

Via E-Mail

July 30, 2021

The Honorable Gary Gensler
 Chair
 U.S. Securities and Exchange Commission
 100 F Street NE
 Washington, DC 20549

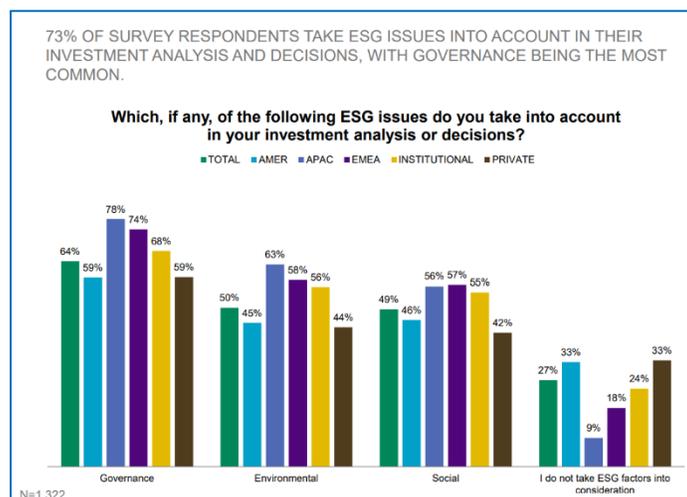
Dear Chair Gensler:

The CFA Institute¹ appreciates the opportunity to comment and provide our perspectives on the U.S. Securities and Exchange Commission (SEC) [Request for Public Input on Climate Change Disclosures](#) (the Request for Information or RFI). CFA Institute is providing comments consistent with our objective of promoting fair and transparent global capital markets and advocating for investor protections. An integral part of our efforts toward meeting those goals is ensuring that corporate financial reporting and disclosures – and the related audits – provided to investors and other end users are of high quality. Our advocacy position is informed by our global membership who invest both locally and globally.

BACKGROUND & CONTEXT

Investors Are Seeking Better Information to Integrate ESG Factors, Including Climate, Into the Investment Decision-making Process – Investors are looking to integrate ESG data, including on climate change related metrics, into their investment process.

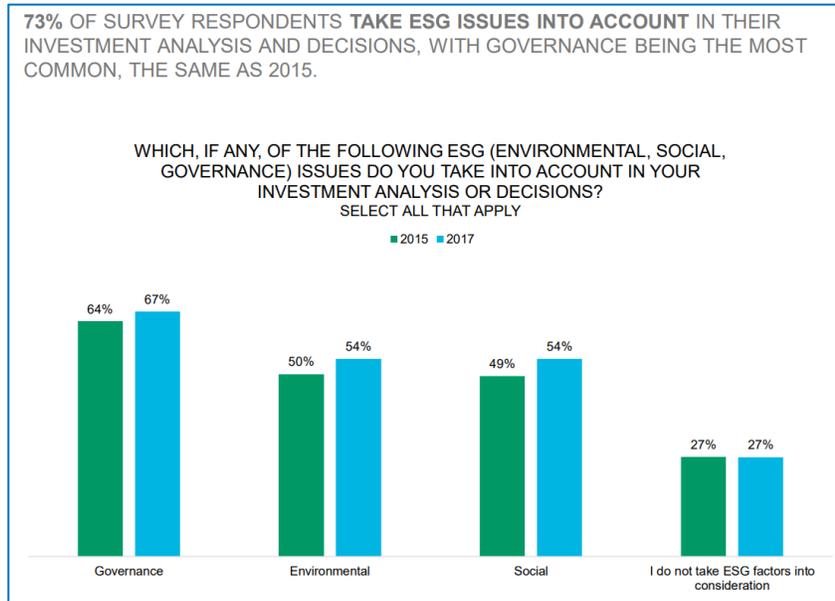
2015 ESG Survey – In 2015 when CFA Institute first surveyed our global membership about whether they incorporate ESG information into the investment process, about 73% said that they did².



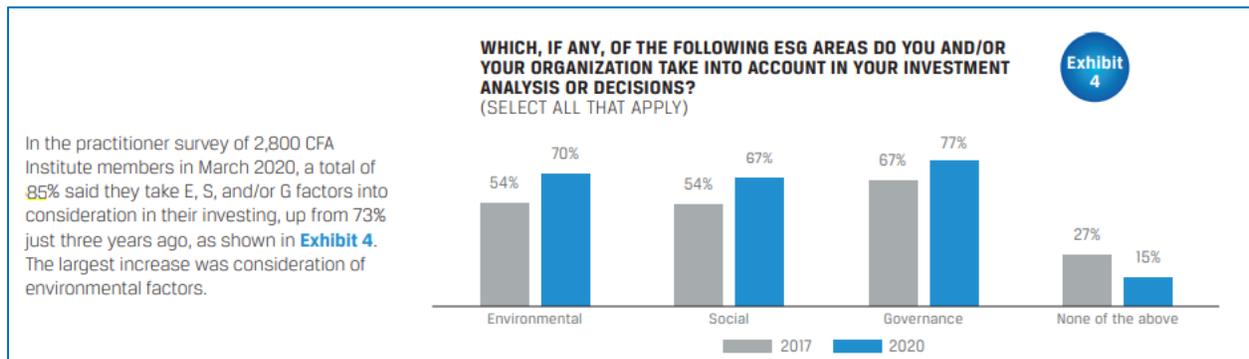
¹ CFA Institute is a global, not-for-profit professional association of more than 181,000 members, as well as 160 member societies around the world. Members include investment analysts, advisers, portfolio managers, and other investment professionals. CFA Institute administers the Chartered Financial Analyst® (CFA®) Program.

² <https://www.cfainstitute.org/-/media/documents/survey/esg-survey-report-2015.ashx>

2017 ESG Survey – In our 2017 update³ to that same survey, we found investors were incorporating at the same percentage as noted below.



2020 ESG Survey – In a related survey conducted in 2020 as part of our report, *Future of Sustainability*⁴, we asked the same question, finding that now over 85% of respondents say they incorporate ESG factors into their investment decision-making process.



³ <https://www.cfainstitute.org/-/media/documents/survey/esg-survey-report-2017.ashx>

⁴ <https://www.cfainstitute.org/-/media/documents/survey/future-of-sustainability.ashx>

2020 Climate Change – As a part of our 2020 report, *Climate Change Analysis in the Investment Process*⁵, we specifically asked about incorporation of climate change. About 76% of C-level investment executives we surveyed said that climate change was an important or very important issue, yet the same survey finds that only about 40% of our members are integrating climate change analysis into the investment process. The biggest reason they give for not performing such integration is a “lack of measurement tools”. This answer far outpaces any other reason given.

Governments, companies and investors are increasingly making commitments to a lower carbon world, with net-zero 2050 type commitments. Such a transition to a lower carbon economy will have a significant impact on the global economy, with the United States economy being no exception. Investors are increasingly called upon by their clients to manage climate related portfolio risks and opportunities. To be able to incorporate climate change into their financial analysis and investment decision-making process – and in order to efficiently allocate capital – investors need, accurate, timely and comparable data on climate change from the issuer community. It is important for the Commission to require climate disclosures that will provide investors with the information they need to make informed investment decisions.

