

October 29, 2026

Chair Lauren Sanchez
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Subject: Application of California Climate Disclosure Laws to National Banks and Federal Savings Associations

Dear Chair Sanchez:

The Office of the Comptroller of the Currency (OCC) is writing with regard to two California laws that require certain entities to collect and disclose climate-related information (disclosure laws).¹ We understand that the California Air Resources Board (CARB) is in the process of implementing the disclosure laws through regulations, consistent with the laws' requirements to do so. As described below, the application of these disclosure laws to national banks and federal savings associations (collectively, federally chartered banks) raises serious policy and legal concerns. To address these concerns, the OCC respectfully requests that CARB exempt federally chartered banks from, or otherwise clarify that they are not required to comply with, these laws.

Background

The OCC is a bureau of the U.S. Department of the Treasury and responsible for chartering, supervising, and regulating approximately 1,000 federally chartered banks. These banks range from small community banks to the largest, most globally active U.S. banks. Collectively, they hold approximately two-thirds of all assets held by U.S. banks. The OCC is established to ensure that federally chartered banks operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. The agency expects federally chartered banks to consider and appropriately address all material financial risks, including emerging risks.

The disclosure laws require certain entities to publicly disclose information regarding their greenhouse gas emissions and climate-related financial risks. Specifically, SB 253 requires entities with total annual revenues exceeding \$1 billion that do business in California to annually disclose a wide range of greenhouse gas emissions (referred to as Scope 1, 2, and 3 emissions). In addition, SB 261 requires entities that have total annual revenues exceeding \$500 million that do business in California to biennially publish a report on climate-related financial risk, including measures to address these risks.

¹ The "Climate Corporate Data Accountability Act" (SB 253), Cal. Health & Safety Code § 38532, and the "Greenhouse Gases: Climate-Related Financial Risk" (SB 261), Cal. Health & Safety Code § 38533.

CARB is responsible for administering the disclosure laws and has authority to issue implementing regulations. CARB has stated that it will defer further action on SB 261 pending resolution of ongoing litigation challenging this law. In the interim, however, CARB is continuing to implement SB 253. The OCC understands that CARB is in the process of issuing implementing regulations, following a series of sector-based listening sessions.

Issues

The OCC appreciates CARB seeking others' views before implementing the disclosure laws. To that end, the OCC wishes to share its serious concerns about the application of these laws to federally chartered banks. The disclosure laws would be inconsistent with OCC regulation and safety and soundness; impose undue burden, particularly on smaller banks; harm California customers and disrupt customer relationships; and raise constitutional concerns, including under the Supremacy Clause.

Inconsistent with OCC regulation and safety and soundness

One of the OCC's key responsibilities is to ensure that federally chartered banks operate in a safe and sound manner. Consistent with this responsibility, the agency has recently taken action to safeguard the safety and soundness of federally chartered banks by ensuring bank attention is focused on material financial risks.² This approach ensures that federally chartered banks identify and manage the most important risks—those most likely to pose a threat to their safety and soundness—to the individual banks while otherwise not impeding banks' provision of products and services to their communities.

As the disclosure laws would apply to federally chartered banks without any assessment of risk to the bank and would require the banks to devote significant resources to comply with the laws, the disclosure laws run directly counter to the OCC's regulation and supervision of federally chartered banks. As such, it will not advance safety and soundness and, in some cases, could undermine it by distracting bank management. Congress intentionally structured the federal banking system to guard against precisely these kinds of competing demands.³

Undue Burden

Congress and the OCC have long recognized the value of tailoring legal requirements and supervisory expectations for federally chartered banks based on factors including size, risk profile, and complexity. Tailoring helps ensure that the benefits of regulation and supervision are effectively realized without burdening banks with a compliance and oversight regime that is disproportionate to the risks they present. This commonsense approach empowers banks,

² See, e.g., OCC and Federal Deposit Insurance Corporation, Final Rule, "Unsafe or Unsound Practices, Matters Requiring Attention," 91 Fed. Reg. 56004 (Sept. 1, 2026).

