Royal Dutch Shell plc
Carel van Bylandtlaan 30
2596 HR The Hague
The Netherlands
Tel +31 70 377 3120
Email Martin.J.tenBrink@shell.com
Internet http://www.shell.com

Ms. Meredith Cross
Director
Divison of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-4628

October 25, 2010

RE: Section 1504 of the Dodd-Frank Act

Dear Ms. Cross:

We appreciate the opportunity to provide our views and express our concerns regarding investor protection and Section 1504 of Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). RDS as a founding member of the Extractive Industry Transparency Initiative (EITI) applauds the transparency goals of Section 1504 of the Act. We are concerned, however, that if incorrectly implemented not only is it unlikely that the transparency goals of Section 1504 will be achieved but there is a strong possibility that investor protection could be harmed.

Royal Dutch Shell plc (RDS) is a "foreign private issuer" as defined in Rule 3b-4(c) under the Securities and Exchange Act of 1934 ("Exchange Act"). RDS is incorporated as a public limited company in England and Wales and is the successor issuer to Royal Dutch Petroleum Company and Shell Transport and Trading Company. RDS securities are traded on the London Stock Exchange, Euronext and the New York Stock Exchange (NYSE). RDS and its predecessors have been listed on the NYSE since the 1950's. Today, RDS is one of the largest foreign issuers registered with the Securities and Exchange Commission (the "Commission"). We have over 500 million American Depository Receipts (ADRs) outstanding and our NYSE average daily trading volume in 2009 exceeded two million ADRs.

As a company incorporated in the United Kingdom, RDS is subject to the requirements of UK Company Act 2006. RDS has it primary listing on the London Stock Exchange and our primary securities regulator is the UK Financial Services Authority (FSA). RDS is subject to the UK Corporate Governance Code promulgated by the UK Financial Reporting Council. RDS also is subject to all European Union (EU) directives. RDS financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (IASB). RDS prepares its annual report on Form 20-F to not only meet all the requirements of the Commission but also to meet all our disclosure obligations pursuant to UK requirements. We believe producing one annual report that meets all the Commission's requirements and satisfies all our UK obligations provides additional benefits to our investors.

The Extractive Industry Transparency Initiative

RDS is one of the founding members of the EITI and currently is represented on the EITI board. While Section 1504 recognizes the EITI in certain areas, we believe it is important to acknowledge a few significant differences between the EITI and Section 1504. First, the EITI is a cooperative between governments, companies and non-government organizations (NGOs). The EITI disclosure

requirements, however, are government led. Foreign governments through their EITI enacting statutes choose what payments are disclosed and any disclosure requirements adopted apply to all extractive industry companies not just those listed on an exchange. Perhaps the greatest difference between the EITI and Section 1504 is that under EITI all disclosed payments by companies are reconciled with the government recipient and verified by an independent third party. This reconciliation requirement allows the foreign governments to be active participants in the transparency initiative. This participation allows them to become owners of the process as opposed to observers. Accordingly, we believe there is a greater potential for governments to act upon the information disclosed when participating in that disclosure process rather than being passive observers of such disclosure. Finally, no EITI country has adopted project level disclosure.

Investor Protection and Section 3(f) of the Exchange Act

When Congress passed the Dodd-Frank Act and thereby amended the Exchange Act to include the requirements of Section 1504, they did not change or modify the Commission's mission of protecting investors nor did they repeal Section 3(f) of the Exchange Act. As the Supreme Court noted in Gustafson v Alloyd, no Act passed by Congress should be read as a series of unrelated or isolated provisions.[1] Moreover, unlike certain provisions of the Dodd-Frank Act that took effect on adoption, such as the repeal of Rule 436(g), Section 1504 requires the SEC to conduct rulemaking in order to implement the principles of Section 1504. This rulemaking must be conducted pursuant to all the requirements of the Exchange Act governing rulemaking including Section 3(f):

> ***"Consideration of Promotion of Efficiency, Competition and Capital Formation,***
>
> *Whenever pursuant to this title the Commission is engaged in rulemaking, or in the review of a rule of a self-regulatory organization, and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition and capital formation . . . ."*

We believe it is important that any rules adopted by the Commission, first "do no harm" to investor protection, efficiency, competition or capital formation in the US financial markets. In this regard, we believe the US courts would require the Commission to construe any obligations created by Section 1504 not to conflict with the requirements of Section 3(f). See Anderson v. FDIC, 918 F.2d 1139, 1143, Radzanower v. Touche Ross 426 U.S. 148, 155 (1976).

