

February 2, 2010

## SEC to Clarify Climate Change Disclosure Obligations

On January 27, 2010, the Securities and Exchange Commission (the "SEC") voted to provide interpretive guidance on SEC disclosure requirements as they apply to business or legal developments relating to the issue of climate change. The new interpretive guidance, which is to be posted on the SEC's website and expected to be effective immediately upon publication, is intended to provide clarity and to enhance consistency for public companies and their investors, not to create new, or modify existing legal requirements. According to the SEC, the relevant rules cover a company's risk factors, business description, legal proceedings, and management discussion and analysis.

Without opining on whether or at what pace the world's climate is changing or due to what causes, the SEC highlights specific areas in which climate change may trigger a company's disclosure requirements, assuming a material impact on its business is identified. These areas include:

- Impact of existing and pending legislation and regulation
- Impact of international accords and treaties
- Actual or potential indirect consequences of regulation or business trends, which may create opportunities or risks, e.g., a change in demand for a product based on its level of greenhouse gas emissions
- Physical impacts of climate change on a company's business

This interpretive guidance likely will be a significant factor in a company's determination whether to make climate change-related disclosures, what disclosures to make and where to place such disclosures. It also may encourage companies to be more introspective in evaluating the direct and indirect effect of climate change and climate change regulation on their business.

We will issue an additional Alert once the interpretive guidance is issued.

If you have any questions about this topic, please contact a [member](#) of our [Securities/Capital Markets](#) practice group, or:

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