

SEC May Ask for Backup on Funds Investing in Green Companies

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In a [videoconference with the European Parliament](#), Securities and Exchange Commission (SEC) Chairman Gary Gensler [commented](#) that he had asked SEC staff to make recommendations for new disclosure requirements for fund and asset managers on the criteria and data that they use to apply “green,” “low-carbon,” or “sustainable” labels to their investments. Mr. Gensler noted that the SEC is “looking at funds that say they are something: They are green, they’re sustainable and the like. What stands beneath that right now?” Mr. Gensler also pointed out that he had directed a similar review of “disclosure requirements with respect to human capital and board diversity.” It is expected that the staff will make its recommendations to the SEC later this year or in early 2022.

As Capital Markets Watch [previously reported](#), Mr. Gensler has also directed SEC staff to develop climate-risk-disclosure rules and to consider whether mandatory climate risk disclosures should be included regularly in annual reports on Form 10-K. Capital Markets Watch will continue to monitor developments in this area and provide updates to our readers as they become available.

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