Disclosure Statute not a Business Prohibition Statute

Section 1504 of the Dodd-Frank Act is about transparency and disclosure it is not a business prohibition statute. We are concerned that some foreign governments will prohibit the disclosure of payments made to them. We believe there are at least four strong reasons why foreign governments may prohibit such disclosure:

1. Payment information is likely to be viewed as competitively sensitive. For example, it is unlikely that a foreign government would want one international oil company to know the amount of a signature bonus and other remuneration elements paid by another international oil company when negotiating a similar project;
2. A country where security is an issue may have significant safety concerns regarding such disclosure. For example, precise project level payment disclosure could allow

[1] Gustafson v Alloyd, 513 U.S. 561, 570 (1995) ("The 1933 Act, like every Act of Congress, should not be read as a series of unrelated and isolated provisions.")

terrorists or insurgents to target a specific project in order to significantly affect a country's revenues and thereby destabilizing that country's economy;

3. Disclosure of precise payment information concerning projects where the underlying field crosses a country's borders could be viewed as a security risk or state secret; and
4. Some countries are unlikely to appreciate the extraterritorial effects of the US legislation.

As a foreign private issuer that operates in countries outside the US we would not be in a position to violate our home country laws or any of the laws in countries where we operate. Accordingly, we urge the Commission to provide an exemption from any disclosure requirement if a foreign government prohibits such disclosure. This proposed exemption would be consistent with the Commission's recently adopted Proxy Access rules, Oil and Gas Reporting rules and with the written law exemption in the Foreign Corrupt Practices Act. As discussed below, we expect Section 1504 of the Dodd-Frank Act to result in significant costs to RDS. While we are willing to bear those expected costs, if the Commission were to adopt rules that resulted in our business operations being prohibited in certain foreign countries, we believe Shell and other Foreign Private Issuers might be forced to consider withdrawing from the US market in order to protect our shareholders investments. This would not only be disruptive to our business but we believe would not be to the benefit of US investors and therefore not consistent with either the Commission's mission or its obligations under Section 3(f) of the Exchange Act.

While a foreign government's prohibition on disclosure is the most significant issue Section 1504 presents for RDS, some of our contracts also prohibit disclosure of such payments. Accordingly, we would need to renegotiate these contracts that do not provide the appropriate exemption for disclosure pursuant to a Commission regulation. Any renegotiation will likely be costly to RDS and its shareholders. Accordingly, we urge the Commission, consistent with investor protection and its obligations under Section 3(f) of the Exchange Act to provide an exemption for existing contracts where such public disclosure is prohibited.

Material Projects

Perhaps the most difficult aspect of this rulemaking will be how to define the term "project." But before the Commission begins to consider potential definitions for the term "project," it is important to determine whether this information will be useful to investors. We believe it is highly unlikely that any information regarding payments made to foreign governments for specific projects would be useful to investors. In fact, it is much more likely that such information would be misleading to investors, as many payments made to foreign governments are not related to specific definable projects. For example, taxes, including production taxes, are paid at an entity level and are often offset by other upstream and downstream projects. Similarly, dividend payments are made at an entity level and not at a project level. Signature bonuses also are unlikely to relate to any specific project, as they are often paid before any exploration has taken place. Even disclosures of entitlement payments are unlikely to provide investors with any useful information as they are often offset by cost recovery provisions.

Rather than detailed payment information, the Commission has recognized that investors want and need information regarding what countries materially contribute to a company's revenues and earnings. In fact, the Commission already requires companies to disclose this information in their annual reports pursuant to Items 303 and 1204 of Regulation S-K. The Commission also just reminded issuers that they are required to disclose any expected material payments pursuant to Item 303 of Regulation S-K in its September 17, 2010 guidance on Presentation of Liquidity and Capital Resources Disclosures in

Management's Discussion and Analysis. Accordingly, it is unlikely that project level disclosure will provide investors with any useful information that is not already required to be disclosed.

We also, however, are concerned that detailed project level payment disclosure is likely to be so voluminous that it will overload investors and obfuscate the material information contained in our Form 20-F. The Commission also recognized this issue in its December 29, 2003 guidance regarding Management's Discussion and Analysis:

"[C]ompanies must evaluate an increased amount of information to determine which information they must disclose. In doing so, companies should avoid the unnecessary information overload for investors that can result from disclosure of information that is not required, is immaterial and does not promote understanding. . . ."

If project level disclosure is not limited to material projects we could be required to disclose hundreds if not thousands of projects overwhelming the material information contained in our Form 20-F. Recognizing that the Commission cannot just ignore the requirement for project level disclosure we urge the Commission to limit the potential harm to investors by limiting project level disclosures to only **material** projects.

