

May 25, 2022
Securities and Exchange Commission
c/o Vanessa A. Countryman, Secretary
100 F Street NE
Washington, DC 20549-109

Re: File No. S7-10-22

To Whom It May Concern:

Chartered Professional Accountants of Canada (CPA Canada) appreciates the opportunity to comment on the proposal by the U.S. Securities and Exchange Commission (the Commission or SEC) for the enhancement and standardization of climate-related disclosures for investors.

CPA Canada is one of the largest national accounting organizations in the world, representing more than 220,000 members. CPA Canada supports the setting of accounting, auditing and assurance standards for businesses, not-for-profit organizations, and government, and also conducts research into current and emerging business issues. We have conducted extensive research on sustainability and climate-related reporting trends, practices, and challenges, and issued many resources on these topics.¹

CPA Canada is also part of group known as the Canadian Champions for Global Sustainability Standards, a coalition of organizations from the private and public sector that supported the bid to host the International Sustainability Standards Board (ISSB) in Canada. This new board established by the IFRS Foundation is tasked with developing a comprehensive baseline of sustainability standards for global use by investors. As clear recognition of Canada's expertise and leadership in the areas of standards development and sustainability, the IFRS Foundation has selected Montreal, Canada as one of the centres that will host key functions on behalf of the ISSB.

We support efforts by the Commission to introduce new disclosure requirements to meet investors' growing demands for enhanced climate-related information. However, it is important that in finalizing its new disclosure requirements, the Commission considers the needs of both investors and issuers participating in markets on a global scale. The Commission's proposals are of particular interest in Canada given the interdependencies between the U.S. and Canadian markets.

¹ CPA Canada's sustainability-related resources can be accessed at: [Sustainability for the future](#)



The burden of potentially differing climate and sustainability reporting requirements is emerging as a key concern among stakeholders around the world. For example, we note that the ISSB, EU and SEC all published their climate disclosure proposals around the same time. There is a need for regulators in all jurisdictions to coordinate legislation to the greatest extent possible. We are pleased to see that the SEC is part of an international consultative group established by the ISSB looking at compatibility of jurisdictional initiatives on climate-related disclosure. We believe investors would be well-served by globally aligned sustainability disclosures.

Our response is focused on the following two questions specific to foreign-private issuers:

Question 181 regarding allowing issuers qualified for MJDS to comply with Canadian climate-related disclosure requirements

Question 189 regarding allowing foreign private issuers (FPIs) and other issuers to use criteria developed by a global sustainability standards body, such as the ISSB

Multijurisdictional Disclosure System (MJDS)

We support the SEC's proposal to not amend Form 40-F. The Commission should permit MJDS-qualified issuers to comply with Canadian climate-related disclosure requirements instead of the Commission's proposed rules. There are a number of large Canadian issuers inter-listed on U.S. exchanges. There would be significant costs and confusion in the Canadian marketplace resulting from compliance with dual reporting requirements on climate change.

We are confident that investors relying on Canadian requirements will receive robust, comparable, and timely climate-related information that is on par with evolving global expectations. Canadian securities regulation is well-established, rigorous, and internationally respected, with the Canadian securities regulators being active members of the International Organization of Securities Commissions (IOSCO). In addition to a strong foundational oversight regime, the CSA has a history of focusing on climate-related and broader sustainability disclosures through the conduct of targeted reviews, the issuance of guidance on existing requirements, and consistent monitoring of evolving expectations in these areas.²

Building on its earlier work, in October 2021, the CSA issued new proposed disclosure requirements for climate-related matters (Proposed Canadian Regulation).³ Like the proposals issued by the

² [CSA Staff Notice 51-333 Environmental Reporting Guidance](#) (October 2010), [CSA Staff Notice 51-354 Report on Climate change-related Disclosure Project](#) (April 2018), [CSA Staff Notice 51-358 Reporting of Climate Change-related Risks](#) (August 2019), [CSA Staff Notice 81-334 ESG-Related Investment Fund Disclosure](#) (January 2022)

³ [Notice and Request for Comment on Proposed National Instrument 51-107 Disclosure of Climate-related Matters](#)



Commission and the ISSB⁴, the Proposed Canadian Regulation is modeled on the Task Force on Climate-related Financial Disclosures (TCFD) framework. The CSA has indicated that it strongly supports the establishment of the ISSB.⁵ We also expect the SEC proposals will be considered as the CSA continues its work on the Proposed Canadian Regulation.

MJDS was adopted 30 years ago to reduce the barriers to cross-border financings for Canadian and U.S. issuers and this well-functioning system should not be altered for climate-related disclosures that are likely to be subject to similar requirements in both Canada and the U.S.

International Sustainability Standards

We expect that over time Canadian climate disclosure requirements and those around the world will gravitate towards the use of ISSB standards. As a result, we believe that the SEC should allow FPIs to provide climate-related reporting based on standards developed by the ISSB.

The IFRS Foundation has received strong support for the establishment of the ISSB, including from IOSCO. Sustainability standards will be developed by the ISSB through a well-established, consultative, and rigorous process resulting in high-quality, credible standards that are positioned to be widely accepted and meet investors' information needs. The ISSB has also clearly demonstrated that it will work with urgency to develop and finalize these new standards. We also highlight that allowing FPIs to use sustainability standards issued by the ISSB would be consistent with the Commission's current approach of permitting some issuers to comply with International Financial Reporting Standards.

Thank you for the opportunity to comment on this proposal. We would be pleased to share further insights and answer any questions you may have. Please contact Rosemary McGuire, Director, Research, Guidance and Support (rmcguire@cpacanada.ca).

Yours truly,

A handwritten signature in black ink, appearing to read "Pamela Steer".

Pamela Steer, FCPA, CPA
President & CEO

⁴ [IFRS - ISSB delivers proposals that create comprehensive global baseline of sustainability disclosures](#)

⁵ [Canadian securities regulators strongly support the establishment of the International Sustainability Standards Board in Canada](#)



Appendix – SEC Consultation Questions

Question 181

We have not proposed to amend Form 40-F, the Exchange Act form used by a Canadian issuer eligible to report under the Multijurisdictional Disclosure System (“MJDS”) to register securities or to file its annual report under the Exchange Act, to include the proposed climate-related disclosure requirements. Should we require a Form 40-F issuer to comply with the Commission’s proposed climate-related disclosure requirements? Should we permit a MJDS issuer to comply with Canadian climate-related disclosure requirements instead of the proposed rules if they meet certain conditions or provide certain additional disclosures and, if so, which conditions or disclosures?

Question 189

An International Sustainability Standards Board (ISSB) has recently been created, which is expected to issue global sustainability standards, including climate-related disclosure standards. If we adopt an alternative reporting provision, should that provision be structured to encompass reports made pursuant to criteria developed by a global sustainability standards body, such as the ISSB? If so, should such alternative reporting be limited to foreign private issuers, or should we extend this option to all registrants? What conditions, if any, should we place on a registrant’s use of alternative reporting provisions based on the ISSB or a similar body?