 2021.

¹ U.S. Securities and Exchange Commission, Press Release, *SEC Announces Enforcement Task Force Focused on Climate and ESG Issues* (Mar. 4, 2021), <https://www.sec.gov/news/press-release/2021-42>.

² U.S. Securities and Exchange Commission, Public Statement of Acting Chair Allison Herren Lee, *Statement on the Review of Climate-Related Disclosure* (Feb. 24, 2021), <https://www.sec.gov/news/public-statement/lee-statement-review-climate-related-disclosure>; U.S. Securities and Exchange Commission, Press Release, *SEC Division of Examinations Announces 2021 Examination Priorities: Enhanced Focus on Climate-Related Risks* (Mar. 3, 2021), <https://www.sec.gov/news/press-release/2021-39>.

³ Center for American Progress keynote address by Allison Herren Lee, Acting Chair, U.S. Securities and Exchange Commission (Mar. 15, 2021), <https://www.americanprogress.org/events/2021/03/09/496902/bringing-environmental-social-governance-considerations-forefront/>.

⁴ Tom Quaadman, Executive Price President Center for Capital Markets Competitiveness, Letter to SEC Acting Chairman Lee (Mar. 15, 2021), <https://www.centerforcapitalmarkets.com/letter/meeting-follow-up-comments-to-the-sec-on-climate-change-and-corporate-disclosure/>

If you have any questions regarding this request, please have your staff contact Sean Brebbia of the Committee staff at 202-224-7391.

Sincerely,

A handwritten signature in blue ink that reads "Pat Toomey". The signature is written in a cursive style with a large, looping initial "P".

Pat Toomey
Ranking Member

cc: The Honorable Sherrod Brown, Chairman, Senate Committee on Banking, Housing, and Urban Affairs