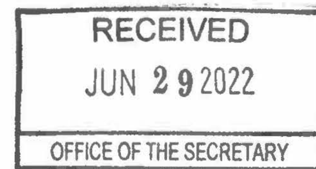

June 10, 2022

The Honorable Gary Gensler
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Proposed Rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors [File Number S7-10-22]

Dear Chairman Gensler:

We appreciate the opportunity to comment on the agency's proposed climate-risk disclosure requirements ("the proposal"). **Although we support the need for global changes to protect our planet, we oppose this proposal as drafted for it imposes unrealistic expectations and regulatory costs and burdens on already over regulated community banks and will quickly and inevitably lead to further consolidation of our industry.** Although on its face the proposal may seem beneficial to the masses, the unintended impacts will likely be the exact opposite.

The First of Long Island Corporation is a one-bank holding company incorporated in 1984 for the purpose of providing financial services through its wholly owned subsidiary, The First National Bank of Long Island organized in 1927. The First National Bank of Long Island is regulated by the Office of the Comptroller of the Currency (OCC). We operate as a community bank located on Long Island in the New York Metropolitan area with a footprint extending from Manhattan eastward to the South Fork of Long Island, roughly just over one hundred miles.

Our business model is straightforward. We channel our lending activities to the neighborhoods where our depositors live and work helping local businesses and communities thrive. We often know our customers personally and try to avoid using the impersonal criteria frequently practiced by many larger institutions to make business decisions particularly when extending credit . We incur substantial costs to offer our customers high-tech, high-touch innovative products and services while competing against very powerful institutions . These institutions are our day-to-day competitors.

One may say that we are the only truly local community bank remaining on Long Island in our peer group with just over $4 billion in assets. The number of community banks nationwide continues to shrink under increased competition from non-banks such as credit unions and FinTechs who operate under a different set of rules and regulations. The ever-increasing regulatory burden on all banks but especially those publicly traded, largely without regard for asset size nor business model, has resulted in mergers and acquisitions in our marketplace as throughout much of the nation. Community banks play an important role in our economy for there is a niche we fill, servicing small business owners and others who are more often denied access to fair credit. If community banks are largely eradicated by the very system designed to protect them and their constituents, there will be no turning back.

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Community banks are not presently required to collect, analyze, or disclose the massive volumes of information called for by the proposal, and the OCC and the Federal Deposit Insurance Corporation ("FDIC") have recently proposed to exempt community banks, or those banks with fewer than $100 billion in assets, from these agencies' draft principles for climate-risk management.[i] Yet, the SEC proposal contains no similar exemption for the hundreds of publicly held community banks such as The First National Bank of Long Island. In fact, because many community banks are "large accelerated filers,"[ii] the SEC proposes these community banks should be subject to the most onerous aspects of the proposal. As proposed, community banks that are "large accelerated filers" will be subject to the same disclosure requirements, implementation period, and scenario analysis exercises as the nation's largest, most complex, and systemically important or "too big to fail" institutions.

Community banks do not have comparable resources to the large banks that hold trillions in assets and are often a thousand times larger, and community banks do not have a trove of climate-data readily at their disposal to collect, examine, or disclose. Given their finite resources, and inexperience with the onerous disclosure framework set forth in the proposal, community banks need substantially more time to better understand the implications of the SEC's proposal and prepare for this first-of-its-kind, complex, large-bank disclosure regime which the SEC believes is now appropriate to impose upon the nation's smallest banks.

We urge the SEC to focus on its mission of investor protection. Mandating extensive disclosures around non-financial information is a departure from the traditional mission of the SEC and creates a precedent of politicizing the disclosure process in a manner that is unhelpful to investors, and potentially destabilizing to financial markets. In addition, the documents that the disclosures would appear in, such as Form 10-K, were not developed for such nonfinancial disclosures and are the wrong place for climate-related disclosures.

