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UK Financial Conduct Authority Publishes New Rules on Climate-Related Disclosures

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On 17 December 2021, the UK Financial Conduct Authority ("**FCA**") published two policy statements (PS21/23 and PS21/24) confirming final rules and guidance to promote better climate-related financial disclosures. The rules will come into force for some in-scope firms from 1 January 2022.

PS21/32 contains the final rules that will apply to issuers of standard listed shares or equity shares represented by certificates – these firms will be required to include a statement in their annual financial reports setting out whether their disclosures meet the recommendations of the Taskforce on Climate-related Disclosures ("**TCFD**"). Where no such statement is made, an explanation will need to be provided as to why the statement is not included.

PS21/24 contains the final rules applicable to FCA-authorised asset managers – this includes full-scope UK authorised alternative investment fund managers ("**AIFMs**"), UK portfolio managers and UK sub-threshold AIFMs. These firms will need to make firm-level disclosures relating to how they take climate-related risks and opportunities into account when managing their investments. They will also have to make product-level disclosures. These requirements will apply from 1 January 2022, but implementation will be phased such that they will apply initially to the largest firms and will come into effect for smaller firms one year later.

In-scope firms should review the final rules included in the FCA's policy statements and ensure that they are adequately prepared for compliance.

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