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Via Electronic Mail: rule-comments@sec.gov

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Securities and Exchange Commission Proposed Amendments to Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities
Release No. 33-10526; 34-83701; File No. S7-19-18

Dear Mr. Fields:

Freeport-McMoRan Inc. ("FCX") appreciates the opportunity to provide comments to the Securities and Exchange Commission (the "Commission") regarding certain aspects of the Commission's proposed amendments to the financial disclosure requirements in Rule 3-10 of Regulation S-X for guarantors and issuers of guaranteed securities registered or being registered. Specifically, FCX supports the Commission's proposed amendments to Rule 3-10 that would:

(1) replace the requirement to provide condensed consolidating financial information with a requirement to instead provide (i) summarized financial information about the subsidiary issuers and guarantors, and (ii) specified non-financial disclosures about the subsidiary issuers and guarantors and the terms and conditions of the guarantees, in each case to the extent material to holders of the guaranteed securities; and

(2) permit a parent company to cease providing the proposed summarized financial and non-financial information regarding subsidiary issuers or guarantors in its periodic reports once the corresponding subsidiary issuer's or guarantor's Section 15(d) reporting obligation with respect to the guaranteed securities is suspended automatically by operation of Section 15(d)(1) of the Securities and Exchange Act of 1934 (the "Exchange Act") or terminated by compliance with Rule 12h-3 (even if the guaranteed securities remain outstanding) thereunder, rather than for as long as the guaranteed securities are outstanding.

Background

FCX is a leading international mining company headquartered in Phoenix, Arizona, and our common stock is listed on the New York Stock Exchange. We operate large, long-lived,

geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. We are the world's largest publicly traded copper producer. Our portfolio of assets includes the Grasberg minerals district in Indonesia, one of the world's largest copper and gold deposits; and significant mining operations in the Americas, including the large-scale Morenci minerals district in North America and the Cerro Verde operation in South America. Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States and our views herein are presented from the perspective of a financial statement preparer and as a large accelerated filer.

FCX has outstanding senior notes that are fully and unconditionally guaranteed by one of its 100% owned subsidiaries, which notes and guarantees were issued in offerings registered under the Securities Act of 1933, as amended ("Securities Act") in 2013, 2014 and 2016. Accordingly, since 2013, FCX has provided in the footnotes to its consolidated financial statements condensed consolidating financial information concerning its guarantor and non-guarantor subsidiaries in accordance with Rule 3-10(e)(4) of Regulation S-X and related interpretations of the Staff of the Commission.

FCX Supports the Proposal to Provide Summarized Financial and Non-Financial Information In Lieu of Condensed Consolidating Financial Statements

Under the proposed amendments, Rule 3-10 would continue to permit the omission of separate financial statements of subsidiary issuers and guarantors when certain conditions are met; however, the requirement to provide condensed consolidating financial information would be replaced with a requirement to instead provide (1) summarized financial information about the subsidiary issuers and guarantors and (2) specified non-financial disclosures about the subsidiary issuers and guarantors and the terms and conditions of the guarantees, in each case only to the extent material to holders of the guaranteed securities. With respect to the financial information, the parent company would be permitted to (1) exclude the financial information of non-obligated entities, (2) reduce the number of periods to be presented to the most recently ended fiscal year and year-to-date interim period only, and (3) provide the information of each issuer and guarantor on a combined (rather than disaggregated) basis.

FCX supports the proposed amendment to Rule 3-10 that would eliminate the requirement to provide condensed consolidating financial information concerning the subsidiary issuers or guarantors because it believes the costs, challenges of and risks associated with preparing this information significantly outweigh the value of this information to investors, debt holders and other users of our financial statements. Over the past five years of presenting guarantor financial information in our quarterly and annual reports, we have received only a few inquiries from investors and analysts regarding these disclosures as compared to the frequent inquiries received regarding other disclosures in our filings, indicating that investors are more focused on the consolidated results of operations, cash flows, financial position and other disclosures rather than that of our guarantor subsidiary.

Preparing and providing condensed consolidating financial information is costly, time consuming and subject to a higher risk of error because current Rule 3-10 is complex and there is

limited guidance available regarding the preparation of condensed consolidating financial statements. FCX presents consolidating information for its subsidiary guarantor in a columnar presentation for each category of FCX parent, guarantor subsidiary, non-guarantor subsidiaries, consolidating eliminations and consolidated FCX. FCX's presentation includes all major captions of its balance sheet, income statement and cash flow statement, but is required to be prepared using a unique format generally not applied elsewhere in the Commission's rules or applicable accounting standards. Preparation of these condensed consolidating financial statements each quarter is an inherently labor intensive process as information must be gathered from multiple sources across the company, and numerous reports and spreadsheets must be generated and reviewed by employees in FCX's accounting, financial reporting, and tax departments as well as FCX's internal and external auditors, all under significant time pressure and reporting deadlines. FCX estimates that the existing Rule 3-10 disclosure requirements add approximately three weeks of additional time annually to the preparation of its quarterly and annual reports. FCX's general ledger and financial reporting systems are not structured for this basis of presentation which is used for no purpose other than to comply with the specific requirements of Rule 3-10. In addition, tax entries specific to the presentation of the condensed consolidating financial information are required. Moreover, FCX's views herein are presented from the perspective of a large accelerated filer. FCX assumes that the costs, challenges, and risks associated with preparing condensed consolidating financial information are likely far greater for smaller reporting companies.

