BOK FINANCIAL

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Subject: The Enhancement and Standardization of Climate-Related Disclosures for Investors
File No. S7-10-22
Via email to: https://www.sec.gov/rules/submitcomments.htm

SEC Commissioners, Staff, and Stakeholders:

BOK Financial Corporation ("BOKF") is pleased to provide comments on the SEC's proposed rule on climate-related disclosures. BOKF is a diversified financial holding company with total assets of approximately $49 billion. The company is headquartered in Tulsa, Oklahoma and primarily operates in the south-central region of the United States. BOKF has long-specialized in providing financial services to the domestic energy industry.

We largely support the Securities and Exchange Commission ("SEC") initiative to improve climate-related disclosures. We acknowledge that climate change is an emerging threat to financial stability that is already imposing significant costs on the public. We also acknowledge the importance of consistent, comparable, and decision-useful disclosures in aiding investor's ability to evaluate how companies are responding to this threat.

However, the detailed, prescriptive rules provided by this proposal are misplaced and go far beyond needs of a reasonable financial investor. Compliance with these rules as proposed will be difficult and require significant additional costs to many registrants, will provide little additional decision-useful information to most investors, and may have significant unintended consequences. We offer the following recommendations to provide meaningful climate-related financial disclosures to the broadest range of financial investors.

1. The new Subpart 1500 of Regulation S-K should focus on principles that require scalable disclosures of climate-related financial risks that are relevant to a registrant's business.

We generally support the Content of Proposed Disclosures that require registrants to disclose information about:

- Oversight and governance of climate-related risks identified by the registrant's board and management
- How climate-related risks have had or are likely to have a material impact on the registrant's business or consolidated financial statements over the short-, medium-, or long-term

- How any identified climate-related risks have affected or are likely to affect the registrant's strategy, business model, and outlook
- The registrant's processes for identifying, assessing, and managing climate-related risks
- The impact of climate-related events and transition activities on the registrant's consolidated financial statements.

These disclosures should focus on the material financial impacts of climate-related based on principles that are already well-established in existing SEC regulations and related interpretations and precedents. These principles include, but are not limited to, latitude for boards of directors and management to determine which risks are considered material similar to segment reporting disclosures and a definition of materiality based broadly on the perspective of financial investors.

Greenhouse Gas ("GHG") emission disclosures should not be required by Regulation S-K, Subpart 1500. As noted by the Financial Stability Oversight Council Report on Climate-Related Financial Risk (2021), the U.S. Environment Protection Agency ("EPA") Greenhous Gas Reporting Program already accumulates and reports on GHG emissions representing the majority of U.S. GHG emissions. Footnote 91 to this report estimates that emissions coverage of this program reaches approximately 80 to 90 percent of all U.S. emissions. A requirement to provide similar disclosures pursuant to Regulation S-K would be redundant and result in unnecessary expense for all registrants without providing any significant additional decision-useful information. Requirements to provide material climate-risk financial disclosures, including the projected costs to fulfil GHG reduction commitments, would provide decision-useful information to all investors and would complement EPA emissions disclosures.

2. The new Article 14 of Regulation S-X would require certain climate-related financial statement metrics and related disclosures to be included in a note to a registrant's audited financial statements.

We agree with this requirement in principle, but believe that a more appropriate disclosure threshold is necessary. As proposed, the disclosure threshold is set at 1% of an individual financial statement line item for the relevant fiscal year. We believe that this threshold is too low and is not operationally feasible. Support for the 1% threshold provided in footnote 347 to the proposal includes excise taxes as a percent of total sales (generally the largest income statement line item), option contracts by management companies as a percent of net asset values, and related party transactions (which inherently have unique risk characteristics) as a percent of total assets. None of these examples are analogous to a threshold as a percent of each financial statement line item. Comparability among registrants would be improved and decision-usefulness would be increased by establishing a threshold for certain climate-related financial statement metrics and related disclosures based on 1% of total revenue.

3. The proposal requires that if a registrant uses scenario analysis, amendments would require disclosure of the scenarios considered and the projected principal financial statement impacts on the registrant's business strategy under each scenario.

We disagree with this disclosure requirement. While scenario analysis may provide data to be considered in developing long-term business strategies, requiring such disclosures may be a disincentive to its use, an unintended consequence of the proposal. Scenarios may range from a few that are more-likely-than-not of occurring over various time-horizons to many that are highly remote, yet possible.

Management should have latitude to explore a wide range of possible outcomes without triggering mandatory external disclosure expectations.

4. The proposal will require disclosures that far exceed the scope and time-horizon of forward-looking information subject to potential liability.

The proposal requires substantial disclosures of third-party data that is beyond the registrant's control, especially disclosures of Scope 3 GHG emissions, and of potential outcomes of events that far exceed any reasonable and supportable forecast period. Established precedents for evaluating liability for such disclosures may not be appropriate. If adopted as drafted, a much broader liability safe harbor is appropriate.

5. The proposed compliance phase-in period is not sufficient for registrants who do not accumulate and monitor GHG emissions and other climate-related data in the ordinary course of their business.

The significant volume of prescriptive disclosures, including GHG emissions, will require most registrants to re-evaluate risk management programs, especially if the definition of materiality is not consistent with established financial definitions and precedents, establish new disclosure controls, and draft meaningful disclosures. A phase-in period of one year for disclosures, excluding Scope 3 GHG emissions, and two years for Scope 3 GHG emissions is inadequate for registrants who do not already participate in existing disclosure programs. From the perspective of such registrants, we expect that implementation of this proposal will be more complex and costly than the Sarbanes-Oxley internal control certifications. That expectation is based on acknowledgement that the COSO framework for evaluating internal controls over financial reporting had been established and generally implemented for more than a decade. Additionally, from the perspective of a financial institution, a three-year transition period was provided for implementation of current expected credit loss accounting model, a significantly less complex transition than this proposal.

However, we acknowledge if the scope of the proposal was revised to focus attention on the material financial impact of climate-related risks on the registrant's business and financial statements as identified by the registrant's board and management, the proposed phase-in periods are appropriate.

6. Implementation of this proposal may have significant unintended consequences.

While there is general agreement that climate change is an emerging threat to financial stability that is already imposing significant costs on the public and the economy, there is also general agreement that a disorderly transition from a carbon-based energy sources magnifies that threat. Recent history, including the COVID pandemic and Russia / Ukraine conflict, have demonstrated the adverse effect of disorderly events. Disclosures required by this proposal, including disclosure of the same GHG emission metrics by numerous entities and an extensive amount of data points, can easily be misunderstood and misapplied. These misunderstanding may result in registrant decisions and actions that are short-sighted, not supported by current infrastructure or technology, and that may have a disproportionate adverse impact on financially vulnerable populations.

In conclusion, a principles-based proposal to disclose material financial impact of climate-related risk provides a broad range of investors with accurate, decision-useful information rather than voluminous data. Such a proposal would also provide investors with relevant insight into how a registrant's board and management evaluates and prioritizes climate change risk in context with all objectives and obligations. Other regulators, including the Office of the Comptroller of the Currency, have made such proposals. We encourage the SEC and other agencies to coordinate their efforts to most efficiently provide the most meaningful, decision-useful information.

We would be pleased to meet with the staff to discuss our comments on this proposed rule. Please contact me at [redacted] if you have any questions or would like further discussion.

Sincerely,

S. E. Nell

Steven E. Nell
Executive Vice President and Chief Financial Officer