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CLIMATE CHANGE DISCLOSURES

From the Desk of
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Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
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Dear Commission:

Climate change disclosures can most adequately inform investors about material risks, uncertainties, impacts and opportunities, and can achieve greatest consistency by applying the principles under FASB ASC 401 Asset Retirement and Environmental Obligations and ASC 450 Loss Contingencies.

The Commission can best regulate, monitor, review, and guide climate change disclosures for obligations and contingencies impacting a registrant's earnings, growth and continuation as a going concern by using the existing framework of the FASB accounting standards to craft rules that elicit meaningful discussion of the registrant's views on its climate-related risks and opportunities in order to promulgate climate-related disclosures and any range of disclosure issues under the heading of environmental, social, and governance, or ESG with disclosed metrics being accompanied with sustainability disclosures and analysis in the Management's Discussion and Analysis of Financial Condition and Results of Operations. Disclosures should be intended to enable users to understand the nature, potential magnitude, and potential timing (if known) of loss contingencies. Criterion for recognition of a loss contingency is met when a fair value range of loss can be reasonably timed and estimated.

The existing accounting standards and industry applications can be used for and not limited to:

- Minimum disclosure requirements
- Consistent application
- Industry-focused standards and level of granularity
- Best approach for requiring climate change risk and impact related disclosures
- A single set of standards disclosing material liabilities
- Proper application of a "comply or explain" framework

Registrants and investors can analyze risks and costs associated with climate change including cost of capital by quantifying and measuring energy expenses and other commodity costs and creating contingencies for possible fluctuations in cost due to unusual and infrequent weather events or changes in legislation.

Internally registrants are modeling and projecting such different scenarios in order to reasonably estimate the timing and magnitude of a loss and to recognize liabilities that are more likely than not to occur that results from the normal operation of a long-lived asset and that are associated with the retirement of that asset. Obligations resulting from improper operations do not represent costs that are an integral part of the tangible long-lived asset and therefore are not accounted for as part of the cost basis of the asset. However, obligations and information from or about such internal evaluations should be disclosed to investors and audited to the extent that it reduces risk of material misstatement to the financial statements due to fraud or error.

Disclosures requirements should be updated, improved, augmented, or otherwise changed over time to include updates to the existing standards codification as recommended by the FASB such as disclosures for cost estimation calculations and disclosure over advisory services received from engineers and scientist in order to determine any estimates.

Registrants should disclose their internal governance and oversight of climate-related issues and provide analysis of controls around climate reporting in management's annual report on internal control over financial reporting to the extent that it represent a material risk to the control environment over financial reporting or disclosures.

The absence of robust carbon markets in the USA impact firms' analysis of the risks and costs associated with climate change by forcing registrants to conduct individual and industry specific analysis to reduce emissions and energy cost in order to maximize profitability as opposed to seeking rents and windfalls from the purchase of the lowest cost generated offset commodities and dumping them into a faux speculative secondary market or buying credits from forest that were never planned for timber in order to offset private jet flights.

The role of the Commission in governance of inclusion of statements that cannot be attested should be to discourage the inclusion of subjective analysis and data dumps in integrated reports that do not provide utility to investors, do not have a substantial likelihood that a reasonable investor would consider important in deciding how to vote or make investment decision and that distract from material issues effecting the registrant's results and to sanction registrants making unsubstantiated statements effecting results that may be implied by voluntary disclosures.

The Commission's rules should address climate disclosures through oversight of certain investment advisers, funds and ratings agencies providing subjective analysis that does not materially impact the registrant's business and operations including: personnel, physical assets, supply chain or distribution chain. Furthermore, the Commission should investigate the justification for such high management fees from ESG funds.

Metrics and disclosures that do not impact performance should still have a forum for voluntary disclosure that is independently verified, but it should not be through SEC filings. Collecting and storing data across an open source distributed ledger would reduce the need for intermediaries and the reliance on subjective analysis performed by regulators or ratings agencies. A system of zero-knowledge proof could be used in order for registrants to verify results and compliance without having to publicly disclose information that may expose key competitive knowledge of operations and strategy. Distributed ledger technology could also be used to provide objective interpretive guidance that analyzes the risk to financial returns to things such as reliance on the price of energy or similar commodity types which may be affected by unusual and infrequent weather events such as experienced in the winter of 2021 in the state of Texas or changes in legislation.

The Commission would better serve the general retail investing public by providing clearer and more precise guidance, education and open disclosure to include detailed justification and analysis regarding the determinations made to classify the initial coin offering of certain crypto assets as a security or not a security. In addition the Commission should focus on greater advocacy and education for reporting and disclosure of derivative investments and deferred revenue liabilities that are rehypothecated to a registrant's related party such as a minority interest or variable interest entities and acquisitions through special purpose companies.

The Commission would best serve the public with any emission reduction goals by not opining on whether the world's climate is changing, at what pace it might be changing, or due to what causes and by advising and lobbying the US Congress to provide the same capital gains reinvestment tax treatment that are granted to qualified opportunity funds gentrifying neighborhoods to ESG funds developing renewable energy infrastructure in order to engage investment from newly minted crypto millionaires.

Respectfully Yours,

Old Man Millennial

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