

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Date: October 2, 2025
To: Board of Governors
From: Staff¹
Subject: Rescission of the Principles for Climate-Related Financial Risk Management for Large Financial Institutions

ACTIONS REQUESTED: Approval to publish in the Federal Register the attached draft notice that would rescind the Principles for Climate-Related Financial Risk Management for Large Financial Institutions (the “Climate Principles”). The notice rescinding the Climate Principles would be published jointly with the Federal Deposit Insurance Corporation (“FDIC”) and the Office of the Comptroller of the Currency (“OCC”). Staff also requests authority to take such other actions as are necessary to effectuate the Board’s prompt rescission of the Climate Principles, including to make technical, non-substantive changes to the attached materials prior to publication in the Federal Register.

EXECUTIVE SUMMARY:

- In 2023, the Board jointly issued the Climate Principles with the FDIC and the OCC. The Climate Principles were intended for financial institutions with over \$100 billion in total consolidated assets.
- Financial institutions are expected to consider and appropriately address all material risks in their operating environment, and should be resilient to a range of risks, including emerging risks. Staff believes that the Climate Principles may be distracting large financial institutions from the management of material financial risks and believes the Climate Principles are not necessary.
- Accordingly, staff recommends that the Board approve the rescission of the Climate Principles, as well as authorize staff to take such actions as are necessary to effectuate the rescission.

¹ Legal Division (Mark Van Der Weide, Reena Sahni, and Asad Kudiya); Division of Supervision and Regulation (Mary Aiken and Anna Lee Hewko).

DISCUSSION:

In October 2023, the Board, FDIC, and OCC (collectively, the “Agencies”) jointly issued the Climate Principles.² The Climate Principles were intended for financial institutions with more than \$100 billion in total consolidated assets.

The Climate Principles outlined a set of general principles for climate-related financial risk management that cover six areas: governance; policies, procedures, and limits; strategic planning; risk management; data, risk measurement, and reporting; and scenario analysis. In addition, the Climate Principles included a section on “management of risk areas,” which describes how climate-related financial risks can be addressed in certain traditional risk categories, such as credit, liquidity, other financial risks, operational, legal and compliance, and other non-financial risks.

Staff believes that the Climate Principles are not necessary and may be distracting large financial institutions from the management of material financial risks. Financial institutions of all sizes are expected to consider and appropriately address all material risks in their operating environment and should be resilient to a range of risks, including emerging risks.³ Further, existing safety and soundness standards require large financial institutions to have effective risk management processes commensurate with the size, complexity and risk of their activities. As a result, staff believes the Climate Principles are not necessary and that existing risk management frameworks described in the Agencies’ other rules and guidance are sufficient to help ensure financial institutions are managing all material risks. In light of similar considerations, the OCC announced that it was withdrawing from participation in the Climate Principles in March 2025.⁴

² [88 Fed. Reg. 74183](#) (October 30, 2023). The Board, OCC, and FDIC had previously proposed draft principles and requested public comment. See [OCC Bulletin 2021-62](#) (December 16, 2021) (OCC); [87 Fed. Reg. 19507](#) (April 4, 2022) (FDIC); [87 Fed. Reg. 75267](#) (December 8, 2022) (Board).

³ See, e.g., SR Letter 95-51 (as revised June 23, 2025); SR Letter 21-3 (February 26, 2021); OCC Comptroller’s Handbook, Bank Supervision Process; FDIC Risk Management Manual of Examination Policies, Section 4.1 Management.

⁴ OCC, [News Release 2025-27](#) (March 31, 2025).

RECOMMENDATIONS:

For the reasons discussed above, staff recommends (i) that the Board approve the attached draft Federal Register notice that would rescind the Climate Principles; and (ii) authorization for staff to take such other actions as are necessary to effectuate the Board's prompt rescission of the Climate Principles, including any necessary technical, non-substantive changes to the notice before publication in the Federal Register.