We believe the SEC has an important role to play in enabling investors to adapt to this transition, helping to set the rules of the road of disclosure. Too stringent a carbon disclosure regime, and economic activity could be unnecessarily stifled, while too lax a standard would not achieve the greenhouse gas reduction goals needed to avoid the more catastrophic impacts of climate change. Fortunately, the SEC can leverage useful tools for reporting (Sustainability Accounting Standards Board (SASB)⁶ and Task Force on Climate Related Financial Disclosures (TCFD)⁷) and complimentary efforts ([IFRS Foundation](https://www.ifrs.org/)) that should facilitate the construction of a reporting system that is useful for investors and issuers alike.

It is also important to recognize that investors are getting ESG and climate data and information from sources other than issuer disclosures and such non-traditional data collection efforts will continue and only expand in the future. Data sources such as CDP, satellite data, government data, and data from numerous vendors are all used by investors and are not required disclosures of public companies. The SEC should not attempt to recreate the wheel, and instead let this market for non-issuer released data thrive and even refer investors to such data when appropriate. The SEC should concentrate on material ESG and climate data that can be

QUESTION 1. IN YOUR OPINION, IS IT IMPORTANT TO HAVE A DEFINITIVE VIEW ON CLIMATE CHANGE IN ORDER TO EFFECTIVELY MANAGE INVESTMENTS TODAY?

	Total	Americas	APAC	EMEA
Sample Size (N)	305	141	73	91
It's very important				
Column %	46%	44%	51%	44%
It's somewhat important				
Column %	30%	26%	38%	32%
Neutral				
Column %	11%	13%	10%	10%
It's somewhat unimportant				
Column %	8%	9%	1%	11%
It's very unimportant				
Column %	5%	9%	0%	3%

Note: APAC stands for Asia Pacific; EMEA stands for Europe, the Middle East, and Africa.

When asked if their organizations incorporate climate risk into their analysis, only about 40% of global respondents said yes (Question 2). Not surprisingly, firms in EMEA were the most likely to incorporate climate risks.

QUESTION 2. DO YOU AND/OR YOUR ORGANIZATION CURRENTLY INCORPORATE CLIMATE RISK INTO YOUR ANALYSIS?

	Total	Americas	APAC	EMEA
N	2,497	1,188	539	770
Yes				
Column %	40%	40%	33%	45%
No				
Column %	60%	60%	67%	55%

⁵ <https://www.cfainstitute.org/-/media/documents/article/industry-research/climate-change-analysis.ashx>

⁶ [SASB 2021 Climate Risk Technical Bulletin](https://www.sasb.org/knowledge-hub/climate-risk-technical-bulletin/) (https://www.sasb.org/knowledge-hub/climate-risk-technical-bulletin/)

⁷ [TCFD 2017 Final Recommendation Report](https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf) (https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf)

measured and managed by issuers. Such data will likely grow over time and more resources are dedicated to these efforts by issuers and investors.

Previous Commentary on ESG Disclosures – In CFA Institute’s [June 2020 comment letter](#) responding to Accountancy Europe’s paper, [Interconnected Standard Setting Corporate Reporting](#), we provided our “first principles views” as it relates to the audience, objective, location and materiality of ESG information. Those first principles inform our views herein. CFA also provided a [comment letter in response](#) to the IFRS Foundation’s [Consultation Paper on Sustainability Reporting](#).

As we note in those letters, CFA Institute has long expressed support for efforts to achieve global accounting standards, and we support the proposal to do the same for sustainability reporting standards as comparability is the lifeblood of investment analysis. While we highlight our support for global standards, we also address the challenges with such an approach, including the importance of knowing the audience for, as well as the objective and location of, ESG and sustainability disclosures. We also note therein that investors are not a monolith on the topic of ESG. Investors with value vs. values investing objectives must have information – especially when managing the money of others – to discern the difference and evaluate the trade-offs, in value and values, should they exist.

We are also drafting a response to the IFRS Foundation’s [Constitution Amendments to Accommodate the IFRS Sustainability Standards Board](#). In it we will be highlighting the importance of the “how” not simply the “what” of sustainability disclosures. Most of the SEC’s questions in the Request for Information are focused on the “how” not the “what” of climate disclosures.

SUMMARY OF VIEWS

The Request for Information includes 15 questions about what, if any, actions the SEC should take to improve climate change disclosures to update the SEC’s 2010 interpretive guidance on the topic, [*Commission Guidance Regarding Disclosure Related to Climate Change*](#). We respond to the specific questions set forth in the Request for Information in the section which follows. Below we summarize our views.

- *Broad Questions, Responses Are Path Dependent* – The questions in the RFI are quite broad and many are path dependent. As such, responses to each question may depend, for example, upon whether the SEC does rulemaking or delegates authority to an independent standard setter and where the information is located and therefore the degree it can be assured.
- *How vs. What* – Other than Question #2, the RFI consults on the “how” of establishing standard rather than the “what” of climate disclosures. As it relates to the “what” of climate disclosures we would note that we support disclosure of Scope 1 and 2 emissions and, as is the case with all risks, a sensitivity analysis – though we note sensitivity analysis is not done as it should be related to other risks in SEC documents.
- *Evolutionary vs. Revolutionary* – We believe the SEC must recognize that their approach must be evolutionary rather than revolutionary. Issuers and investors must recognize that the nature of the disclosures will evolve as information becomes available and investors learn the more specific nature of the risks, how to measure such risks and how to incorporate them more precisely in their investment decision-making.
- *Who & How Should Disclosure Requirements Be Set: Support Global Standards, But SEC Rulemaking is Necessary & Should Leverage Existing Work* – While we support global standards for accounting and sustainability standards, the reality is such that the establishment of a global standard setter such as the IFRS Sustainability Standards Board (IFRS SSB), the creation of global standards and the ability of the SEC to utilize them is limited by many factors, even more so than for financial reporting standards under IFRS. The SEC does not accept IFRS except for foreign filers, as such, accepting standards for IFRS sustainability standards seems fraught with hurdles. Practically speaking, we believe the SEC must proceed with its own rulemaking – while staying engaged in the international effort to enhance comparability – and leverage existing standards such as those developed by the SASB, TCFD and CDSB. We believe the SEC must undertake rulemaking akin to that for Market Risk Disclosures to include such information in periodic filings of issuers in the US. Over time, it may be appropriate to delegate such authority to a third-party standard setter.
- *Meaningful Discussion & Analysis* – Climate related disclosures cut across the current requirements in Regulation S-K. There is, or should be, a discussion of these issues in the sections on Risks, Critical Estimates, Description of the Business, Management Discussion & Analysis and in relevant Proxy materials. We always support sensitivity analysis and scenario testing, but we know from existing disclosures that risk disclosures broadly are generic, boilerplate, lack company specificity and, just as in the case of Critical Estimates, lack quantification and sensitivity analysis. Further, how all sorts of risks manifest in the Business Description and in the actual results are poorly articulated in that section and MD&A. For climate risk disclosures to be meaningful, the SEC will likely need to “up its game” on enforcement of existing requirements on Risks and Critical Estimates as what investors are seeking on sensitivity analysis related to climate risk is not different than what they have sought on other material risks and uncertainties.

That said, we think it may be best to commence with a section similar to that of Market Risk Disclosures – an element of MD&A disclosure – with a cross-reference to other sections. Though we believe the market risk disclosures, particularly the “sensitivity analysis” are too basic, the spirit of

what is intended by those disclosures is the most similar to what investors need for climate disclosures. Investors need a discussion of how the business creates or needs to address the risks, how they can measure and manage the risks, and how they are manifested in current and future operating results.

