

United States Congress

WASHINGTON, DC 20510

March 1, 2011

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: File Number S7-42-10

Dear Chairman Schapiro:

On December 15, 2010, the Securities and Exchange Commission issued a draft rule implementing Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, now contained in Section 13(q) of the Securities Exchange Act of 1934. We write to provide comment on the draft rule to help inform the Securities and Exchange Commission (SEC) final rule for this provision.

We commend you and your staff on completing such a comprehensive draft rule under such an ambitious timeframe. In general, we believe the text of the draft rule is true to Section 1504 and that you have created a good foundation for completion of the final rule. However, we believe some improvements are needed, and we offer the following comments in response to certain questions posed in the draft rule.

Furnish versus file

Section 1504 states specifically a disclosure requirement for all issuers “that file annual reports with the SEC.” While the law leaves the SEC some latitude in determining where and how issuers disclose this information, the drafters of Section 1504 envisioned that the information would be filed as part of primary documents of the issuers annual report to the SEC as required by Section 13 and 15(d) of the Exchange Act. This would provide the most accountability for the data by the companies and by the SEC, therefore we do not believe the draft rule meets this standard when it allows companies to “furnish” the report to the SEC rather than “file.” By filing the disclosure, companies will have an increased incentive to provide accurate data that can be relied upon by investors. In addition, by requiring issuers to file the disclosure, the reporting requirement will be subject to Section 18 liability and SEC enforcement and accountability efforts will be complemented by the possibility of private rights of action.

Related to this issue, we disagree with the Commission’s characterization of the disclosures required by Section 1504 as “qualitatively different” than other types of SEC disclosures. The disclosures required by Section 1504 are material, as determined during the legislative process, and in no way different than any other disclosures required by the SEC. As noted in prior comments to the SEC, the purpose of Section 1504 is to bring greater transparency to extractive-

related payments made to governments by resource extraction issuers required to report to the SEC. This transparency will provide information important to investors so they can accurately assess risks associated with political instability in these markets. The fact that the information gathered under this rule may also be used by other interested parties does not in any way make these disclosures inherently different from other SEC disclosures.

Project Reporting

Section 1504 requires reporting at the project level. The definition of project was purposefully left to the discretion of the SEC to devise once input had been received from relevant parties. While we do not offer a specific definition for project, we do not agree with the suggestion that a project could be defined the same as country-level activity. We specifically stated “project level” in Section 1504 in order to achieve a level of detail that would be useful for investors and the public.

Public Availability of Information

Section 1504 requires companies to report the information in an interactive format so that the information is readily usable by investors and the public – the basic intent of the section. Section 1504 also suggests that if practicable, the SEC can make a compilation of all the data available to investors and the public for ease of use. This compilation would be in addition to the public availability of the original company data and in no way is expected to replace the public availability of that data.

Exemptions

The draft rule asks whether exemptions should be allowed for a number of category of issuers, including foreign issuers, for companies facing possible confidentiality or host government disclosure restrictions or for smaller reporting companies. We agree with the SEC's proposal that there be no exemptions from reporting, for any type of covered issuer. Exemptions for broad categories of issuers could create competitiveness concerns and would undermine the Congressional intent of creating a level playing field for all issuers.

With regard to potential host government restrictions on disclosure, the statute makes clear that the intent is to make this information available from all countries, and this is particularly relevant in countries where governments may purposefully seek to keep this information hidden. Based on independent research done by Columbia University Law School, most confidentiality laws in this sector relate to the confidentiality of geological and other technical data, and contain specific provisions to allow for disclosures to stock exchanges. We know of no foreign law that specifically prohibits disclosure of payment information. However, we do know that if an exemption is granted, many countries would exploit such an exemption and enact such prohibitions against disclosure in order to circumvent Section 1504. Therefore, granting an exception for host-country laws would be contrary to the spirit and intent of this Section 1504.

In response to the question regarding whether or not smaller reporting companies should be exempted from disclosure, again we believe there should be no exemption for such issuers. All registered issuers are obliged to keep accurate books and records on basic financial information

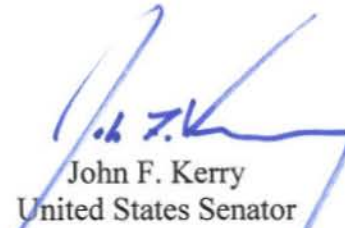
and transactions and this would not pose a great burden to smaller reporting companies. In addition, smaller reporting companies are often exposed to greater equity risk than larger issuers and may be subject to greater transparency risk which potential investors should be made aware of. Excluding these smaller reporting companies or other categories of issuers would expose investors to the sort of political and regulatory risk this regulation is intended to mitigate.

Thank you for the opportunity to comment and we look forward to the final release of regulations on this important law.

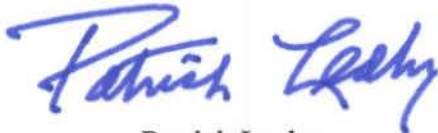
Sincerely,



Benjamin L. Cardin
United States Senator



John F. Kerry
United States Senator



Patrick Leahy
United States Senator



Charles E. Schumer
United States Senator



Barney Frank
United States Representative