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February 9, 2012

Chairman Mary L. Schapiro  
Commissioner Luis A. Aguilar  
Commissioner Troy A. Paredes  
Commissioner Elisse B. Walter  
Commissioner Daniel M. Gallagher  
United States Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Dear Chairman and Commissioners:

I am writing to comment on the proposed rules for the Disclosure of Payments by Resource Extraction Issuers as set forth in Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

I am particularly interested in these rules following the report on financing for development that I presented to G20 leaders, including President Obama, at the G20 Summit in Cannes last year. In it, I explicitly referred to the U.S. government's important lead role in enacting legislation requiring mining and oil companies listed on its stock exchanges to disclose payments to governments and recommended that other G20 countries follow the U.S. government's lead and endorse legally binding transparency requirements. Consequently, I feel it is critical to ensure the final rules for this provision are strong and robust and in keeping with the intentions of Congress.

In Africa and elsewhere, natural resources represent the best chance to finance development and reduce poverty and aid dependency. For example, Africa's natural resources were worth \$246 billion in exports in 2009, which is six times greater than development assistance to the continent in that year (\$44 billion), and seven times the value of agricultural exports (\$39 billion). Little of this value remained in Africa. Transparency of financial flows is critical to ensuring these valuable resources are transformed into public benefits.

Congress was very clear in its intent regarding Section 1504 – to make publicly available and easily accessible the detailed information on the payments companies engaged in the commercial extraction of oil, gas, and mining resources made to governments around the world, country by country, project by project, and payment type by payment type.

These provisions are consistent with and should reinforce the U.S. government’s long-standing policy against corruption, such as the Foreign Corrupt Practices Act, which details the obligations of corporations doing business in the U.S. to refrain from the bribery and corruption of overseas officials.

A primary goal for the Disclosure of Payments by Resource Extraction Issuers was to make this information available to citizens when their own government denied them access. It is in the most secretive jurisdictions that corruption, poverty, and instability flourish and the risk to investors is greatest. Any exemption from reporting payments to governments that object to such disclosure would defeat a primary purpose of the law.

It is also important to seek disclosure below the country level. Project level reporting will give both citizens and investors valuable information. Defining “project” in the rules as “activities in a particular geologic basin or province” would be of limited use to both citizens and investors. This concept also has no relation to how companies actually make payments to governments. Royalty rates, tax payments, cost recovery, tax holidays, and the like are defined in laws, leases, and licenses, not by geologic basin. Defining projects in an artificial manner would increase compliance costs while greatly reducing the benefits to users, and it would require companies to create new databases unrelated to how they currently pay most taxes.

The Commission has a mandate to implement final rules reflecting the clear intent and reporting requirements established by Congress. Such rules would be consistent with emerging international norms and practice, and help reinforce a competitive and level playing field for U.S. corporations and foreign companies. It would produce real benefits for the citizens of the countries where the investments take place.

Sincerely,

A handwritten signature in black ink that reads "Bill Gates". The signature is written in a cursive, slightly slanted style.

Bill Gates