

March 8, 2016

Chair Mary Jo White
Commissioner Michael Piwowar
Commissioner Kara Stein

U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Release No. 34-76620; File No. S7-25-15 Disclosure of Payments by Resource Extraction Issuers

Dear Chair White and Commissioners:

We write on behalf of the undersigned institutional investors to convey our support for the leadership the U.S. Securities and Exchange Commission (SEC) has shown in producing strong proposed rules for the implementation of Section 1504 of the Dodd–Frank Wall Street Reform and Consumer Protection Act [Section 13(q) of the Securities Exchange Act of 1934]. This letter follows up on a prior submissions made by many of the undersigned to the SEC on August 14, 2013 and April 28, 2014 on this subject.

By way of introduction, the signatories of this submission manage assets that collectively total more than US\$3.1 trillion, and our mandate is to deliver sustainable long-term returns to our pensions, insurance and savings clients. It is in this spirit that we wish to contribute our views on the value to investors of improving transparency and governance in the extractives sector through regulations such as Section 1504.

The undersigned signatories strongly support the Extractive Industries Transparency Initiative (EITI). As such, we congratulate the U.S. on its inaugural EITI report and note the great importance to investors of consistency in the reporting requirements and resulting disclosures of this initiative as well as those of Section 1504 and its companion laws in European Union (Transparency and Accounting Directives) and Canada (Extractive Sector Transparency Measures Act - ESTMA). We regard the United States' involvement in EITI as instrumental in establishing the *de facto* global standard for transparency in the extractives sector, and see the steady progress being made as a critical factor in helping to reduce volatility in the oil and other vital hard commodity markets, with beneficial impacts on global financial markets and the real economy.

We wish to highlight that our portfolios have substantial exposure to the global extractives sector, through both equity and fixed income instruments, and that many of the undersigned also invest actively in the sovereign debt of resource-dependent emerging nations whose fiscal governance has a direct bearing on the quality of the credits they hold. As noted in an April 28,

2014 submission endorsed by many of the undersigned,¹ we view Section 1504 as entirely consistent with the broader purpose of the Dodd Frank Act, i.e. mitigating systemic financial market risk. As such, we believe its implementation as set out in the proposed rules responds to the interests of investors, not of what has been referred to as “special interests”. It is in that spirit and with great appreciation for the diligence with which the proposed rules have been developed that we provide the following comments on issues set out in the proposed rules that are of particular interest to us as investors.

Our strong interest as investors is to achieve both consistency in disclosure across jurisdictions and high standards, rather than regarding them as necessarily mutually exclusive. For this reason, we applaud the proposed rule’s provision indicating that resource extraction issuers could use a report prepared for foreign regulatory purposes to comply with the proposed rules. We would recommend that any alternative reporting determinations reflect the compelling interest of providing disclosure that is equivalent with the EU Directives and Canada’s ESTMA and, thereby, supports a global standard for extractives transparency.

As noted in the April 28, 2014 submission referenced above,² we fully support the SEC’s decision to define ‘project’ consistently with the EU Directives and the draft Canadian definitions as ‘operational activities that are governed by a single contract, license, lease, concession, or similar legal agreement, which form the basis for payment liabilities with a government’. We appreciate that this standard responds to our stated interest in uniform disaggregation of project payment information. Further, we trust the SEC will be thorough in its evaluation of whether disclosures made in compliance with other regulations include project-level disclosure that is equivalent to the rule’s requirements.

The value of a global standard for extractives payment transparency lies in its consistent application across all global markets: this means that country exemptions should not be granted in cases where foreign jurisdictions wish to impose secrecy – otherwise, such exemptions, often referred to as the “tyrant’s veto”, will merely serve to encourage such governments to introduce anti-transparency standards, thereby undermining the very object of this regulation. We respect the SEC’s decision to consider using its existing exemptive authority on a case-by-case basis. However, we urge the Commission to undertake any such process in a public manner and in a way that maintains consistency and equivalency with the EU Directives and Canada’s ESTMA.

Finally, as the SEC evaluates the investor benefits of the proposed rule we recommend for your consideration the submission made by Jeffrey Sachs and the Columbia Center for Sustainable Investment (CCSI), which includes several clear demonstrations of the

¹ Comment submitted by Allianz Global Investors, et al. (April 28, 2014) p. 4. Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-35.pdf>.

² Ibid.

usefulness of the current Section 13(q) proposed rule in investment analysis for differing asset classes and methodologies.³

In conclusion, we are pleased to signal our strong support for the SEC's leadership in establishing a mandatory reporting standard in the extractives sector that is complementary to EITI, aligned with equivalent standards in the EU and Canada, and designed pragmatically to deliver the very real benefits that we see coming from enhancing fiscal transparency and accountability in resource-dependent nations. The SEC has demonstrated great diligence in appreciating the changing needs of investors through the implementation of Section 1504. We remain confident that the Commission will see the process through to a conclusion that fulfills its mission and advances the interests of all its stakeholders. We thank you for your attention to this submission, and remain at your disposal for any further information or clarification.

Sincerely,

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³ Comment submitted by Columbia Center of Sustainable Investment (October 30, 2015). Available at: <http://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-17.pdf>.

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