

United States Senate  
WASHINGTON, DC 20510

December 11, 2020

The Honorable Jay Clayton  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street N.E.  
Washington, D.C. 20549

Dear Chairman Clayton:

Thank you for your service and leadership for more than three and a half years with the Securities and Exchange Commission. With the announcement to conclude your tenure at the end of the year, we understand you are extremely busy finalizing the remaining rules on your agenda.

One such rule has global importance. Specifically, we urge you to implement a strong rule for Dodd-Frank Section 1504 that is truly reflective of the comments received during the public comment period, that meets the original Congressional intent behind the statute in aligning with the international standard for payment transparency in the oil, gas, and mining industries, and recognizes the February 2, 2017 letter to the Chairman Piwowar from Senators who voted for the resolution of disapproval of the SEC's initial rule who noted their commitment "to efforts to encourage corporate transparency on these matters consistent with international standards already adopted by European and other governments."

It is important that the final rule serves as an effective tool for combating corruption and fulfills the Commission's statutory directive. Unfortunately, the proposed rule needs to be strengthened in several areas to meet Congressional intent, achieve the stated objectives of the law, and serve and protect investor interests. This is essential to ensure a rule that can withstand legal scrutiny. Most importantly, the rule must require payment disclosure that is disaggregated and publicly disclosed on a project-basis, with "project" defined as the contract, lease or license that forms the basis of the payment liability, consistent with the definition already used in other markets and the Extractive Industries Transparency Initiative.

The vast majority of comments during the Commission's public comment period similarly urged the Commission to strengthen its proposed rule in these key respects to ensure alignment with the existing international transparency standard, a critical objective explicitly expressed in the original statute and reiterated with bipartisan Congressional support. This position was strongly expressed by a wide range of stakeholders, including investors, many of the world's largest oil, gas and mining companies, domestic and international civil society organizations seeking to use the information, and anti-corruption and legal experts.

We have seen significant shifts in the international transparency landscape, including dramatically increased corporate experience with disclosures. We now have years of mandatory payment reporting in multiple jurisdictions that can help inform the Commission's economic analysis. Since the proposed rule was released, the market has experienced substantial additional change that warrants additional consideration by the Commission. For example, given the recent oil market volatility

and sustained impacts to the industry, including shut-ins, bankruptcies, write-downs and changed projections of potential value and production, transparency is all the more essential.

The United States has long been a global leader in fighting corruption and ensuring transparency of its markets, and protecting U.S. investors by providing access to valuable information to assess risk and company performance. It is important to consider investor interests in the final rule. With increased volatility and uncertainty in the oil, gas, and mining sectors, investors require more information to inform their decisions and safeguard their interests.

We support the Commission for its continuing efforts to protect American investors and for its commitment to reclaiming American leadership in promoting extractive sector transparency, and believe a strong rule will further these objectives.

Sincerely,



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Benjamin L. Cardin  
United States Senator



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Richard J. Durbin  
United States Senator