- *Financially Material* – We believe the SEC should focus only on financially value relevant information, not information for all stakeholders. Information for other stakeholders can be provided in documents outside the SEC’s purviews
- *Location of Disclosures: Support Filed Rather Than Furnished* – As the approach above would suggest, we support ESG and climate disclosure being filed rather than furnished. Without being filed, the quality of the information will not be sufficiently reliable for investors. s
- *Phased in Approach (Who & When)* – If disclosures are financially material, they should be required by all companies irrespective of size, but we would support a phased approach to develop market consensus on practices.
- *Minimum Standards Quickly Become Maximum Disclosures* – We don’t support minimum standards as they quickly become the maximum disclosures. We would support an evolutionary process, but disclosures must be meaningful with a path toward more complete disclosures.
- *Don’t Support a Comply & Explain Approach* – We don’t support a comply or explain approach as there is never any compliance nor any explanation. This is a false choice.
- *Enforcement* – We believe the SEC’s enforcement on climate disclosures should be no different than other information provided in the same venues.
- *Private vs. Public Companies* – We believe climate disclosures are value relevant to both private and public companies.
- *Level of Assurance Depends Upon Location, Investors Differ on Who Should be Responsible* – The level of “assurance”, as in audit assurance, depends upon location of the information. Investors differ on who should be responsible – not necessarily auditors – as they don’t have the necessary underlying functional expertise and they are traditionally opposed to providing assurance on forward-looking information.
- *Management Attestation Depends on Location & May Need to Be Evolutionary* – Management attestation (internal controls over financial reporting or disclosure controls and procedures) depends on location and may need to be evolutionary.
- *Governance & Compensation* – While we support management accountability and linkage of risk management to compensation, linkage to compensation may need to evolve based upon the evolution in the disclosures.
- *Industry Specific* – Investors always prefer industry specific guidance. Given the very different ways in which climate may impact companies, it seems preferable to develop industry specific standards. We support disclosure of common metrics across industries complemented by industry specific metrics.
- *ESG Risks More Broadly* – At a recent roundtable a participant noted that “ESG is not a stable molecule”, meaning that ESG risks are evolving and the need for rulemaking will not likely be once and done. We believe the SEC should focus on those disclosures that are financially value relevant not politically or socially motivated.

QUESTION RESPONSES

QUESTION #1 (DEVELOPMENT, MONITORING & LOCATION OF DISCLOSURES)

How can the Commission best regulate, monitor, review, and guide climate change disclosures in order to provide more consistent, comparable, and reliable information for investors while also providing greater clarity to registrants as to what is expected of them?

Where and how should such disclosures be provided? Should any such disclosures be included in annual reports, other periodic filings, or otherwise be furnished

- I. Regulating, Monitoring, Reviewing and Guiding Disclosures – Investors want useful climate and ESG disclosures that are relevant, reliable, consistent and comparable that facilitate investment decision-making. We believe the Commission should focus on requiring the disclosure of financially material ESG and climate data that investors are seeking to integrate as noted in the preceding section.
 - i. Start with Financially Material Disclosures – We believe by first requiring disclosure of financially material information, the SEC will be providing a great service to both the issuer and investor community (i.e., investors so that they can make more informed investment decisions and issuers so that they can focus their time and effort on the data that matters most to their performance) who both desire a consensus on ESG and climate data disclosure requirements.

We believe commencement should begin with financially material disclosures. This is not to say that investors do not care about values-based investing information. Some do, but commencing with financially value relevant information allows a foundation from which the SEC can commence without contest and issuers cannot dispute as important to investors. We recognize that other jurisdictions want additional information focused on civil society objectives and double materiality. Our approach is focused on being pragmatic and advancing the disclosure without having it stalled by the pursuit of perfection.

We welcomed Commissioner Lee’s clarifying comments on materiality in her recent speech, [Living in a Material World: Myths and Misconceptions about “Materiality.”](#)

- ii. Regulating: Leverage What Exists – In our continuing discussions with investors, we find that most are coalescing around the SASB and TCFD standards and guidelines as a starting point for climate disclosures. We believe, for the sake of time, that the SEC should leverage what exists. Again, not allowing perfection to be the enemy of getting started. We recognize all rule-making is evolutionary rather than revolutionary. Issuers and investors are on a journey to reach a consensus as to the most useful information. As such, we believe the SEC will need to require and review disclosures, provide individual feedback, identify best practices and suggest improvements as such disclosure standards need to evolve.

We recognize the IFRS Foundation’s efforts to stand-up a Sustainability Standards Board, but this will take time and we believe the SEC will be challenged to utilize IFRS sustainability standards when they do not accept IFRS accounting standards. We think it may be more pragmatic for the SEC to take its existing climate disclosure guidance, enhanced with the relevant elements of TCFD and SASB disclosures (by industry) and adding the authoritative regulatory requirement for such disclosures. We envision something akin, but more effectively enforced, to market risk disclosures.

We believe these disclosures cannot be solely principles based, voluntary and qualitative as this will be a recipe for boiler-plate useless disclosures. Our view is that the existing

standards must be utilized and be a combination of principles and rules-based standards that include some element of quantitative disclosures (e.g., emissions disclosures)

- iii. *Monitoring, Reviewing and Guiding* – We don't believe the SEC's monitoring, review or guiding of such climate disclosures should be any different than any other SEC disclosure requirement. That said, as we note above, issuers and investors are on a journey to reach a consensus as to more useful information. As such, we believe the SEC will need to review disclosures, provide individual feedback, identify best practices and suggest improvements as such disclosure standards will be developed.
2. *Location of Disclosures* – If climate effects are financially value relevant we don't view the disclosure location or liability should be any different than any other risk (e.g., market risk, interest rate risk, etc.) We believe climate disclosures – as with all relevant disclosures for investment decision-making – should be included in the same location as all other risk, and market risk, disclosures. They should be included in the applicable 33 Act (e.g., S-1) and 34 Act filings (e.g., Form 10-K).

We do not believe it is sufficient to include ESG and climate disclosures in separate sustainability reports – with no, or very limited, legal liability – or in Form 8-Ks that may be furnished rather than filed.

QUESTION #2 (QUANTIFICATION, MEASUREMENT & USE OF CLIMATE DISCLOSURES)

Quantification & Measurement –

What information related to climate risks can be quantified and measured?

How are markets currently using quantified information?

Are there specific metrics on which all registrants should report (such as, for example, scopes 1, 2, and 3 greenhouse gas emissions, and greenhouse gas reduction goals)?

What quantified and measured information or metrics should be disclosed because it may be material to an investment or voting decision?

Tiered & Phased Disclosures –

Should disclosures be tiered or scaled based on the size and/or type of registrant)? If so, how?

Should disclosures be phased in over time? If so, how?

Evaluating and Pricing Externalities – *How are markets evaluating and pricing externalities of contributions to climate change?*

Cost of Capital – *Do climate change related impacts affect the cost of capital, and if so, how and in what ways?*

Risks and Costs – *How have registrants or investors analyzed risks and costs associated with climate change?*

Scenarios – *What are registrants doing internally to evaluate or project climate scenarios, and what information from or about such internal evaluations should be disclosed to investors to inform investment and voting decisions?*

Carbon Markets – *How does the absence or presence of robust carbon markets impact firms' analysis of the risks and costs associated with climate change?*

1. **Quantification & Measurement** – Scope 1 and 2 emissions should be mandatory. Best practices are emerging on Scope 3 emissions from the few issuers that disclose such information. Scope 3 emissions could be part of the evolution of climate disclosures as standards emerge.

