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February 8, 2011

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

Dear Chairman Schapiro,

On behalf of Catholic Relief Services (CRS) and the Committee on International Justice and Peace of the United States Conference of Catholic Bishops, we welcome the proposed rules the Securities and Exchange Commission (SEC or Commission) published to implement **Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act")** in **File S7-40-10, 75 Fed. Reg. 80948 (Dec. 23, 2010).** As leaders in a world-wide community of faith, as investors, and as advocates of the law from its drafting, we want the rules to be clear and consistent. We also want to ensure that the rules implement the intent of Congress to help prevent armed groups in the eastern Democratic Republic of the Congo from financing violence and human rights abuses by selling conflict minerals, and to protect investors by giving them access to information essential to making socially responsible decisions.

Three factors guide our comments on the proposed rules. These are: 1) the experience of the Catholic Church in the Democratic Republic of Congo (DRC) and adjacent countries, and our solidarity with the Church there; 2) the experience of Catholic Relief Services (CRS) in collaboration with agencies of Caritas Internationalis in many of those countries; and 3) the desire of many investors, including CRS and Catholic organizations and individuals, to invest responsibly, avoid fueling violence in the Great Lakes region of Africa, and obtain comprehensive information about investment risks regarding conflict minerals.

Our central concerns are that the rules provide appropriate coverage of issuers and products (consistent application of section 1502) and that the information that issuers submit to the SEC, including their basis for determination and their Conflict Mineral Reports, be accurate, verifiable, and easily available to and searchable by investors and consumers (more and comprehensive reporting). *In applying the three factors we outlined above, we have relied on the technical and policy staff of our respective organizations.*

We affirm that the reporting required by section 1502 of the Dodd-Frank Act should apply equally to all conflict minerals equally, as set out in paragraph (c)(3) of the proposed Instruction (Question 1). We believe that the rules, as proposed, should apply to all issuers that file reports under Sections 13(a) and 15(d) of the Exchange Act and that no exemptions should be made (Questions 2 and 4-7). We agree that, as proposed, the rules should apply to issuers that manufacture or contract to manufacture products for which conflict minerals are necessary, and agree with the proposed definition of contracting (Questions 10-12) as well as with including

mining within the definition of "manufacture," as proposed (Questions 13-15). We agree with the SEC's proposed rule defining "necessary" to a product and the explanatory notes with one exception. We suggest that "necessary to the functionality or production of a product" be defined broadly enough that it encompasses uses necessary to the economic utility and/or marketability of that product (as is set out in Questions 16, 18 and 19).

We do agree that issuers should be required to provide conflict minerals disclosure and reporting in the body of their annual report as well as on their websites (Questions 25 and 31). The Conflict Minerals Report itself could also be filed as an exhibit (Questions 47 and 49). The intent of the legislation certainly was to ensure that all issuers affected by the provision would need to describe, in a methodical way, the steps they took to arrive at the determination of whether they use conflict minerals that originated in the DRC region or not. This information should be included in the body of their annual report, as proposed (Question 27). Audit reports, due diligence process (including for those issuers that conclude that their conflict minerals did not originate in the DRC region), and any other necessary information that can be useful to investors and the general public should also be posted on the issuers' website. Because it is important for investors to be able to view issuers' sourcing practices over time, and because means of verification may be needed, each issuer using conflict minerals should maintain viewable records and should keep the information on its determination or its Conflict Mineral Report on its website for multiple years (Questions 28 and 32). To enhance its utility to investors, the information in the disclosure and Conflict Mineral Report should also be provided in an interactive data format such as XBLR (Question 29).

We also affirm that a reasonable country of origin inquiry to determine whether an issuer's conflict minerals originated in the DRC is necessary. Issuers should be required, as proposed, to conduct a reasonable inquiry that conforms to evolving international standards and practices. As described in the proposed rules, the reasonable country of origin determination requirement would have an expectation that the issuers conduct their inquiries with care and that they maintain auditable business records to support their final determination. They should not be able to omit making an inquiry or to simply state that they are not aware that they are using minerals that are not DRC conflict free (Questions 34 and 36).

"DRC conflict free" labeling should be subject to strict criteria. The Dodd-Frank Conflict Minerals provision specifically states that "a product may be labeled as 'DRC conflict free' if the product does not contain minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country." This is an issue of great interest to consumers as well as investors. Our understanding of Congressional intent is that the option provided in the statute to label products as "DRC conflict free" was to provide companies with an incentive and opportunity for a value-added benefit for sourcing conflict free minerals. In order for this to be reliable and effective, there would need to be clear criteria for making the claim that products are "DRC conflict free" and for how the label is used. Therefore, we suggest that the proposed rules require issuers that wish to label products as "DRC conflict free" to be held to a specific standard of proof and be able to verifiably document that claim. The standard would be most effective if it were higher than the "reasonable country of origin inquiry"

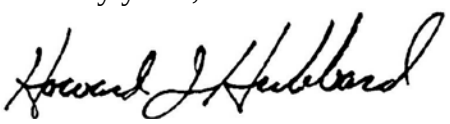
standard (used for determining whether or not the issuer must disclose to that it does or may use minerals that are not DRC conflict free) and consistent with truth in advertising regulations. We also suggest that all information in support of the "DRC conflict free" claim be required by the SEC to be made public. The "DRC conflict free" label itself should have a standard appearance and be easily identifiable by consumers and others as referring to the standards established by these rules. Other kinds of labeling regarding conflict minerals would be confusing for investors and consumers. Thus we answer negatively to Question 37 on File S7-40-10. The preceding explanation and disagreement should also be noted for some other questions in that section.

The proposed rules affirm the need for issuers to appropriately exercise due diligence when determining the origin and chain of custody of the conflict minerals they use in their products. This should not be taken lightly, and indeed due diligence is the linchpin that will determine the effectiveness of the final rules. Regarding Question 50, we emphasize that issuers should be required to describe, with clarity and specificity, the steps they took to ascertain the origin and chain of custody of their conflict minerals and thus allow investors and consumers to determine whether the actions taken reflect reasonable care and effort. Issuers should also be required to include the results of that due diligence with the greatest possible specificity (Question 40).

We do not agree that using recycled minerals should allow a manufacturer to classify and label their products as "DRC conflict free." As we have already argued, labeling products as "DRC conflict free" should not be a requirement that is easily satisfied. We agree that, as described by the SEC, reclaimed end-user or post-consumer products could be considered "recycled" and that partially processed, unprocessed or ore byproducts should not. Responding to Question 67, we suggest that the SEC define "scrap" so as not to introduce a loophole that may create a significant risk, and perhaps an incentive, that materials that are not conflict free could be inappropriately processed to take advantage of this approach.

Implementation of the Congo Provisions of the Dodd-Frank Act is important to us as the rules have moral and human consequences as well as economic and political impact. We submit these comments with the hope the SEC will consider the need of investors to access information to make sound business decisions that reflect both their social and their financial concerns.

Sincerely yours,



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