FCX also believes the summarized financial information will be easier for issuers and guarantors to provide and will be significantly more useful to the investors because it will be clearer, more concise and focused on the material information needed to make informed investment decisions about guaranteed debt securities. FCX believes that the consolidated financial statements of the parent company are the principal source of information for investors when evaluating a debt security and its guarantee together, particularly in cases when (1) the parent company is fully obligated as either issuer or full and unconditional guarantor of the security, (2) the parent company controls each subsidiary issuer and guarantor, including having the ability to direct all debt paying activities, and (3) the financial information of each subsidiary issuer and guarantor is included as part of the consolidated financial statements of the parent company. Under these circumstances, investors are likely to be largely indifferent about whether payment comes from the issuer or one or more guarantors or both, as long as payment occurs on the date specified in the security. Accordingly, providing detailed condensed consolidating financial information about a subsidiary issuer or guarantor under the circumstances described above would not likely be material to (1) investors in the guaranteed debt securities or (2) investors in the parent company's common stock, unless such stockholder has a direct financial interest in the subsidiary issuer or guarantor. FCX also agrees with the Commission that limiting the required summarized financial information to information for the most recent full fiscal year and interim period (rather than as of and for the same periods as the parent company's consolidated financial statements) would generally provide investors with sufficient information to make an investment decision.

FCX notes that the text of proposed Rule 13-01(a)(5) appears to add a broad requirement to provide "[a]ny other quantitative or qualitative information that would be material to making

an investment decision with respect to the guaranteed security.” The open-ended nature of this disclosure requirement could increase the disclosure requirements to which a registrant is normally subject in its periodic reports, including burdening a registrant to disclose information that is not specific to the guarantees. FCX does not believe that the Commission’s intent was to create this result. Accordingly, FCX recommends that the Commission consider amending proposed Rule 13-01(a)(5) to clarify that registrants should disclose such further material information as is necessary to make the financial information presented not misleading.

FCX Believes Parent Companies Should be Allowed to Provide the Proposed Alternative Disclosures Outside of the Financial Statements in All Circumstances

Current Rule 3-10 requires the condensed consolidating financial information to be included in the notes to the parent company’s consolidated financial statements, thereby requiring them to be audited for the same periods that the parent company financial statements are required to be audited. The proposed amendments would revise this requirement to allow the parent company to provide the proposed summarized financial and non-financial information outside of its financial statement footnotes (i.e., in Management’s Discussion & Analysis), however, this will only be allowed initially in the registration statement and related prospectus relating to the offer and sale of the guaranteed debt securities and in the quarterly and annual reports required to be filed for the remainder of that fiscal year. Beginning with the annual report on Form 10-K for the fiscal year during which the first bona fide sale of the guaranteed debt securities is completed, the parent company would then be required to provide the proposed alternative disclosures in a footnote to its consolidated financial statements in its annual and quarterly reports, thereby requiring them to be audited for the same periods that the parent company financial statements are required to be audited.

FCX believes that parent companies should be allowed to provide the proposed alternative disclosures outside of the financial statements in all circumstances, not only during the fiscal year in which the first bona fide sale of the guaranteed debt securities is completed. FCX does not believe that the parent company should be required to provide the proposed financial disclosures in a footnote to its consolidated financial statements beginning with the annual report on Form 10-K for the year during which the first bona fide sale of the subject securities is completed because requiring these disclosures to be audited creates additional costs over an area of accounting and disclosure where there is limited focus from the investment community. If such disclosure would not be necessary in FCX’s footnotes to its consolidated financial statements in the related offering documents when an investor initially makes an investment decision in the subject securities, then it seems counterintuitive to require this information for secondary market trading or portfolio monitoring purposes subsequent to the investment decision.

Although the proposed alternative disclosures would not be audited when provided outside of the financial statements, the disclosures would be derived from the same internal accounting records used to prepare the audited consolidated financial statements and would be subject to the parent company’s disclosure controls and procedures and related certification

requirements. Auditing the summarized financial information would provide little incremental value to investors while increasing the company's costs.