We believe that there is a balance to be achieved between standard emissions disclosures that are comparable across industries and disclosure within an industry or sector-based frameworks so that more detailed and meaningful comparisons can be made. For instance, the data that investors want/need around green-house gas emissions will be very different for an oil and gas company than it will be for a large financial institution that will be mostly concerned with Scope 1 and 2 emissions and tracking to what extent it finances carbon and carbon equivalent emitting projects. At the same time, care must be taken to not rely too heavily on a sector/industry model that looks to fit every company into a neatly defined category. Many companies operate in diverse business lines and defy easy classification. We encourage the Commission to coalesce around a series of disclosures that can be compared across industry (scope emissions, for example) as well as a complement of disclosures for sector specific data. Companies need the capacity to communicate their exposures and investors need the tools to engage with those companies and promote best practices. As such, we encourage a system that establishes disclosures for both overall emissions as well as more detailed sector data, while not stifling the ability to introduce resolutions that have the effect of increasing engagement.

2. *Tiered & Phased Disclosures* – As a matter of practice, we generally do not support tiered or phased disclosure compliance as we believe when we request disclosures they are material to investors – irrespective of the size of the organization being invested in – and that failure to provide such disclosures simply increases the equity risk premium investors must apply to the valuation of the organization.

That said, we recognize that a phased disclosure approach is taken for many accounting standards such that larger organizations with more significant resources can develop processes or best practices that smaller organizations can leverage. We also recognize that with respect to climate disclosures it may make sense to phase disclosure requirements by industry or sector for those with more significant exposures.

3. *Evaluating and Pricing Externalities* – As far as pricing the externalities of climate change, a carbon price would be most helpful in this endeavor. The climate initiatives already used in the [East](#) and [West](#) Coasts of the United States can be used as a model. Today about 20- 25% of global emissions are covered by some kind of carbon market, so it makes sense for all US states to fall under such a system – which will help properly price externalities and more efficiently allocate capital.
4. *Cost of Capital* – Climate related disclosures will impact the cost of capital. They already do⁸. However, without more precise information on climate change, the precision of the impact on the cost of capital is less refined. Coal companies around the world face a higher cost of capital because in many cases, banks will not lend to them due to regulation, societal pressures, or both. Carbon intensive industries will face higher costs of capital as the price of carbon increases (as is likely as more markets adopt carbon markets and perhaps even carbon border taxes). Companies with lower carbon intensity will face less carbon-based regulation compliance and “tax” due to prices on carbon.
5. *Risks and Costs* – Investors are increasingly including climate risk in the investment process as we note in our introduction. CFA Institute’s 2020 report, [Climate Change Analysis in the Investment Process](#), provides ten case studies illustrating how firms are integrating climate change analysis into the investment process.
6. *Scenarios* – Scenario analysis is a powerful tool to assess the potential future impacts of climate change. In the context of climate change, for example, an investor may wish to know the expected value of an asset or portfolio assuming a 1.5°C, 2.0°C, 2.5°C, or 3.0°C rise in average global temperatures by 2050. An analyst may use scenario analysis as a tool to better understand how a company in a climate-sensitive industry (e.g., oil and gas) might be affected by a diverse set of global regulations over the next ten years. Scenario analysis trains analysts to use their skills to

⁸ See articles at [Research Gate](#):

- Park, Jeong Hwan, and Jung Hee Noh. 2018. *Relationship between Climate Change Risk and Cost of Capital*. *Global Business & Finance Review* 23: 66–81.
- Chava, Sudheer. 2014. *Environmental Externalities and Cost of Capital*. *Management Science* 60: 2223–47.
- Li, Yongqing, Ian Eddie, and Jinghui Liu. 2014. *Carbon Emissions and the Cost of Capital: Australian Evidence*. *Review of Accounting and Finance* 13: 400–20.
- Pizzutilo, Fabio, Mariani, Massimo, Caragnano, Alessandra, and Zito, Marianna. 2020 *Dealing with Carbon Risk and the Cost of Debt: Evidence from the European Market*. *International Journal of Financial Studies*

envision a number of different possible futures for a company or a portfolio so that they can test the sensitivity of returns to a number of different assumptions about prominent risk factors.

Several scenario analysis tools exist, and we highlight two of the better-known ones here:

- *Paris Agreement Capital Transition Assessment (PACTA)* – PACTA’s open source resources aim to help financial institutions integrate climate objectives and risks into portfolio management. To date, more than 1,000 financial institutions have used the PACTA climate scenario analysis tool for listed equity and corporate bond portfolios, applying it on more than 7,000 portfolios.
- *Transition Pathway Initiative (TPI)* – TPI is a global initiative led by asset owners and supported by asset managers. Aimed at investors and free to use, it assesses companies’ preparedness for the transition to a low-carbon economy.

As we have seen with recent activist initiatives (e.g., Exxon), investors seek scenario analysis as it relates to climate change. This is understandable as there is no single right answer but a spectrum of possibilities. That said, investors have asked for scenario or sensitivity analysis related to a variety of risks and critical estimates. Few companies make such analysis on existing, well established risks with less measurement uncertainty. Even “sensitivity” analysis of market risk disclosures are not very useful to investors (i.e., one dimensional). As such, it may be challenging for the SEC to require companies to make climate change scenario disclosures without improved enforcement of existing scenario or sensitivity analysis. Further, without forward-looking protections it seems unlikely that issuers will provide the scenario analysis investors are seeking.

7. *Carbon Markets* – The lack of carbon markets limits an issuers’ ability to adequately price carbon into their scenario analysis exercises, as a market in carbon brings transparent price discovery and price expectations. The absence of such markets brings greater uncertainty into an issuers strategic planning. A carbon market that is liquid and allows efficient price discovery also benefits issuers, who will increasingly need a price on carbon and future price expectations to make fully informed strategic plans.

QUESTION #3 (DISCLOSURE STANDARD DEVELOPMENT & MINIMUM STANDARDS)

What are the advantages and disadvantages of permitting investors, registrants, and other industry participants to develop disclosure standards mutually agreed by them?

Should those standards satisfy minimum disclosure requirements established by the Commission? How should such a system work?

What minimum disclosure requirements should the Commission establish if it were to allow industry-led disclosure standards? What level of granularity should be used to define industries (e.g., two-digit SIC, four-digit SIC, etc.)?

1. Mutually Agreed Standards Between Stakeholders – An advantage of allowing investors, registrants, and other industry participants to develop disclosure standards mutually agreed by them is that a general consensus on what works and what doesn't can be worked out over time. That said, such a process can be disadvantageous to investors– as we see in the accounting standard setting process – as the process is very slow, very political and driven by registrants/issuers. Further, without recognition of such standard-setting by the SEC or a requirement for such information to be included in SEC filings, the information is not likely to be provided or when provided sufficiently reliable.
2. Minimum Disclosure Standards – We believe some of these standards can indeed be used by the Commission to form a foundation of disclosure. For example, in our conversations with investors about a project on materiality we are working on, both investors and issuers in Europe have come to a general consensus that SASB and TCFD are the standards most used to benchmark performance. These individuals and groups are quick to point out that such standards are not perfect and will need refining, but that each can set a good foundation to start from.