We believe that limiting disclosure to material projects is consistent not only with the Commission's obligations under Section 3(f) of the Exchange Act but also with the requirements of Section 1504 of Dodd-Frank Act. Specifically, Section 1504 defines payments as any payment made to further the commercial development of oil, natural gas or minerals and not de minimis. Congress, however, did not provide any definition for the term project. Accordingly, the Commission could limit disclosure to material projects, consistent with investor protection and maintain Congress's intention of disclosing all payments not de minimis for material projects. We recommend that the Commission consider defining de minimis based on a percentage of a company's revenue rather than setting a fixed number that may be too low and therefore extremely costly to large companies and too large an exception for others.

In defining the term "project," we believe the Commission has a couple of choices. The Commission could choose to use its definition of Development Project from Regulation S-X 4-10(a)(6). This definition has the benefit of being well understood by the industry and investors. There is also the benefit that in most cases a development project plan must be filed with the government before a project can commence. This should provide greater consistency within the industry. The Commission's definition, however, would have to clarify that once a development project plan is established payments associated with production from that development project would need to be disclosed. Additionally, in some cases there will be subsequent development plans filed, for example, to enhance oil recovery or to add compression to a field, we would expect those projects would not be viewed as separate projects. An alternative definition could be any material oil and gas exploration, development or producing activity or a group of such activities in the same country. But again, no matter what definition the Commission may choose it must limit disclosure to only **material** projects.

Scope

We believe that Congress intended to limit disclosure to resource extraction issuers as Section 1504's title suggests: "*Disclosure of Payments by Resource Extraction Issuers.*" Accordingly, companies that are not engaged in the extraction of oil and gas resources but only have downstream operations, such as refining oil, would not be subject to Section 1504. Therefore, we believe that payments made to foreign governments for downstream activities should not be subject to disclosure. In support of our position we note not only the title of Section 1504 but also the significant similarities between the Congressional definition of commercial development and the Commission's definition of oil and gas

producing activities in Regulation S-X 4-10(a)(16). Furthermore, in most cases, payments made to governments relating to our downstream activities are immaterial.

We also believe that Section 1504 payment disclosures are limited to consolidated entities. This is important because by definition if an entity is equity accounted we do not have control over it and therefore are legally not entitled to their books or records. Moreover, in some countries, providing detailed disclosure of payments to RDS, as a shareholder and in some cases as a potential competitor, could violate market abuse and antitrust regulations.

Costs

RDS operates in over 90 countries. Providing detailed project level payment disclosure for all those countries will be extremely complex and very expensive if we were required to disclose those payments related to immaterial projects. The complexity of providing this type of disclosure is primarily driven by the fact that our financial systems are designed to provide information by entity not on a project basis. Based on the costs of previous financial systems projects, which were far less encompassing, we believe that integrating such detailed project reporting requirements into our current financial reporting and control systems could cost hundreds of millions of dollars. If we are forced to provide audited information with Sarbanes-Oxley 404 controls, further additional control and audit cost would have to be incurred.

Foreign Private Issuer limited exemption

As you may know, disclosure of foreign government payments by extractive industry participants is being considered throughout the world. Already the Hong Kong Stock Exchange and the London Stock Exchange AIM market have adopted limited country level disclosure requirements. The EU and IASB are also considering possible disclosure requirements at the country level. Accordingly, we are concerned that as a foreign private issuer we will be required to provide multiple payment disclosures in our Form 20-F in order to satisfy the US, UK and EU requirements and thereby overwhelming our investors. Therefore, we request that the Commission consider a limited exemption similar to what it has provided with regard to executive compensation and corporate governance. In those areas, the Commission has allowed foreign private issuers to follow home country rules and disclose in their Form 20-F the required home country disclosure. We believe given the significant cost and the questionable benefits to investors of such disclosure that a limited foreign private issuer exemption would be appropriate under Section 3(f) of the Exchange Act.

Lastly, we would like to acknowledge our general support for the American Petroleum Institute's letter of October 12, 2010.

I would like to thank the Commission for giving us opportunity to provide the Commission with our views and concerns regarding this important rulemaking. If you have any question please contact me at +31 70 377 3120 or Joe Babits at +31 70 377 4215.

Sincerely,

Martin J. ten Brink
Executive Vice President Controller

Ms. Meredith Cross
Securities and Exchange Commission
October 25, 2010

Cc: Ms. Paula Dubberly
Deputy Director
Division of Corporation Finance
Securities and Exchange Commission

Mr. Wayne Carnall
Chief Accountant
Division of Corporation Finance
Securities and Exchange Commission

Mr. Paul Dudek
Chief Office of International Corporate Finance
Division of Corporation Finance
Securities and Exchange Commission

Ms. Tamara M. Brightwell
Senior Special Counsel to the Director
Division of Corporation Finance
Securities and Exchange Commission

Mr. Roger Schwall
Assistant Director
Division of Corporation Finance
Securities and Exchange Commission

Mr. Elliot B. Staffin
Special Counsel
Office of International Corporate Finance
Securities and Exchange Commission