GEORGE SOROS

February 21, 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 appreciate this opportunity to comment on the Commission's rulemaking for Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, "Disclosure of Payments by Resource Extraction Issuers."[1]

As numerous submissions to the Commission on this rulemaking attest, Section 1504 enjoys strong and enduring support from Congress, investors and citizens in both home and producing countries. Meanwhile, governments and regulators in key capital markets for oil, gas and mining business continue to look to the Commission for final rules implementing this provision, which will set the tone for emerging standards elsewhere.

Congress's stated intent in passing Section 1504, as key members of the Senate have recently affirmed to the Commission, was to address corruption and encourage security and stability in oil and mineral rich regions worldwide. These aims will pay dividends to investors and citizens, and support sustainable development in countries where it is needed most.

In line with the mandate it has been given by Congress, it is critical the Commission issue final rules that are fit for purpose and adhere to the strong, disaggregated disclosure standard contemplated by Section 1504. Practically, this means that issuers must be compelled to report on all payments made, in every country where they operate and for each project.

Allowing exemptions from reporting for any country that does not want company data published would have no basis in the law. Further, exemptions would undercut the law's intent by creating a perverse incentive for corrupt governments to pass new laws blocking disclosure.

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[1]This comment is offered further to my letter submitted on the Commission's proposed rules dated February 23, 2011.

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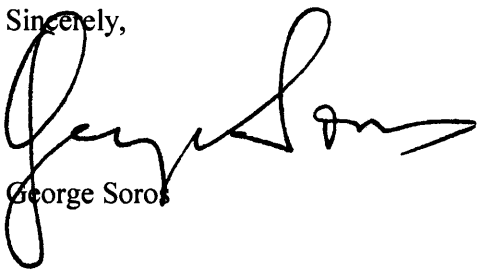
Defining "project" for the purposes of payment reporting by reference to a geologic basin or province, as some rulemaking submissions have suggested, would be similarly inappropriate. This arbitrary standard would produce data of little use to citizens or investors. Only a definition linked directly to the instrument/s that establish an issuer's fiscal obligations will allow accountability for what is owed and paid to local governments and specific communities. For this reason "project" would ideally be defined in final rules in relation to the lease, license, concession or other such agreement that determines the value of a company's payments to governments. This would have the added advantage of ensuring that companies participating in joined ventures would report on a comparable basis. It would also provide a suitable standard to be adopted by other pending legislations.

Existing disclosure standards for extractive industries simply aren't sufficient. Currently, broad gaps in the information reported by oil, gas and mining companies and the asymmetry of this information across markets do little to enable comprehensive investor risk analysis, and prevent public oversight.

Congress required the Commission to issue reporting rules under Section 1504 in order to ensure broad coverage of company payment information and produce uniform, disaggregated data. To the extent final rules deviate from this clear purpose by allowing for exemptions from reporting or the disclosure of unduly aggregate information, they will conceal precisely the information Section 1504 was designed to reveal.

Sincerely,



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