We worry, however, about the use of the term “minimum disclosure standards” because minimum disclosures quickly become maximum disclosures. We don't believe minimum standards should be established without an evolutionary approach being proposed. For example, the Commission could require disclosure on Scope 1, 2 and 3 emissions and emission equivalents (or Scope 1 and 2 to start, with Scope 3 coming in the near future) coupled with the foundational disclosures required by TCFD and climate related sector disclosures required by SASB.

3. Industry Led Standards & Granularity – We support industry specific standards, such as the SASB has proposed, and we are supportive of that level of granularity.

QUESTION #4 (INDUSTRY SPECIFIC STANDARDS)

What are the advantages and disadvantages of establishing different climate change reporting standards for different industries, such as the financial sector, oil and gas, transportation, etc.? How should any such industry-focused standards be developed and implemented?

Investors almost always prefer industry specific disclosures as they follow companies by industry and they make relative investment choices by industry. While accounting standards are not generally developed by industry, that is not because investors have not requested them. Rather, it has been a choice made by accounting standard setters. That said there are standards which are industry specific (e.g., insurance, investment companies, etc.) because they are so unique. There are also SEC industry specific disclosure requirements for certain industries (e.g., banks, insurance companies, oil & gas), so there is evidence of industry specific guidance in practice.

We believe that it makes sense to establish different climate change reporting standards for different industries as climate risks and opportunities will differ from industry to industry. It therefore makes sense to treat these industries differently. Further, standards such as SASB already take this into account as do data collectors such as [CDP](#) and data aggregators such as Bloomberg.

QUESTION #5 (USE OF EXISTING FRAMEWORKS)

What are the advantages and disadvantages of rules that incorporate or draw on existing frameworks, such as, for example, those developed by the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the Climate Disclosure Standards Board (CDSB)? Are there any specific frameworks that the Commission should consider? If so, which frameworks and why?

In our discussions with investors over the last few years, we find that more and more investors are coalescing around the SASB and TCFD standards because these standards tend to focus on information that is material to investors – and consistent with the investor mandate of the SEC. The advantage of such standards are that they are standards that investors and issuers are already familiar with, they have already gained a foothold in the industry and they condense the information needed to disclose to that which is material to investors.

The disadvantages of these standards are that they are already standards and may not cover areas the SEC wishes to explore. However, that need not be an impediment. The SEC could use such standards as a foundation and still require more or different disclosures that the Commission feels are important.

QUESTION #6***(STANDARDS DEVELOPMENT, MODIFICATION & DEVELOPMENT OVER TIME)***

How should any disclosure requirements be updated, improved, augmented, or otherwise changed over time?

Should the Commission itself carry out these tasks, or should it adopt or identify criteria for identifying other organization(s) to do so? If the latter, what organization(s) should be responsible for doing so, and what role should the Commission play in governance or funding?

Should the Commission designate a climate or ESG disclosure standard setter? If so, what should the characteristics of such a standard setter be? Is there an existing climate disclosure standard setter that the Commission should consider?

The SEC, if legally feasible, could delegate disclosure standard-setting to a third-party organization – as it has done on accounting standards (e.g., FASB). That said, there are improvements in governance of such organization which are necessary to ensure that investors interests are paramount in the standard-setting process. We have separately provided our views on the improvements needed in accounting standard-setting. It is also important that there be connection between accounting and sustainability standards – as in many cases the sustainability standards are a reflection that the accounting model has not kept pace (e.g., intangible assets, human capital, forward-looking information, and liability recognition on issues such as climate change) with economic value creation.

With the above said, the SEC must oversee such standard-setting and have rulemaking that specifies how such information should be incorporated into the US securities reporting framework. Without such a mechanism, issuers will not provide this information in a location or manner that ensures the information is relevant, reliable, and sufficiently comparable, and the process may not be independent. We do not believe it is sufficient for the SEC to “endorse” a standard setter without a formal incorporation mechanism, governance infrastructure and independent funding – as without such elements the standard setting will not necessarily serve investors in the manner intended.

In evaluating a standard setter for “endorsement” we believe it is important for the SEC to understand how the existing accounting infrastructure is complemented by such sustainability standards. For example, it would be unusual for the SEC to endorse the IFRS Sustainability Standard Board’s standards when IFRS accounting standards are not accepted for US registrants. Making this more challenging is that sustainability standards established the IFRS Foundation may look to the IASB and the IFRS conceptual framework. As such, its challenging to see how this will complement US GAAP – the basis for US registrant reporting – as its foundation is based upon a different conceptual framework.

Whatever approach the SEC takes, it is important to create a structure or approach that can evolve over time. For example, ten years ago, there was not the demand for climate related data that investors desire today. Presently, as we state elsewhere herein, we believe the best and most immediate way forward is SEC rulemaking.

QUESTION #7 (REGULATION TYPE & DISCLOSURE LOCATION)

What is the best approach for requiring climate-related disclosures? For example, should any such disclosures be incorporated into existing rules such as Regulation S-K or Regulation S-X, or should a new regulation devoted entirely to climate risks, opportunities, and impacts be promulgated? Should any such disclosures be filed with or furnished to the Commission?

As we note in our response to Question #1, we believe climate-related disclosures should be required in all 33 Act and 34 Act filings. They should be filed, not simply furnished, as this will enhance their quality (relevance and reliability) and comparability. We think a new rulemaking akin to, but more sufficiently enforced than for, market risk disclosures is necessary. Existing guidance related to risk disclosures or critical estimates – and even market risk disclosures – provide little quantitative disclosure. And scenario or sensitivity analysis is virtually entirely omitted, or lacks any meaningful dimensionality. Climate risk rulemaking needs to be written in a way that the discussion and measurement of other risks is also enhanced. Further, we believe such rulemaking needs to be a combination of principles and rules to enhance comparability and consistency. A principles only based disclosure regime is likely only going to produce qualitative boilerplate disclosures. It is our view that such climate change disclosures will eventually result in the need for measurement and financial statement recognition and as such they need to be written in a way that facilitates that ultimate reality.

QUESTION #8 (GOVERNANCE OF CLIMATE DISCLOSURES AND COMPENSATION LINK)

How, if at all, should registrants disclose their internal governance and oversight of climate-related issues? For example, what are the advantages and disadvantages of requiring disclosure concerning the connection between executive or employee compensation and climate change risks and impacts?

We find the TCFD model a good one to start with when seeking to understand how a company manages and seeks to mitigate climate risks. The TCFD model calls on companies to discuss how they govern climate risks and opportunities, their strategy around climate related risks and opportunities, how they identify, assess and manage these risks and opportunities and the metrics and targets they use when doing so. A number of companies have begun to report in this manner, with EFRAG putting out a report in 2020, [How to Improve Climate-Related Reporting](#), that highlights such examples. A tabular discussion of governance, strategy, risk management and metrics and targets would be useful.

As it relates to linking to executive and employee compensation, investors really need more information regarding governance, strategy, risk management and metrics and controllable targets before explicitly linking to executive and employee compensation. With such information, investors can begin to frame risks, exposures and necessary management actions from which linkage to compensation can evolve and be included in the CD&A portion of their annual AGM proxy.

QUESTION #9 (SINGLE-SET OF GLOBAL STANDARDS)

What are the advantages and disadvantages of developing a single set of global standards applicable to companies around the world, including registrants under the Commission’s rules, versus multiple standard setters and standards?

If there were to be a single standard setter and set of standards, which one should it be?

What are the advantages and disadvantages of establishing a minimum global set of standards as a baseline that individual jurisdictions could build on versus a comprehensive set of standards?

