From: the hervert's pc [redacted]
Sent: Saturday, June 04, 2022 12:19 PM
To: Comments
Subject: [EXTERNAL MESSAGE] [redacted] Climate change regulation of banks.

Dear Sirs,

I oppose efforts to redefine the purpose of business in the name of social justice; corporate social responsibility (CSR); environmental, social, and governance (ESG) criteria; socially responsible investing (SRI); sustainability; diversity; business ethics; or common-good capitalism. The purpose of business enterprises should be determined privately. Regulatory standards should remain on what investors need to know to meet their financial, economic, or pecuniary objectives, not the preferred political or social objectives of a regulator, proxy advisory firm, investment advisers, or fiduciary. We should concur with Supreme Court holdings on the issue and should specifically exclude social and political objectives unrelated to investors' financial, economic, or pecuniary objectives. Bank regulatory agencies need to banks have a duty financial, economic, or pecuniary interest of shareholders and not in furtherance of some's preferred social or political objectives. Banking regulators should not be considering social or political objectives, including climate change, in the supervision and examination of banks or credit unions regarding assets rating, capital adequacy, reputational risk, lending limits, "prudential" standards, and financial stability. Policymakers should oppose efforts to allocate capital or credit based on political or social objectives, including climate-change objectives. They should oppose efforts to establish a National Climate Bank or a Clean Energy and Sustainability Accelerator.

The Biden Administration through the banking regulators are actively seeking to fight climate change through financial regulation. The types of regulations that officials are discussing can be expected to raise costs to both consumers and businesses, create barriers to entry that help large incumbent firms by reducing competition, reduce the productivity and competitiveness of U.S. employers, harm wages, and have other adverse social consequences. As a strategy to mitigate climate change, such types of financial regulations—including new taxes, disclosure requirements, and other capital market regulation—are poorly conceived, as they will have virtually no impact on climate change. They are primarily about virtue signaling, creating political pressure on companies to further progressive political and social goals, and the ability to grant regulatory favor to politically connected businesses. The existing regulatory framework is highly flawed, and it gives federal financial regulators multiple avenues for imposing climate-related regulations, even though they will likely be based on highly imprecise metrics and ill-defined concepts.

Given the enormous uncertainties surrounding climate-change predictions and the tenuous connection between financial disclosure and, for example, emissions, regulations based on such estimates are unlikely to affect the climate—but are certain to have an adverse impact on the economy. Of course, there can be little doubt that these regulations will result in an army of well-paid consultants, lawyers, and accountants who will provide compliance advice, and that those living off this compliance ecosystem will become effective lobbyists for maintenance of the system. A much better approach is to allow companies to gauge their own risks without new government mandates, and to determine which of their risks are material to investors. The government should not be in the business of allocating credit to politically favored interests, and regulatory agencies should not have the enormous level of discretion that they currently do.

C. A. Hervert
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