ESG Daily, ESG NEWS—8th Cir.: Consolidated challenges to climate disclosure rules held in abeyance, (Apr 25, 2025)

By Rebecca E. Hoffman, J.D.

The court ordered the SEC to file a status report on its next steps regarding these rules.

The Eighth Circuit April 24 granted a motion to hold in abeyance consolidated cases challenging the SEC's climate disclosure rules. The cases will be held in abeyance indefinitely, and meanwhile, the court asked the SEC to report on whether it will review or reconsider the rules, given its withdrawal of support for them (Iowa v. SEC, No. 24-1522 (8th Cir. Apr. 24, 2025)).

The rules, "The Enhancement and Standardization of Climate-Related Disclosures for Investors," adopted in March 2024, require registrants to disclose information about climate-related risks. The rules were stayed pending the consolidated challenges. The SEC told the court on March 27 that "'it wishe[d] to withdraw its defense of the Rules' and that 'Commission counsel is no longer authorized to advance the arguments presented in the Commission's response brief.'"

Motion and responses. On April 4, 2025, a group of 18 intervenor-respondent states, plus the District of Columbia, moved to hold the cases in abeyance, arguing that the court should not expend any resources on the matter until the SEC reveals whether it will amend or rescind the regulations. An abeyance would provide an opportunity for the Commission to determine its course of action, the intervenors argued, since the Commission seems to have changed its position. They observed that "federal agencies routinely request, and routinely receive, abeyances to accommodate changes in policy due to a change in administration, even after cases have been fully briefed and argued." It would be a waste of the court's time and resources to hold oral argument and then decide to uphold the rules, only for the agency to rescind them.

Twenty-five states, joined by other petitioners, opposed the abeyance motion April 14, stating that the court was in a position to set the consolidated cases for argument and submission or to submit the case for decision in an appropriate and timely manner. The intervenors replied April 21, restating that the petitions for review should be held in abeyance until the SEC clarifies how it intends to proceed.

The court's order directs the SEC to submit a status report within 90 days. "If the Commission has determined to take no action, then the status report should address whether the Commission will adhere to the rules if the petitions for review are denied," the court instructed, "and, if not, why the Commission will not review or reconsider the rules at this time."

The case is No. 24-1522.

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