If there are multiple standard setters, how can standards be aligned to enhance comparability and reliability?

What should be the interaction between any global standard and Commission requirements?

If the Commission were to endorse or incorporate a global standard, what are the advantages and disadvantages of having mandatory compliance?

1. Advantages & Disadvantages of Single Standard Setter & Who Should Be Standard Setter – As we stated in our [comment letters to Accountancy Europe](#) and [to the IFRS Foundation](#), we support efforts to harmonize ESG disclosure standards, including those addressing climate, across the globe, as such harmonization would facilitate the work of both the companies who collect and publish such data, as well as the investors who use the data.

That said, CFA Institute supported the efforts to converge accounting standards from 2008 to approximately 2014, at which time convergence efforts were abandoned over the accounting for financial instruments. Since that time, we have seen a number of efforts to diverge, rather than converge, on accounting issues – such as those regarding the subsequent accounting for goodwill. While global convergence is a noble cause, such efforts are fragile and can be abandoned over specific accounting or disclosure issues given the political nature of standard setting; differing legal frameworks, securities and listing standards, and political systems; societal pressures; and a host of other factors.

Further, as we highlight in our comment letter to the IFRS Foundation, the “how” of global standards is important. In our comment letter we highlight the following issues:

- Governance: Mission, Structure, Expertise and Relationship to IASB
- The Role of Securities Regulators
- Subject Matter & Technical Expertise vs. Standard Setting Expertise
- Standards Development vs. Standards Adoption: Credibility & Legitimacy
- Board Composition
- Funding
- Audience for Standards: Investors, Stakeholders and Others
- Objective of Standards: Value vs. Values
- Location of Disclosure of Information Created by Standards
- SSB Impact on IASB
- SSB Impact on IASB (IFRS) Standards
- Due Process
- Conceptual Framework
- Utilization of Existing Frameworks
- Disclosures vs. Accounting
- Forward-Looking Information
- Materiality
- Assurance
- General Purpose vs. Industry Specific Standards
- Regional Influences & Regional Differences
- Investor Engagement & Influence

In the coming months we will be expanding on each of these, but our principal recommendation is that disclosures be focused on investors with a clear objective of the impact of climate on financial value creation.

One of our principal concerns in the standard-setting arena is the ability for investors to exercise their voice to influence outcomes. In the accounting standard setting arena, investors have become disenfranchised. As we do not want investors to lose their voice and influence in the sustainability standard setting process, we will support the standard setter – or regulator – who focuses on value-relevant information where investors’ voices are embraced.

Presently, we find that the SASB does the most effective job of incorporating investor feedback. In our discussions with global investors, they most often state their preference for SASB and TCFD standards, so we believe these standards may offer the best investor focused standards on climate and ESG risks and opportunities at this time. As noted elsewhere herein, however, any such standard will need to evolve and grow to meet the dynamic needs of investors. Also as noted elsewhere herein we are concerned that a framework tethered to IFRS – via the IFRS Foundation initiative – may not be perceived as globally suitable given the differing conceptual frameworks of US GAAP and IFRS.

2. *Minimum Standards* – We think a system based upon minimum standards is not beneficial to investors as minimum standards inevitably become the maximum disclosures. We believe the goal should be to develop standards that include all the information that is value relevant or that include a plan to evolve over time to all necessary disclosures.
3. *Multiple Standard Setters* – While this would not be the perfect solution, this is currently the case for accounting standards; so in a world debating what disclosures are “value-relevant” versus “values-relevant” as it relates to a broad array of ESG disclosures (e.g. climate, human capital, etc.), it seems inevitable that those with differing objectives on differing subjects will emerge.

However, we are not in favor of multiple standard setters competing to make value relevant disclosures on similar topics. We view this approach – as we do with accounting standards – as a race to the bottom. We believe the SEC should decide whether it will use its regulatory powers to mandate the disclosures or identify an independent standard setter that can fulfill this role. We believe that in the interest of time, the SEC may need to first develop a disclosure regulation and then seek convergence or transfer the role to an independent standard setter.

4. *Interaction Between Global Standard & Commission* – The Commission has previously navigated this issue with the requirement that domestic registrants file using US GAAP and the Commission accepting IFRS for foreign filers. While we think the SEC can be a major player in shaping the world order on ESG and climate disclosures, we also believe that the SEC needs to use its regulatory powers – as is being done in Europe – to more immediately and formally require disclosures.
5. *Mandatory Compliance* – We think compliance should be mandatory. Voluntary disclosure results in either no disclosure or “greenwashing” of disclosures included in documents that are neither filed nor furnished with the SEC. In the US where the largest shareholders are passive investors, investors have less influence to compel disclosures. It is only the largest investors or activist investors that can compel companies and their boards to act.

6. Overall – CFA Institute acknowledges that this is a very difficult question to answer. However, we encourage the SEC to work with other regulators and policymakers around the globe to help design regulations and standards that are as streamlined as possible to make the work of issuers and investors easier and so that the allocation of capital and investment decision making can happen with the least amount of friction and regulatory arbitrage possible.

QUESTION #10 (ENFORCEMENT & ASSURANCE)

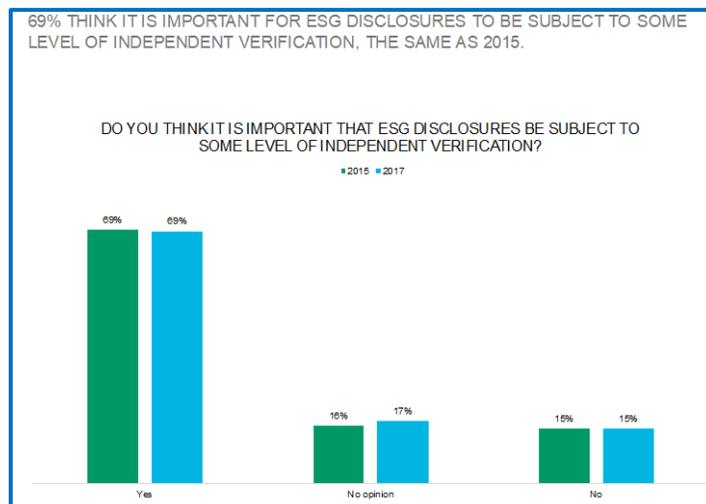
How should disclosures under any such standards be enforced or assessed?

For example, what are the advantages and disadvantages of making disclosures subject to audit or another form of assurance? If there is an audit or assurance process or requirement, what organization(s) should perform such tasks?

What relationship should the Commission or other existing bodies have to such tasks?

What assurance framework should the Commission consider requiring or permitting?

