Dear Chair Clayton,

I'm writing to you in light of the upcoming meeting at which the Commission will consider "whether to adopt rules that will require resource extraction issuers to disclose payments made to the U.S. federal government or foreign governments for the commercial development of oil, natural gas, or minerals. The rules will implement Section 13(q) of the Exchange Act, which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act."

The Dodd Frank Act was enacted in part to address the market failures of the financial crisis, particularly systemic risks that were not well understood or well managed. Much like systemic risk in the mortgage markets was underappreciated a decade ago, underappreciated risks currently permeate the natural resource sectors. In this way, the Section 13(q) disclosures are similar to those required pursuant to the SEC Final Rule on Modernization of Oil and Gas Reporting, which were "designed to modernize and update the oil and gas disclosure requirements to align them with current practices and changes in technology." This rule was necessary to provide a meaningful and comprehensive understanding of oil and gas reserves, including bitumen extracted from oil sands and oil and gas extracted from coal and shale using new technologies, and to facilitate comparisons between companies. Similarly, Section 13(q) disclosures are necessary to provide risk-adjusted estimates of cash flows that reflect the new realities of natural resource development that often takes place in environments where political, regulatory and tax risks are material.

While companies already report taxes paid globally and other costs, without disaggregated data on payments, investors remain under-informed about both key considerations like tax deferrals and unequipped to raise questions to management about the impact of the rather common changes to fiscal regimes. The uncertainty that we've seen this year alone due to changes in the market due to coronavirus and more record write downs in the oil sector further underscore the need to better understand these risks, and payment-level-disclosures can help.

In my career, I've also had the opportunity to advise US corporations and multinationals on how to thrive in an increasingly globalized world, and two things are clear: business interests are best served by a harmonization of standards and requirements across jurisdictions; and increased corporate transparency allows for a more level playing field. A rule in favor of greater project-level transparency would align with other jurisdictions, who have already acknowledged that more detailed disclosures better serve analysts trying to understand extractive sector projects and help to combat systemic risks.

US investors commenting on this rule have also agreed, consistently and unanimously, as illustrated by the record. In fact, in my 26 years in the investment management industry, I've never seen a rule with quite such a record of comments from investors – all in support of detailed, project-level disclosures. The Commission should do its best to protect the interests of this critical group of stakeholders by addressing systemic risk and adopting a final rule in line with their requests.

Best,
Kim Williams
Former Senior Vice-President of Wellington Management Company, LLP (retired)