



March 15, 2017

Mr. Michael S. Piwowar
Acting Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Subject: RECONSIDERATION OF CONFLICT MINERALS RULE IMPLEMENTATION

Submitted via rule-comments@sec.gov

Dear Chairman Piwowar:

Financial Executives International (FEI) appreciates the opportunity to respond to the January 31, 2017 *Statement on the Commission's Conflict Minerals Rule* and the associated request for comment. FEI strongly supports your suggestion that the Commission issue additional guidance relating to the implementation of the conflict minerals provision set forth in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). In supporting this step by the Commission, we are not in any way minimizing the gravity of the situation in the Democratic Republic of the Congo and central Africa. We believe that national governments must work together to determine an effective international response to the violence and the death toll related to the conflict in this region. However, for reasons discussed below, we question both the suitability of the Conflict Minerals Rule for securities filings as well as its effectiveness in combating the underlying source of the violence.

The mission of the SEC consists of three important components: (1) to protect investors, (2) to maintain fair, orderly, and efficient markets, and (3) to facilitate capital formation. That mission is best served when the Commission maintains a singular focus on ensuring that markets are robust, fairly priced, and supported by high quality financial reporting to investors that provides relevant and reliable information that is material to investor decisions. When the first two components of the mission are undermined by an Act of Congress to mandate reporting on matters related to social causes, the third component (facilitating capital formation) is directly and adversely affected. Moreover, as the Commission has observed in supporting its Disclosure Effectiveness initiative, investors are currently facing a growing challenge as material information is being overshadowed by voluminous disclosure of immaterial, duplicative, outdated and irrelevant information. Requiring information about matters that further the cause of particular non-governmental interest groups, regardless of their social merits, adds substantially to the volume and complexity of securities filings and the reporting burden without providing material information relevant to decision-making to investors as a whole.

Assessing materiality and relevance to investors from a financial standpoint involves consideration of the particular data relative to all information that could affect the decision to buy, hold or sell an investment. Disclosures required under the Rule seek to provide information about the presence of conflict minerals in an issuer's supply chain. While there is the potential that supply chain issues in areas of conflict may disrupt business activities, it is unlikely that this exposure is material to investors in those companies. As a result, notwithstanding the goals of Section 1502 of the Dodd-Frank Act, which are laudable, we see no evidence that would suggest that disclosures about conflict minerals in securities filings is providing material information that would assist investors in making informed capital allocation decisions which is at the core of the SEC's mission.

The Commission best discharges its responsibilities by asking whether the requested information would be material to investors, using the standards defined by the Supreme Court. Unless and until it becomes clear that this information is material to investment decisions, FEI believes that information provided in securities filings should not be used as instruments of social policy, which we believe are appropriately within the purview of national governments to address rather than securities regulators.

FEI and its representatives would be pleased to discuss our views further on this particular matter and others of this type at your convenience. I can be reached at 973.765.1001.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Suskavcevic". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andrej Suskavcevic, CAE
President and CEO
Financial Executives International