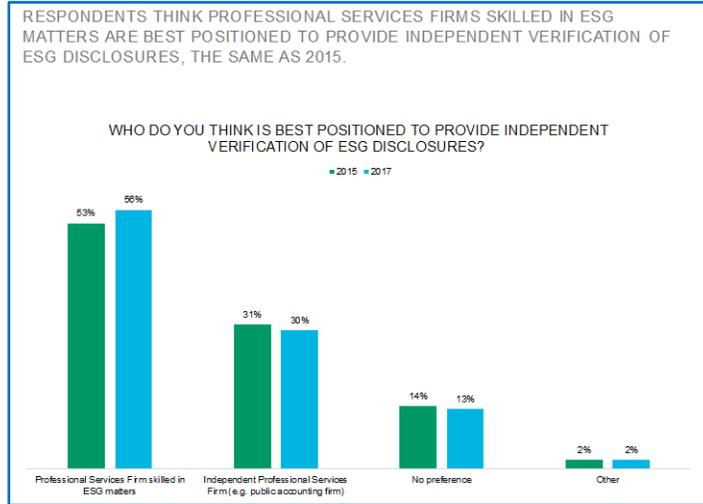
1. Enforcement or Assessment – We believe the SEC should be responsible for enforcement, or assessment, of climate disclosures in the same way it is for other information contained outside or within financial statements. However, in this regard, we note that while the SEC is currently responsible for the assessment and enforcement of risk disclosures, such efforts could be enhanced, as these disclosures are often generic and boilerplate in nature. And, despite the fact that quantification and sensitivity analyses are currently required for risk disclosures, such disclosures are often lacking. Accordingly, we would encourage the SEC to review its current approach to assessment and enforcement in these areas, with the goal of improving its overall process and considering how it might leverage such efforts toward any eventual additional climate disclosures.
2. Assurance/Audit & Related Framework –
 - a. Investor Views – CFA Institute last surveyed our members in 2017 concerning the questions around the assurance of ESG data.⁹ We noted the following:
 - i. Should Verification Be Done? – Sixty-nine percent of global respondents thought it was important that ESG disclosures be subject to some form of independent verification.



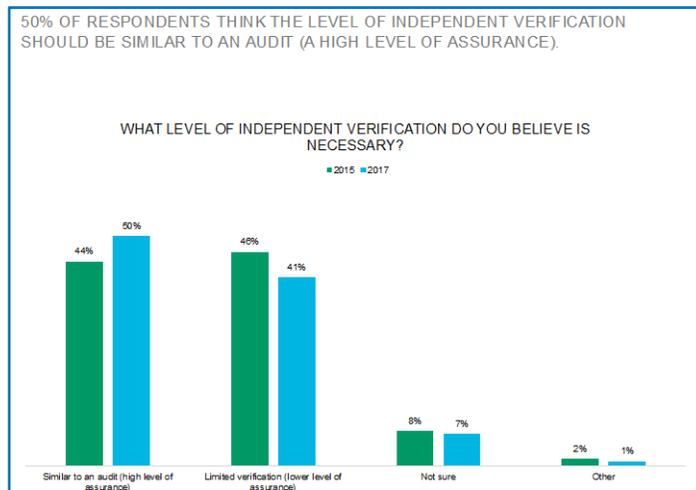
⁹ <https://www.cfainstitute.org/-/media/documents/survey/esg-survey-report-2017.ashx>



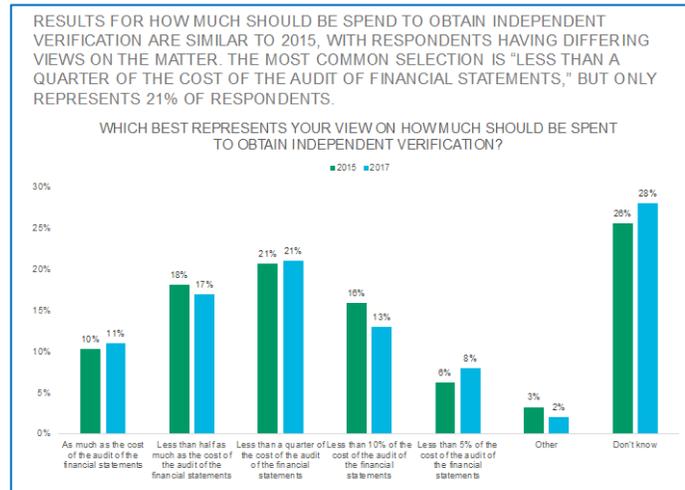
- ii. Who Should Perform Verification? – Fifty-six percent of global respondents felt that a professional service firms skilled in ESG matters were best position to verify such disclosures, while 30 percent thought that public accounting firms were best positioned to do such work.



- iii. What Level of Verification? – Fifty percent of global respondents felt that the level of verification for this ESG data should be at a similar level to an audit while about 41 percent thought that a limited audit would be sufficient.



- iv. *How Much Should it Cost?* – When asked how much should be spent on such an audit, 21 percent said, less than a quarter of the cost of a traditional audit of financial statements with about 17 percent saying that costs should be less than half of such an audit. Only about 11 percent thought the cost should be about the same as a traditional audit.



b. *Challenges to Verification* –

- i. *Disclosure Standards* – In the current landscape, it is difficult to provide assurance on climate and ESG data as much of this data is sporadically collected and not often presented based upon recognized standards or in a comparable manner, which makes assurance, let alone the usefulness of such data, suspect in many cases. While this landscape is evolving with standards such as the SASB and TCFD, along with current and pending regulation by the European Commission, there is still a long way to go. In developing its own disclosure standards and framework, the SEC would need to take into consideration these challenges to verification.
- ii. *Auditors Not Necessarily Most Qualified: Too Forward Looking* – While we recognize that the accounting and audit profession identifies assurance of sustainability disclosures as a business opportunity, investors – as noted above – are not sure they are best qualified to provide such assurance. Auditors are able to provide attestation and assurance over accounting information because such information forms the basis of their foundational and functional skills (i.e., accounting is the underlying expertise necessary). ESG information is different in that it is not typically based on accounting information – but rather climate science, human capital and other areas of expertise – and such information can be more forward-looking than auditors are traditionally comfortable assuring. We are concerned that the necessary subject matter expertise for providing assurance (e.g., knowledge of climate or human capital issues) does not reside with those in the accounting and auditing profession. We also know from past experience that accountants and auditors are not comfortable with forward-looking information as at every turn, investors are denied forward-looking information from financial statements and disclosures in other parts of SEC filing or registration documents. Accordingly, we are not convinced that auditors are best placed to provide such assurance, and whether their traditional focus on historical information will limit the usefulness of their assurance.

- iii. Location & Disclosure of Assurance – As an investor organization, it is also important to know the location of the disclosures, as this will drive the degree of assurance and the disclosure of the nature of the assurance. Disclosures made outside the financial statements are not likely to be audited and thus no disclosure regarding the level of attestation will be provided. Investors will be looking for both assurance as well as a specific articulation of the level of assurance provided.
 - c. SEC's Role – Without knowing the nature of the information to be provided or its location, it is challenging to know what the SEC should call for. At a minimum it should be consistent with other information provided in the documents filed with the Commission. That said, investors would like to know that the information is subject to a minimum level of assurance and verification.
 3. Relationship to Existing Bodies – It is not precisely clear what is meant by relationship to existing bodies. Does this refer to those who should be setting standards (e.g., SASB), those setting assurance standards (e.g., PCAOB), or those enforcing the standards (e.g., SEC)?

Our comments relative to setting standards are noted above in our response to Question #9. As it relates to assurance over the standards, we note that the PCAOB's charge is overseeing the accounting and auditing firms, and if they do not provide assurance – for the reasons noted above – then another regulatory body may need to be established to provide the appropriate assurance standards and oversight of assurance providers.

QUESTION #11 (RELIABILITY & DISCLOSURE CONTROLS)

Should the Commission consider other measures to ensure the reliability of climate-related disclosures?

Should the Commission, for example, consider whether management’s annual report on internal control over financial reporting and related requirements should be updated to ensure sufficient analysis of controls around climate reporting?

Should the Commission consider requiring a certification by the CEO, CFO, or other corporate officer relating to climate disclosures?

