United States Senate

WASHINGTON, DC 20510

April 4, 2017

The Honorable Michael Piwowar
Acting Chair
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

The Honorable Kara M. Stein
Commissioner
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Dear Acting Chair Piwowar and Commissioner Stein:

We write to urge the Securities and Exchange Commission (SEC) to promptly re-issue a new anti-corruption rule implementing Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") that is consistent with both Congressional intent and the extractive industry transparency laws in effect in thirty other countries. The recent enactment of H.J. Res 41 does not change the Commission's legal obligation under the Dodd-Frank Act to promulgate a rule that is fully compliant with the text of Section 1504 and the investor protection and international transparency goals Congress intended.

We commend the Commission for the work undertaken during the rulemaking process that led to issuance of the final rule in June 2016. The voluminous record of this process, which involved extensive participation by covered issuers, investors, government agencies, civil society actors, and others, is reflected in the SEC's balanced approach, which took into account the concerns of industry, investors and civil society actors. This record must be considered by the Commission in the new rulemaking.

We understand that several of our Senate colleagues recently wrote of their support for a rule that is consistent with the international standard and the transparency laws adopted in Europe in their letter of February 2, 2017. We agree on this point; aligning the rule with the transparency laws of the EU and Canada is critical to maintaining US leadership on transparency and fulfilling Congress's statutory directive.

In their letter, our colleagues expressed their concern that some countries might prohibit disclosures, however there is no evidence in the record that Section 1504 or similar disclosures would conflict with foreign law. We know of no country that bans such disclosures. The experience of companies reporting under the rules in the EU, Canada and Norway, which provide for no exemptions, confirms there are no conflicting laws that would justify the Commission's adoption of any rule-based exemptions, or the inclusion of hypothetical "fire sales" of assets in the cost-benefit analysis.

We note that the Commission nevertheless inserted safeguards in the 2016 rule, which allowed companies to apply for relief from disclosure on a case-by-case basis if a legitimate problem arises. While we reiterate that substantial evidence proves no such laws exist, a case-by-case approach capable of providing narrowly tailored relief, if necessary, is more appropriate than providing blanket exemptions that would conflict with the EU, Canadian and EITI reporting schemes and would undermine the statutory goal of promoting international transparency efforts.

This anti-corruption transparency rule is necessary, particularly in times of conflict and market volatility. In such an environment, transparency provides investors with essential clarity on the operations of company projects and their exposure to material reputational, expropriation, sanctions and other risks, which may be critical to their decision-making. Likewise, transparency is a critical tool to ensure that citizens in resource-rich countries can monitor the economic performance of oil, gas and mining projects and ensure that such revenues are used responsibly.

We applaud the Commission for its commitment to restore American leadership in promoting extractive sector transparency and encourage the Commission to produce a strong new rule in a timely way.

Sincerely,

Benjamin L. Cardin
United States Senator

Patrick J. Leahy
United States Senator

Sherrod Brown
United States Senator

Edward J. Markey
United States Senator

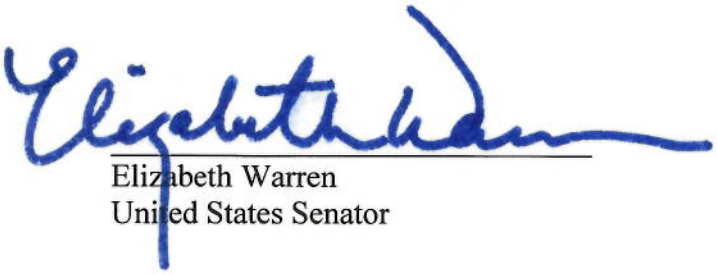
Sheldon Whitehouse
United States Senator

Tim Kaine
United States Senator

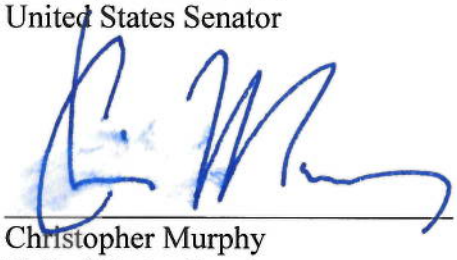
Jeanne Shaheen
United States Senator

Robert Menendez
United States Senator

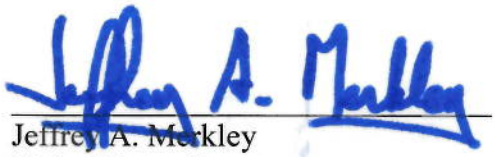
Christopher A. Coons
United States Senator



Elizabeth Warren
United States Senator



Christopher Murphy
United States Senator



Jeffrey A. Merkley
United States Senator