



Arachnys 4<sup>th</sup> Floor,  
22-25 Finsbury Square  
London  
EC1Y 1AA

+44 207 193 0987  
[info@arachnys.com](mailto:info@arachnys.com)

28 May 2014

**By E-Mail:**

Chair Mary Jo White

Securities and Exchange Commission

100 F Street, NE

Washington, DC 20459-1090

**Re: Section 1504 of the Dodd–Frank Wall Street Reform and Consumer Protection Act**

Dear Chair White,

As a leading due diligence research platform focusing on emerging markets we have watched the legislative path of the Dodd-Frank Wall Street Reform and Consumer Protection Act with interest. Section 1504 of the DFA, which relates to improving transparency and the availability of open-source data within the extractive industries, is a hugely progressive step; it will improve the ability of due diligence professionals and open source intelligence investigators to undertake rigorous and comprehensive investigations. Critically, it will also allow extractives companies themselves to better engage with civil society, governments, and investors and improve their ability to manage corruption risks in emerging markets.

We believe that 1504 could set the benchmark of extractives financial disclosures legislation. Already, the recent EU Accounting and Transparency Directives follow 1504 by including articles on extractives disclosures. In addition, UK-based Tullow Oil has already published project-by-project reports on a voluntary basis ahead of the EU Directives coming into force, and Statoil is required to disclose project-level payments pursuant to Norwegian reporting rules effective from January 2014.

We have found that in the open data world, fine-grained detail is vital for investigators to come to concrete conclusions that hold up to scrutiny. Therefore, we believe it is crucial that data is published in full at a project or licence level. Moreover, the implementation of 1504 should require any data disclosed to be in an interactive format allowing ease of access and manipulation.

At present it is difficult to see in which way the SEC will implement 1504 but we strongly advise against any proposals to aggregate data, anonymize information on payments or change the format of the data disclosed. This will render much of the newly required information very difficult to analyse. It will also weaken what could be a hugely valuable new pool of market data for extractives companies and sector investors.

Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act is undoubtedly a positive step forward in providing clearer parameters for extractive companies, however, to not strongly enforce Section 1504 would represent a huge opportunity missed in efforts to make the sector more efficient and transparent.

Yours Sincerely,

David Buxton

CEO

Arachnys Information Services Limited is a company registered in England & Wales. Company number: 7269723.  
Registered office: 40 Clarendon St, Cambridge, CB1 1JX.

[david@arachnys.com](mailto:david@arachnys.com)  
+44 7818 445202