

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

February 2, 2010

VIA FACSIMILE

The Honorable Mary L. Schapiro  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chairman Schapiro:

The SEC's recent decision to issue interpretive guidance requiring issuers to specifically disclose the impact that climate change may have on their financial condition raises very serious concerns. With legislative progress on climate change having stalled, this guidance suggests an attempt by the SEC to promote a political agenda through regulation. The guidance reaches beyond the SEC's expertise and will impose potentially significant compliance costs on issuers with little apparent benefit to investors.

While the Commission voted to issue the interpretive release on January 27, 2010, it was not made available to the public on the SEC's website until today, almost one week after the open meeting. As you are aware, the SEC must comply with the Government in the Sunshine Act (5 U.S.C. §552b), which requires Federal agencies to be fully accountable to the public for their actions. Further, good public policy dictates that any SEC pronouncements should be available immediately for public review. The Commission's quick vote and public announcement suggests a desire to push a partisan political agenda that has little to do with helping issuers or protecting the investing public.

Further, this interpretive guidance is a clear departure from the SEC's core competencies. Attempting to address climate change through the securities laws seems particularly ill-advised at a time when the SEC's limited resources should be focused on improving its inspection program for registered investment advisers; hiring and retaining a highly qualified staff; and implementing the Inspector General's recommendations to prevent another Madoff-like Ponzi scheme.

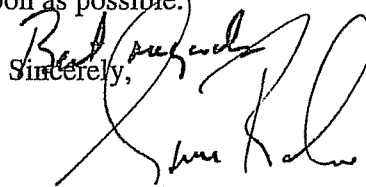
To better understand the Commission's recent course of action, please provide detailed answers to the following questions:

1. Did you receive a directive from the White House asking the SEC to pursue interpretive guidance as part of the Obama Administration's climate change agenda? If so, who issued the directive?
2. When did you direct the Division of Corporation Finance to draft the climate change interpretive guidance?

3. Why was a draft of the interpretive guidance not available to the public during the Commission's open meeting?
4. Did the Commission create a Federal Advisory Committee to examine the quality of issuer disclosure, and specifically climate change disclosure?
5. Does the Commission anticipate that issuers will have to hire climate change experts to prepare these new disclosures?
6. Do you believe the Commission's role is to promote a social policy agenda through the securities laws and regulations?
7. Did the Commission perform an economic analysis prior to issuing the guidance? If not, why not? And if so, what will be the cost to issuers to comply with the guidance?
8. Since 2009, how many enforcement actions has the Commission brought against issuers for failing to follow SEC disclosure rules? How many enforcement actions have been brought against issuers for failing to adequately disclose climate change?
9. What evidence does the Commission have for issuing interpretive guidance on the impact that climate change may have on an issuer's business?
10. Who in the investor community did you meet with seeking the issuance of climate change interpretive guidance? What specific examples did these representatives provide to you that could be construed as inadequate climate change disclosure?
11. Why did the Commission determine that interpretive guidance, which is not subject to public notice and comment as required under the Administrative Procedure Act, was the best method to advance climate change disclosure? Did the Commission decide that a formal rulemaking was an inefficient tool?

Thank you for your attention to this extremely important matter. I look forward to your full and complete responses as soon as possible.

Sincerely,



SPENCER BACHUS  
Ranking Member

CC:

The Honorable Kathleen L. Casey  
Commissioner

The Honorable Luis A. Aguilar  
Commissioner

The Honorable Elise B. Walter  
Commissioner

The Honorable Troy A. Paredes  
Commissioner