The proposal goes far beyond what reasonable investors would need to know to inform their decisions about whether to buy, sell or hold stock, or how to vote on company proposals. Climate-related issues, including emission of greenhouse gases, are not material to all investors or for all companies. Yet the proposal would require Scope 1 and 2 emissions to be disclosed and audited by all publicly-traded companies as well as require new and granular ways to include climate issues within the financial statements. The SEC needs to put investors' climate concerns in context with other investor concerns. A focus solely on – or too focused on – climate concerns can lead to broad economic dislocation and unanticipated harm, which does not benefit the investors that the SEC is seeking to protect.

As the high costs and other disadvantages of operating as a public company continue to escalate particularly in terms of government and regulatory requirements and scrutiny, our equity markets will continue to see a decline in the number of registered public companies. More businesses will turn to private equity which has fewer restrictions and investment guidelines from regulators such as the SEC.

We encourage the SEC to tailor disclosure requirements to the size and complexity of the registrant, as well as the materiality of the climate-related exposure. Even when climate-related issues are material to investor decisions, a prescriptive one-size-fits-all approach to disclosure is unnecessary and overly burdensome to smaller institutions. Given the new and evolving nature of climate-related metrics and methodologies, allowing diverse approaches to disclosure within a principles-based framework will likely yield more efficient and effective processes to develop over the long term. Requiring detailed prescriptive disclosures before we fully understand climate-related reporting will stifle innovation and create an unnecessary drag on the economy. The SEC must include flexibility, safe harbors, and sufficient implementation timeframes, particularly for smaller institutions that may lack the expertise or resources to comply with complex new requirements.

Disclosure requirements for Scope 3 emissions could have unintended consequences when applied to banks. SEC disclosure requirements will impact more than just public companies. Disclosure of Scope 3 emissions has the potential to require banks to obtain disclosures from customers, including from privately-held companies and local municipalities. Even privately-held banks may need to reengineer their systems if they participate in GSE or Federal guarantee programs. The added burden of gathering the information necessary for the disclosures may encourage customers to avoid publicly traded banks in favor of privately-held and less regulated lenders like FinTechs. Such reallocation of capital and banking relationships is harmful to the overall economy and reduces economic choice and vibrancy.

Note that banks are unique among publicly listed companies. Banks are already highly regulated for safety and soundness. That regulation, while different from disclosure regimes, also serves to protect investors. Any further SEC regulation applied to banks needs to take into consideration that existing prudential regulation of banks and must be coordinated with prudential regulators to avoid contradictory, duplicative and/or unnecessary requirements that increase costs and burdens unnecessarily.

Thank you for consideration of our comments. We reiterate our position opposing the proposal as drafted for it imposes unrealistic expectations and regulatory costs and burdens on already overloaded community banks and will quickly and inevitably lead to further consolidation of our industry.

Sincerely,

Janet T. Verneuille, CPA
Executive Vice President and Chief Risk Officer
The First of Long Island Corporation

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[i] See Office of the Comptroller of the Currency, Principles for Climate-related Financial Risk Management for Large Banks (Dec. 16, 2021) available at: https://www.occ.treas.gov/news-issuances/news-releases/2021/nr-occ-2021- 138a.pdf. See also Federal Deposit Insurance Corporation, Statement of Principles for Climate-related Financial Risk Management for Large Banks (Apr. 4, 2022) available at: https://www.govinfo.gov/content/pkg/FR-2022-04- 04/pdf/2022-07065.pdf.

[ii] See fn. 123 of the proposal defining a "large accelerated filer" as "an issuer after it first meets the following conditions as of the end of its fiscal year: (i) The issuer had an aggregate worldwide market value of the voting and non-voting common equity held by its non-affiliates of $700 million or more, as of the last business day of the issuer's most recently completed second fiscal quarter; (ii) the issuer has been subject to the requirements of Section 13(a) or 15(d) of the Exchange Act for a period of at least twelve calendar months; (iii) the issuer has filed at least one annual report pursuant to Section 13(a) or 15(d) of the Exchange Act; and (iv) the issuer is not eligible to use the requirements for SRCs under the SRC revenue test."