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The Honorable Mary L Shapiro, Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: SEC Initiatives under the Dodd-Frank Act – Special Disclosures Section 1502 (Conflict Minerals)

Via email: rule-comments@sec.gov

Dear Chairman Shapiro:

As President of the Americas region of Semiconductor Equipment and Materials International (SEMI), an industry group representing suppliers to the global microelectronics manufacturing industry, I am writing to you regarding Sec. 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. SEMI has already submitted comments to the Securities and Exchange Commission (SEC) as part of a large consortium led by the National Association of Manufacturers (NAM), but feel that it is important that you hear of our specific industry concerns as well. Like NAM, SEMI supports the goals of Section 1502 of preventing human suffering in the Democratic Republic of Congo (DRC) and related areas. SEMI believes that all members in the supply chain for Conflict Minerals have a role to play in ensuring the basic human rights of everyone involved in the extraction, processing and use of the minerals and their derivatives, specifically tin, tungsten, tantalum and gold. SEMI also believes that each party's role should reflect their practical influence on upstream suppliers throughout the supply chain.

As described in "DRAFT DUE DILIGENCE FOR RESPONSIBLE SUPPLY CHAINS OF MINERALS FROM CONFLICT-AFFECTED HIGH-RISK AREAS, SUPPLEMENT ON TIN, TANTALUM, AND TUNGSTEN", published by OECD, the greatest influence occurs within the "upstream" supply chain from mines through smelters and refiners. Direct purchasers of metals such as distributors or manufacturers of items directly incorporating these materials are also able to significantly influence the upstream suppliers as a result of the volumes of materials utilized, and their proximity in the supply chain. For companies positioned further away from the upstream suppliers, and those immediately adjacent to them in the supply chain, it becomes increasingly difficult to gather information about the multiple supply chain entities involved, and exert influence on them.

SEMI members, in particular, manufacturers of capital equipment used by microelectronics manufacturers are in the final downstream stage of extremely complex supply chains with products that may contain tens of thousands of individual components, and are typically sold in volumes of tens to hundreds of units per year. These components consist of individual piece parts, complex subassemblies, and complete finished products that are incorporated into the Semiconductor Manufacturing Equipment (SME). In the simplest model, there are more than 5 layers in the supply chain from incorporation of a metal into an individual electronic component through incorporation into SME. For example, tantalum metal may be incorporated into a capacitor (1) which is then combined with other electronic components, potentially from other suppliers into a printed circuit board (2), which is then incorporated into a an electronic controller (3), which is then incorporated into a mechanical subassembly (4), which is then incorporated into the SME product (5). All

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along the way, the components from multiple suppliers may be combined in each step, adding further complexity. This simple example does not even take into account distributors of the different components who may be interspersed between these steps. Given the many potential supply chain layers between the SME manufacturer, and the supplier actually purchasing metals, and the relatively low volume of component purchasing, the SME manufacturer's influence over suppliers, other than their direct suppliers, is minimal.

SME manufacturers do not typically specify the design of electronic and electrical components purchased for incorporation into their SME, and they have negligible ability to control the material selection decisions that are taking place several positions upstream in the supply chain.
Many of the metals used in the production of integrated circuits, their packaging and interconnects are not known outside of the original manufacturer and are rarely disclosed.

For the reasons described above, SEMI respectfully recommends that companies be required to perform due diligence and report only for tin, tantalum, tungsten, and gold which is directly incorporated or specified for inclusion in their products. This is in agreement with NAM's proposed definition of "Necessary" to the functionality or production of a product.

SEMI believes it is important to our industry to illustrate the reasons for our support of this NAM proposal for "necessary,", but this does not overshadow our general support for all of the concerns raised, and proposals made, in NAM's letter to you.

SEMI would like to raise one other concern regarding the uncertain scope of the law. Section 1502, as written, governs "conflict minerals and their derivatives." We know, as an example, that derivatives of wolframite include iron, manganese and oxygen. This raises some uncertainty regarding which specific materials will be regulated. SEMI believes that it is not the intent of Section 1502 to designate metals such as iron as subject to reporting, however, clarity in the regulations on this point would be greatly appreciated. SEMI requests that the SEC identify the specific conflict mineral derivatives proposed for inclusion in the scope the regulation. SEMI respectfully recommends that these derivatives be limited to tin, tantalum, tungsten and gold.

Thank you for your consideration.

Sincerely,

Karen Savala

Karen Savala
President, Americas
Semiconductor Equipment and Materials International