We believe that the answer to this question ultimately depends on where climate-related disclosures are provided. If disclosures are to be provided within the financial statements themselves, then it would be appropriate to update management’s assessment of internal controls over financial reporting to ensure sufficient analysis of internal controls over such disclosure. If, on the other hand, climate disclosures are to be provided in documents filed with the SEC (e.g., Forms 10K, 10Q, 8K, and 6K), but outside the financial statements, their reliability would fall under a company’s disclosure controls and procedures.

We recommend that initially, climate disclosures should be provided within the filings, but outside the financial statements, as we believe that it will be difficult for auditors to render an opinion on such disclosures.

We would also suggest, as noted above in our response to Question #10, that the SEC adopt an incremental approach to the scope and level of certification required for climate disclosures, as we believe it may take companies some time to develop and refine their disclosures before providing specific certification on them.

QUESTION #12 (COMPLY OR EXPLAIN)

What are the advantages and disadvantages of a “comply or explain” framework for climate change that would permit registrants to either comply with, or if they do not comply, explain why they have not complied with the disclosure rules?

How should this work? Should “comply or explain” apply to all climate change disclosures or just select ones, and why?

We never support a “comply or explain” disclosure regime as issuers never comply and they never explain. Generally, the assessment of an item being material is never fully made under such a regime and the explanation is highly generic. It is our long-standing view that what gets disclosed gets measured.

QUESTION #13 (MEANINGFUL DISCUSSION & DISCLOSURE OF RESULTS)

How should the Commission craft rules that elicit meaningful discussion of the registrant’s views on its climate-related risks and opportunities?

What are the advantages and disadvantages of requiring disclosed metrics to be accompanied with a sustainability disclosure and analysis section similar to the current Management’s Discussion and Analysis of Financial Condition and Results of Operations?

Climate related disclosures cut across the current requirements in Regulation S-K. There is, or should be, a discussion of these issues in the sections on Risks, Critical Estimates, Description of the Business, Management Discussion & Analysis and in relevant Proxy materials. What we know from existing disclosures is that the risk disclosures are generic, boilerplate, lack company specificity and, just as in the case of Critical Estimates, lack quantification and sensitivity analysis. Further, how the risks manifest in the Business Description and in the actual results are poorly articulated in that section and MD&A. For that reason, we think it may be best to commence with a section similar to the Market Risk Disclosures – an element of MD&A disclosure – with a cross-reference to other sections. Though we believe the market risk disclosures, particularly the “sensitivity analysis” are too basic, the spirit of what is intended by those disclosures is the most similar to what investors need for climate disclosures. Investors need a discussion of how the business manifests or needs to address the risks, how they can measure and manage the risks, and how they are manifested in current and future operating results.

Here we believe the [TCFD framework](#) provides a good foundation for disclosure in this area. Any such disclosure should focus on the four areas of disclosure asked for by the TCFD standards: governance, strategy, risk management, and metrics and targets. (See illustration to right). Such a framework would go a long way towards giving investors the climate-related risk and opportunity information they need to make informed investment decisions.



At the same time, we note that the TCFD is largely focused on governance, strategy, and process. While it recommends the disclosure of certain metrics, and some of these do include standard metrics such as greenhouse-gas emissions, a big part of the focus is on entity-specific measurements. We believe the SEC should consider adding on to this framework by requiring more standardized metrics (tailored by industry) so as to facilitate comparison across companies.

QUESTION #14 (PRIVATE COMPANIES)

What climate-related information is available with respect to private companies, and how should the Commission’s rules address private companies’ climate disclosures, such as through exempt offerings, or its oversight of certain investment advisers and funds?

This is an excellent question and an important consideration in the balance of disclosures between public and private companies and the differential disclosure regime applied to public companies when exposed to risks affecting all companies seeking capital. The size of the entity or the public vs. private capital structure does not alter the relevance of the information to investors. This is why CFA Institute has long advocated to the Financial Accounting Foundation against separate private company standards. Many believe private companies are small and cannot afford the burden of the disclosures. While this may sometimes be true, there are also many large privately held companies. Further, risks

do not discriminate by size of organization or by the method by which an entity structures their capital. Investors deploying capital want value relevant disclosures for both private and public companies. Investors want to understand value-relevant risks and price them appropriately. As such, we generally do not support a different disclosure regime for private and public companies. Investors who cannot obtain necessary value relevant information will simply increase their equity risk premium when investing in that entity.

That said, we recognize the SEC’s disclosure powers apply only to public companies or others subject to SEC disclosure regimes such as investment advisers and funds and exempt offerings. Thus, we believe that in order to make progress on this important initiative, the SEC should start with rulemaking for public companies and wherever else it has jurisdiction. Once this rulemaking is established, the SEC – and other governmental organizations (e.g., the EPA) can consider how to best extend its framework to private companies.

QUESTION #15 (ESG ISSUES BROADER THAN CLIMATE)

In addition to climate-related disclosure, the staff is evaluating a range of disclosure issues under the heading of environmental, social, and governance, or ESG, matters.

Should climate-related requirements be one component of a broader ESG disclosure framework?

How should the Commission craft climate-related disclosure requirements that would complement a broader ESG disclosure standard?

How do climate-related disclosure issues relate to the broader spectrum of ESG disclosure issues?

CFA Institute believes that the Commission should treat climate-related requirements as one component of a broader ESG disclosure framework. Although there is a great deal of attention paid to climate disclosures, investors around the world are increasingly tracking and engaging with companies on a diverse set of ESG issues. As a participant in a recent CFA Institute roundtable noted, “ESG is not a stable molecule” meaning that issues continue to be added and the term is not necessarily consistently used between stakeholders. The list of risks labeled as ESG can be seemingly endless and not necessarily value relevant. Standard setters such as SASB have sought to identify those that are material and valuer relevant to investors by industry. GRI has included a host of other ESG factors which may be values relevant. We believe the Commission cannot undertake all of these issues simultaneously and should commence with climate and human capital issues using the work of established standard setters. We believe the merger of the International Integrated Reporting Council (IIRC) and the SASB into the Value Reporting Framework (VRF) presents an interesting conceptual foundation as it seeks to merge the framework of “capitals” and value creation with the sustainability factors by industry set forth in the SASB framework. Such framework is a useful one in understanding how a business generates value and what disclosures are necessary. CFA Institute believes the existing section-by-section disclosures required by Reg S-K would be more valuable to investors if reorganized around the capitals and the value generating process of the VRF, formerly the IIRC.

In our mind the focus of climate and other ESG factors – and the broader ESG disclosure framework – needs to be on their impact to risks and the value of the enterprise making the disclosures. A fundamental concern with the existing SEC disclosure regime is that risk disclosures are incomplete and their connection to the business including recognition and measurement in the financial statements is incomplete. Investors are working with a 19th century manufacturing accounting model in a 21st century service-oriented, global, intangibles-based economy that makes it challenging to factor the emerging risks into a recognition and measurement mechanism within financial statements that is



value relevant. Our view is that the accounting model does not provide a suitable framework for the information investors need.

Thank you for your consideration of our views and perspectives. If you have any questions or seek further elaboration of our views, please contact Sandra J. Peters at sandra.peters@cfainstitute.org or Matt O. Orsagh at matt.orsagh@cfainstitute.org.

Sincerely,

/s/ Sandra J. Peters

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CC: Commissioner Hester Peirce
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Commissioner Caroline Crenshaw
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