FCX Supports the Proposed Changes to Continuous Reporting Obligations

Each issuer and guarantor of registered securities is also subject to the public company reporting requirements of the Exchange Act. An issuer incurs a Section 15(d) reporting obligation for each class of securities that is the subject of a Securities Act registration statement that becomes effective or is required to be updated under Section 10(a)(3); however, Section 15(d)(1) provides that if, at the beginning of any subsequent fiscal year, the securities of any class to which the registration statement relates are held of record by less than 300 persons, the registrant's Section 15(d) reporting obligation is automatically suspended with respect to that class.¹ Rule 12h-3 permits registrants to suspend a Section 15(d) reporting obligation at any time during a fiscal year provided the conditions of the rules are met.²

Under the current rules, subsidiary issuers of guaranteed securities and subsidiary guarantors that avail themselves of one of the exceptions under current Rules 3-10(b)-(f) that allow for the alternative disclosures in lieu of separate financial statements are exempt from their Section 15(d) reporting obligations by Rule 12h-5. However, the parent company must continue to provide the alternative disclosures in its periodic reports for as long as the guaranteed securities are outstanding even if the subsidiary issuer or guarantor could have suspended its reporting obligation under Section 15(d) or Rule 12h-3 had it chosen not to avail itself of one of the exceptions under Rule 3-10(b)-(f) and reported separately from the parent company.

Under the proposed rules, subsidiary issuers of guaranteed securities and subsidiary guarantors that are permitted to omit their financial statements would continue to be exempt from their Section 15(d) reporting obligations by Rule 12h-5. However, the parent company would be allowed to cease providing the proposed summarized financial and non-financial information regarding subsidiary issuers or guarantors in its periodic reports once the corresponding subsidiary issuer's or guarantor's Section 15(d) reporting obligation with respect to the guaranteed securities is suspended automatically by operation of Section 15(d)(1) (typically the later of one year after issuance or when the security is no longer held by more than 300 persons) or terminated by compliance with Rule 12h-3 (even if the guaranteed securities remain outstanding), rather than for as long as the guaranteed securities are outstanding. FCX supports the Commission's proposal to harmonize the treatment of the duration of the continuing reporting requirements so registrants that meet the criteria for presenting alternative disclosures

¹ The automatic statutory suspension of an issuer's Section 15(d) reporting obligation is not available during the fiscal year in which the issuer's Securities Act registration statement becomes effective or is required to be updated pursuant to Section 10(a)(3) of the Securities Act.

² Rule 12h-3 provides that the duty to file reports under Section 15(d) for a class of securities is suspended immediately upon the filing of a certification on Form 15, provided that the issuer has fewer than 300 holders of record, fewer than 500 holders of record where the issuer's total assets have not exceeded \$10 million on the last day of each of the preceding three years, or, in the case of a bank, a savings and loan holding company, or a bank holding company, 1,200 holders of record; the issuer has filed its Section 13(a) reports for the most recent three completed fiscal years, and for the portion of the year immediately preceding the date of filing the Form 15 or the period since the issuer became subject to the reporting obligation; and a registration statement has not become effective or was required to be updated pursuant to Exchange Act Section 10(a)(3) during the fiscal year.

and elect to do so are not unfairly burdened compared to those that elect to file separate audited annual and unaudited interim financial statements.

To implement this change, the Commission has proposed to eliminate the statement in current Rule 3-10(a) that “[e]very issuer of a registered security that is guaranteed and every guarantor of a registered security must file the financial statements required for a registrant by Regulation S-X.” For the avoidance of doubt and the sake of clarity under the rules, FCX would recommend that the Commission also include an instruction to Rule 3-10 stating that a parent company may cease providing the proposed alternative disclosures if the corresponding subsidiary issuer’s and/or guarantor’s Section 15(d) reporting obligation with respect to the guaranteed securities is suspended automatically by operation of Section 15(d)(1) or terminated by compliance with Rule 12h-3.

FCX Respectfully Requests Adoption of the Proposed Rules and a Compliance Date for Implementation as Soon as Administratively Possible

FCX respectfully requests that the Commission consider adopting the amended disclosure requirements and a compliance date for implementation as soon as administratively possible to (1) improve the disclosure requirements related to guarantor financial information by focusing on the material information needed to make informed investment decisions about guaranteed debt securities and (2) reduce the significant time and costs incurred by registrants in complying with Regulation S-X Rule 3-10. Further, if the final rules have been issued but will not be effective in time to be applicable to calendar-year 2018 Form 10-K filings, FCX respectfully requests that the Commission allow registrants to voluntarily comply with the amended disclosure requirements prior to the effective date or grant other temporary relief.

FCX appreciates the opportunity to comment and thanks the Commission for its consideration of our views.

Respectfully submitted,



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