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Bipartisan Congressional Letter Calls on SEC to Issue Rules on Corruption and Conflict Minerals

WASHINGTON, DC - Global Witness applauds the bipartisan call by 58 Members of Congress for the Securities and Exchange Commission (SEC) to immediately release the final rules for two sections of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) aimed at decreasing corruption and conflict relating to the extractive industries. The law, passed in July 2010, required the SEC to issue final rules for these provisions in April 2011. Fourteen months after missing this deadline, the SEC is refusing to name a date for their publication.

“The SEC has run out of excuses,” said Corinna Gilfillan, Head of the Global Witness US office. “SEC Chairman Mary Schapiro must start showing some leadership and get these rules out. As a result of the SEC’s foot-dragging, the US has gone from being a global leader on efforts to break the links between natural resources, conflict and corruption to becoming an obstacle. This is hurting some of the world’s poorest and most vulnerable people.”

The 58 Members of Congress, led by Reps. Markey (D-MA), Frank (D-MA), Berman (D-CA), Waters (D-CA) and McDermott (D-WA), together with Co-Chairs of the Human Rights Commission, Reps. Frank (R-VA) and McGovern (D-MA) wrote to the SEC on 22 June. Their letter states:

This issue is too serious to allow further delay. Conflict minerals and non-transparent payments for natural resource extraction continue to be a weight on developing nations’ growth and are a risk to investors and the public. Worse, continued delay undermines efforts in the DRC [Democratic Republic of Congo] to make the mining industry more transparent and to diminish the link between minerals and the funding of the brutal violence carried out by warlords.

The full letter can be found [here](#).

The letter goes on to urge Chairman Schapiro to immediately schedule a vote on the final rules, or to provide an explanation as to why the SEC is over a year late in fulfilling its responsibilities to issue regulations.

The two provisions of the Dodd Frank Act are designed to ensure natural resources in developing countries benefit ordinary citizens, rather than predatory officials and armed groups. The Extractive Industries Disclosure Provision (Section 1504) mandates oil, gas and mining companies to publish their payments to governments for access to a country’s natural resources. The Conflict Minerals Provision (Section 1502), designed to cut off a key source of funding to armed groups, requires companies to conduct due diligence on their supply chains to determine and disclose if their products contain minerals from conflict areas in the Democratic Republic of Congo (DRC), or surrounding countries. The rules are eagerly awaited

internationally and the SEC delay is affecting both matching regulations on transparency in Europe and investment in countries like the Congo.

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Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses