

Fossil Free Finance Act

Office of Senator Markey

This legislation will mandate that bank holding companies plan and reduce financing greenhouse gas emissions.

The purpose of this legislation is reduce greenhouse gas emissions and deforestation risks for bank and nonbank financial institutions. This will further drive down emissions, help address threats to financial stability as identified by the Biden administration, and enforce financial institutions to implement:

- 50 percent reduction in financed emissions by 2030
- 100 percent reduction in financed emissions by 2050
- Discontinue new or expanded fossil fuel projects by 2023, thermal coal financing by 2025, and fossil fuel financing by 2030
- Stop financing deforestation risk commodities

The Fossil Free Finance Act will ensure that bank financing will no longer support projects that emit greenhouse gas emission by:

- **Mandating bank holding companies to align financing with emission targets** if the company holds more than \$50 billion in assets to follow US obligations under the Paris Climate Agreement
- **Incorporate financing of emission guidance into the systemically important financial institutions (SIFI) designation process** and adds financed emission to the list of criteria for nonbank financial institutions as well as codifies the Federal Reserve authority to mandate alignment with the emissions reductions framework
- **Requires the Federal Reserve to report to Congress on commitments** made by banks and nonbank SIFIs to reduce financed emissions and progress on those targets

The House version is led by Representative Mondaire Jones (D-NY-17), Ayanna Pressley (D-MA-07), and Rashida Tlaib (D-MI-13). The bill is endorsed by: Sierra Club, Evergreen, Future Coalition, 350, Americans for Financial Reform, and the Sunrise Movement.