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# **M E M O R A N D U M**

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**To : File**

**From : Tamara Brightwell  
Senior Special Counsel  
Division of Corporation Finance  
U.S. Securities and Exchange Commission**

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

**Date : October 6, 2010**

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On October 6, 2010, Paula Dubberly, Paul Dudek, Tamara Brightwell, and Elliot Staffin of the Division of Corporation Finance met with Joe Babits, Phil Denning, Enrique Morales, Paul Morshuis, and Keith Ruddock of Royal Dutch Shell. The participants discussed Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires the Commission to issue rules requiring resource extraction issuers to disclose information relating to payments made to governments for the purpose of commercial development of oil, natural gas, or minerals.



Royal Dutch Shell plc and Division of Corporation Finance Meeting  
AGENDA  
10:00 am, October 6, 2010  
Washington DC

- I. Introductions
- II. The Extractive Industries Transparency Initiative
  - a. What it is
  - b. What it is not
- III. Special Factors Impacting Foreign Private Issuers
  - a. Primary Regulator is not SEC
    - i. UK continuous disclosure requirements vs US periodic disclosure
    - ii. Form 20-F satisfies both UK and US requirements
      - 1. UK Financial Reporting Council
    - iii. Potential IFRS required disclosure
    - iv. Potential EU required disclosure
- IV. Investor Protection
  - a. Transparency Rule or Business Prohibition Rule
    - i. Foreign Government Prohibition
    - ii. Contract Prohibition
  - b. Material Information
  - c. Potential Confusion
    - i. Income Statement
      - 1. Cash basis payments vs Accrual basis
    - ii. Disclosure will be highly variable based on maturity of project
      - 1. Cost recovery provisions
    - iii. Some payments not project dependent
      - 1. Dividend
      - 2. Signature Bonus
      - 3. Tax offsets
- V. Implementation
  - a. Scope
    - i. Upstream Activities
      - 1. Use definitions from Rule 4-10 of Regulation S-X and Industry Guide 7
        - a. Oil and Gas Producing activities
        - b. Development Project
      - 2. Material Projects
    - ii. Consolidate Companies
    - iii. Competitively Sensitive Project level disclosure
      - 1. Projects Held for Sale
      - 2. Projects where management has plan for Farm-in agreements
      - 3. Projects where potential expansion is being discussed
      - 4. Projects within 3 years of renewal
    - iv. Acquisitions

- 1. Non Listed Companies
- VI. Cost of Compliance
  - a. Project Level Disclosure
    - i. Financial Systems Overhaul