

The Honorable Mary Jo White  
Chair  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

**Re: Implementation of Section 1504**

Dear Chair White:

We write today to urge the Securities and Exchange Commission (SEC) to promptly schedule a rulemaking for Section 1504 of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. As you know, section 1504 requires companies listed on U.S. exchanges to disclose payments they make to governments for oil, gas and mining resources.

The initial rule issued by the SEC on August 22, 2012 adhered closely to the intent of the law, and we applaud the SEC for its forceful legal defense of the rule. In light of the District Court's July 2013 decision, which vacated the rule on procedural grounds but did not foreclose any regulatory options, we believe the Commission should issue a revised rule that is equally strong. The existing rulemaking record should provide the necessary basis to swiftly schedule a new rulemaking and to reissue a rule mandating public disclosure by company and by project with no exemptions. Anything less would undermine the intended purpose and benefits of Section 1504 for investors, companies, governments and their citizens.

We would note that after the SEC issued its rule in 2012, the rest of the world followed our lead, establishing as a global norm the public disclosure of oil and mineral payments by company and by project with no exemptions. The European Union and Norway passed disclosure laws modeled on the Commission's August 2012 rule. The Canadian government has committed to adopt the same requirements and plans to have legislation passed by April 2015 and regulations in place that summer. Several globally important oil and mining companies also support payment transparency at the project-level, citing significant business benefits, while others have begun voluntarily disclosing detailed payment information.

And in March, the United States was accepted as a candidate country in the Extractive Industries Transparency Initiative, which is a global effort designed to increase accountability and openness in these industries, and specifically requires project-level reporting in line with the standard set by Section 1504 and its sister legislation in Europe.

We are therefore deeply disappointed that Section 1504 does not appear on this year's rulemaking agenda for the Commission. While we appreciate the Commission's workload, the SEC was legally bound to issue a rule no later than 270 days after the enactment of the Dodd-Frank Act. The Commission was over one year overdue when it issued the original rule in August 2012, and in light of the District Court's vacatur order, the rule is now more than two years overdue.

The immediate implementation of Section 1504 is critical. Resource revenue transparency allows shareholders to make better-informed assessments of risks and opportunity costs, threats to corporate reputation, and the long-term prospects of the companies in which they invest. It is no surprise, then, that investors with assets worth over \$5.6 trillion recently called on the SEC to quickly reissue a strong rule to align with transparency rules in other markets.

Public reporting of extractive payments is also fundamental to improving governance, curbing corruption, improving revenue management, and allowing citizens to demand greater accountability from their governments for spending that serves the public interest. This, in turn, can help create more stable and democratic governments, as well as more stable business environments, which contribute to the advancement of U.S. national security interests.

Since its passage, Congress has continued to support the strong implementation of Section 1504 rules. Last year, legislation to implement an agreement between the U.S. and Mexico to develop oil and gas reserves in the Gulf of Mexico (HR 1613) was significantly delayed when the House version of the bill included a waiver from Section 1504 requirements. The White House **strongly** objected to the House bill precisely because of the waiver, and issued a Statement of Administration Policy calling the exemption unnecessary and claiming it would directly and negatively impact U.S. efforts to increase transparency and accountability in the oil, gas, and minerals sectors. Congress ultimately passed a version of the bill that did not include the Section 1504 waiver. Importantly, the final legislation was supported by the same industry groups and lawmakers who initially alleged that Section 1504 would create conflicts of law and put American companies at a competitive disadvantage.

The SEC must quickly schedule a new rulemaking for Section 1504. The court decision, along with data and analysis from the previous rulemaking process, has provided the Commission with a road map to develop a revised rule requiring public disclosure at the project level with no exemptions. It is well within the Chair's power to schedule this rulemaking, and we strongly urge you to do so, and to begin the process without further delay.

Sincerely,

Kathleen Reimer

