

March 2, 2011

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

**RE: Proposed Rules for Section 1502 of the Dodd-Frank Wall Street Reform and
Consumer Protection Act (Conflict Minerals)**

Via email: rule-comments@sec.gov

Dear Chairman Schapiro:

Six Japanese trade associations¹ would like to jointly submit the following comments on the proposed rules for Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act on behalf of the relevant Japanese industry associations.

Many of the companies which belong to our associations run business operations involving global supply chains. As they will be heavily impacted by the proposed Securities and Exchange Commission (SEC) rules on conflict minerals, it would be greatly appreciated if the views noted below are taken into account in the SEC's considerations.

Our member companies engage in business with the understanding that compliance with laws and a commitment to a better society are our principal responsibilities. We fully support the aims of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and to achieve the same aims, we are working hard on the issue of conflict minerals to prevent atrocities being committed by armed groups in the Democratic Republic of Congo (DRC) and adjoining countries.

Complying with the proposed SEC rules will require a serious effort and commitment throughout the global supply chains. Firms will need reasonable preparation time to formulate appropriate frameworks and evaluation criteria, etc., required for the compliance, as well as the time to ensure that all parties throughout the global supply chain are informed of the rules. Accordingly, we request the SEC to give adequate consideration to the realities of global supply chain to enhance the effectiveness of the proposed rules. In addition, since business practices and manufacturing processes differ from industry to industry, the proposed rules should allow firms to utilize, as necessary, international guidance, frameworks based on voluntary private-sector efforts and other existing initiatives, when the firms prepare their individual compliance plans. Moreover,

¹ Six Japanese trade associations jointly sending these comments are:
Communications and Information network Association of Japan (CIAJ);
Japan Auto Parts Industries Association (JAPIA);
Japan Business Machine and Information System Industries Association (JBMIA);
Japan Electronics and Information Technology Industries Association (JEITA);
The Japan Electrical Manufacturers' Association (JEMA); and
Japan Machinery Center for Trade and Investment (JMC)

the views of multiple home country and offshore stakeholders (industry, NPOs/NGOs, experts, financial sector, government, etc.) should be properly reflected to ensure smooth operation of the conflict mineral rules. If a forum among interested parties is established to this end, we intend to support it as much as we can.

We are pleased with this opportunity to cooperate with the SEC to prevent atrocities by armed groups in the Democratic Republic of Congo (DRC) and adjoining countries, and also would like to contribute to the greatest extent possible towards this rule making process.

Thank you for the opportunity to comment on the SEC proposals. Below are our views on the specific questions posed.

Question 6:

Only those individuals and entities that are subject to the reporting requirements under the Securities Exchange Act should be required to file conflict minerals disclosure and Conflict Minerals Reports. Requiring any other individuals or entities to file conflict minerals disclosure and Conflict Minerals Reports would unnecessarily create undue burden on the entire supply chain and would not constructively serve the aims of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Question 20:

Section 1502 of the Dodd-Frank Act requires issuers to annually disclose the results of due diligence conducted to identify the origin of conflict minerals that are necessary to the functionality or production of a product manufactured by such person. The term, "necessary to the production," should only apply when the conflict minerals are intentionally included in a product's production process. In addition, this term should not apply when the conflict minerals are only necessary to the functionality or production of a physical tool or machine used to produce a product.

Question 21:

“Conflict minerals occurring naturally in a product or conflict minerals that are purely an unintentional byproduct of the product” should not be considered as “necessary to the production.” Therefore, we agree that the SEC delineates the phrase as suggested.

Question 25:

The Conflict Minerals Report should be an independent report and should not be a part of the annual report.

Question 37:

Section 13(p)(1)(D) states “a product may be labeled as ‘DRC conflict free’ if the product does not contain conflict minerals,” and labeling is not required by law. Therefore, the SEC should not require issuers to label ‘Not DRC Conflict Free’ or ‘May Not Be DRC Conflict Free’ on products, in the event that origin of conflict minerals cannot be determined. Labeling ‘Not DRC Conflict Free’ or ‘May Not Be DRC Conflict Free’ on

products, in the event that origin of conflict minerals could not be determined, could unnecessarily confuse the purchasers and users about their meanings.

Question 52:

Manufacturers can acquire information on suppliers with whom they have direct ties, but they will have no choice but to rely on representations from other related parties for other information. Accordingly, when there is a reasonable basis to assume accuracy of the representations by those parties, manufacturers should be permitted to rely on such representations.

Question 54:

Because business practices and manufacturing processes differ from industry to industry, standards should be reasonably flexible in relation to due diligence requirements. A number of procedures should be recognized, including the utilization of existing initiatives. In addition, when companies undertake actions related to due diligence regarding their supply chains, it would be valuable for smooth operation of and compliance with the proposed rules if industry-specific due-diligence formats may be used.

Question 61:

The proposed rules should clearly exempt from their scope those existing stockpiles of conflict minerals obtained prior to their implementations.

Questions 63-67:

Conflict minerals from recycled or scrap sources should be exempted from the scope of the proposed rules. Given a wide range of processing technologies and ways of using recycled minerals in products, it would be difficult to determine whether recycled minerals include conflict minerals.

Other comments

(1) Burden and Cost Estimates Related to the Proposed Amendments

Regarding the cost estimates noted in 17 C.F.R. 229(III)(B), the proposed rules seem to underestimate the number of affected companies. However, given the aims of this provision and of the proposed rules, we believe that the number of companies affected by the proposed rules would be much more than the assumption made by the SEC and companies further along the supply chain (i.e., materials trading companies through to mines) should be included on the basis of the cost estimates, taking the whole supply chain into consideration.

(2) Request regarding the map to be produced by the Department of State

Paragraph (C)(2) of Section 1502 stipulates that the Secretary of State shall produce a map of trade routes and areas under the control of armed groups and update that map regularly. We would like to request that the SEC allow issuers to rely on accuracy of the information included in the map, when they conduct due diligence on the upstream segments of their supply chains.

Sincerely,

Communications and Information network Association of Japan (CIAJ)

Japan Auto Parts Industries Association (JAPIA)

Japan Business Machine and Information System Industries Association (JBMIA)

Japan Electronics and Information Technology Industries Association (JEITA)

The Japan Electrical Manufacturers' Association (JEMA)

Japan Machinery Center for Trade and Investment (JMC)