³ See, e.g., *Cuomo v. Clearing House Ass'n*, 557 U.S. 519, 528 (2009) (quoting *Watters v. Wachovia Bank, N.A.*, 550 U.S. 1, 21 (2007) (observing that federal law prevents the confusion and uncertainty that would result from "rival oversight regimes")).

particularly community banks which are the pillar of main street banking, to meet the financial needs of consumers and businesses across the country.

Although the disclosure laws have revenue thresholds, the thresholds are not appropriately calibrated to reflect size, risk, and complexity in the banking sector. Thus, the laws would apply to many smaller, less risky, and less complex banks, including banks that even the OCC's rescinded principles on managing climate-related financial risk would have scoped out.

Harm to California Customers and Disruption of Customer Relationships

Due to significant compliance burdens, banks that can avoid application of the disclosure laws by limiting or ceasing their California operations may do so. In particular, smaller banks may withdraw from doing business in the state. Banks that cannot withdraw, including banks headquartered in California, will be disadvantaged. They will face substantial compliance obligations that could materially affect their operations. As a result, the disclosure laws are likely to decrease competition, drive up prices, and reduce Californians' access to financial services, all of which will harm residents and main street businesses.

Banking is a relationship-driven business that is predicated on trust. Banks maintain this trust by, in part, protecting customer confidentiality. By attempting to interpose California's policy objectives between federally chartered banks and their customers, the disclosure laws would jeopardize this trust. These laws would require federally chartered banks to collect and disclose detailed data about their customers' emissions and financial standing. To obtain this data, a bank may request information from customers who, not unreasonably, may view the request as intrusive or have confidentiality concerns. Some customers may decline to provide the information; others may terminate their relationships with requesting banks and engage financial institutions not subject to the disclosure laws. Given the broad reach of the disclosure laws, these concerns are not limited to customers with a connection to California. Rather, these laws could disrupt customer relationships far beyond California's borders.

Supremacy Clause

Federally chartered banks are governed by a robust framework of federal laws that preempt conflicting state laws by operation of the Supremacy Clause of the U.S. Constitution. This ensures that these banks can operate on a nationwide basis subject to uniform standards, without facing a cumulative patchwork of duplicative, divergent, or conflicting state laws. Specifically, federal law preempts state laws that prevent or significantly interfere with a federally chartered bank's exercise of its powers. The Supreme Court has explained that federal grants of authority in the national banking context are not normally limited by, but instead ordinarily preempt, contrary state law.⁴ In addition, federal law provides the OCC with exclusive visitorial authority with respect to these banks and, thus, generally prohibits a state from requiring a federally chartered bank to produce information.⁵

⁴ See *Barnett Bank v. Nelson*, 517 U.S. 25, 32 (1996); see also 12 U.S.C. § 1465.

⁵ See, e.g., 12 U.S.C. § 484.

This legal framework is part of the dual banking system, under which federally chartered banks operate side-by-side with state-chartered financial institutions. Congress designed this system to permit banks to choose the charter—state or federal—that best fits their business needs and allows them to best serve their customers. Federal preemption and the OCC’s exclusive visitorial authority are critical elements of this system and essential for facilitating competition, reducing unnecessary burden, enabling local and national prosperity, and unleashing economic growth.

The application of the disclosure laws to federally chartered banks may well run afoul of this legal framework. The OCC will evaluate CARB’s implementation of the disclosure laws to determine whether further action is necessary to provide federally chartered banks with certainty as to the application of the law.

Conclusion

To address these issues, the OCC respectfully requests that CARB exempt federally chartered banks from, or otherwise clarify that they are not required to comply with, the disclosure laws. This approach would be consistent with CARB’s efforts to appropriately scope its rules and address industry-specific challenges, help insulate disclosure laws from additional legal challenges, and promote certainty for regulated entities. It would also help ensure that California residents’ access to banking services does not decrease due to the disclosure laws.

If you have questions, the OCC would be happy to discuss these issues with you. You may contact the Chief Counsel’s Office at (202) 649-5490.

Sincerely,

Jonathan V.
Gould

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Jonathan V. Gould
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Jonathan V. Gould
Comptroller of the Currency