Social Investment Forum

March 2, 2011

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Comments Regarding File Number S7-42-10 on Payments by Resource Extraction Issuers

Dear Ms. Murphy,

I am writing on behalf of the Social Investment Forum (SIF), the U.S. membership association of investors and professionals engaged in the practice of socially responsible and sustainable investing or "SRI", as well as the undersigned signatories. As our recent *Report on Socially Responsible Investing Trends in the United States* points out, SRI assets—investments that consider environmental, social and corporate governance criteria— in the United States topped $3 trillion and accounted for one in every nine dollars under professional management at the end of 2009. In addition, the report found, SRI assets in the United States grew by 34 percent between 2005 and 2009—a period when all U.S. assets under professional management increased only 3 percent.[1] We consider our community a key and growing constituency for the Securities and Exchange Commission (SEC).

Given competing demands surrounding implementation of the many provisions within the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and congressional funding constraints, SIF's members appreciate that the Securities and Exchange Commission (SEC) and its staff have taken timely action to ensure the thoughtful drafting of a rule and initiation of a public comment period on Section 1504 of the Act on Disclosure of Payments by Resource Extraction Issuers (File No. S7-42-10). SIF was a strong advocate for SEC self-funding during the financial reform debate and continues to press Congress to secure adequate funding for the SEC to fulfill its many regulatory responsibilities, including new responsibilities added under Dodd-Frank.

SIF commends the SEC staff on the thoroughness of the preparation of the commission's proposed rule for the implementation of Section 1504, which proposes to amend Section 13(q) to the Securities Exchange Act of 1934. We offer the following recommendations based on the questions raised by the SEC staff, which we believe would help guarantee that investors would realize the maximum benefit of these disclosures. We have provided general input on several issues in proposed rules that are most important to our constituency, rather than respond to all of the Commission's questions individually. SIF encourages SEC staff and commissioners to refer to the submission of SIF member Calvert Asset Management Company, Inc. for more detailed on these and other issues regarding the implementation of this rule. (We have attached this comment letter as an addendum for reference.)

[1] See http://www.socialinvest.org/news/releases/pressrelease.cfm?id=168.

910 17th Street, NW
Suite 1000
Washington, DC 20006
T 202 872 5361
F 202 775 8686
www.socialinvest.org

SIF suggests that the rules require the resource extraction payment disclosure should be filed rather than furnished in the annual report on Form 10-K, Form 20-F, or Form 40-F of relevant issuers. The disclosure required under Section 1504 is material and is not qualitatively different from the nature and purpose of existing disclosure that has historically been required under Section 13 of the Exchange Act. An examination of the sort of disclosures made to the commission on a furnished basis shows that these board committee reports and related unquantifiable materials are by their nature different from the disclosures required under Section 1504 of Dodd-Frank, which by contrast can have direct consequences on investment decisions. As such, this disclosure requires the investor assurance provided by Exchange Act Section 18 liability and inclusion among the regular financial statements of relevant issuers. SIF also notes that the Commissions own estimation of the additional professional costs associated inclusion of these disclosures in the annual reports filed using Form 10-K, Form 20-F, or Form 40-F are fairly modest, especially when considering its potential benefits. Further, SIF would like to point out the clear Congressional intent that a compilation of the disclosures required by this statute in Article 3 of Section 13(q) are to made public in addition to and not instead of those disclosures to be made in the annual reports of relevant issuers.

SIF suggests that the Commission not deviate from the plain language of the statute by providing exemptions to smaller reporting companies or foreign private issuers in light of the need for investment information that is as consistent and comparable and the Congressional intent that the disclosure mandated by Section 13(q) be as broad as possible. Issuers in both these categories are exposed to significant political and regulatory risks and their exclusion from the Section 13(q) disclosure requirements would undermine the value of this reform to investors. Further exemptions of this nature would be inconsistent with how the Extractive Industries Transparency Initiative has been operationalized in implementing countries and threaten to create loopholes that could negate the benefits of this important set of disclosures.

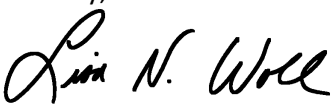
SIF believes that because the plain language of Section 13(q) requires disclosure of payment information and not the commercial terms of contracts or related agreements, the necessary disclosure would not create a competitive disadvantage for covered issuers. As such, SIF urges the commission to provide payment and project definitions that have a basis in the agreements made between host government and companies and resource extraction companies and not based on general concepts relating to payments or projects associated with a geologic basin or similarly broad definition that may yield inconsistent disclosures and the aggregation of payments made to different government entities.

In addition, SIF believes the definition of a *de minimis* payment threshold as contained in Section 13(q) should be consistent with the one already used by the London Stock Exchange (LSE)'s Alternative Investment Market (AIM). Payments equal to or greater than this amount, £10,000 (or about $15,000), made to any government or regulatory authority" by an oil, gas or mining company registrant[2] triggers disclosure under AIM rules and should for issuers filing with the SEC.

Thank you again for the opportunity to comment on this important rule.

[2] London Stock Exchange Alternative Investment Market. "AIM Note for Mining, Oil and Gas Companies." June 2009. Page 4. http://www.londonstockexchange.com/companies-and-advisors/aim/publications/rules-regulations/guidance-note.pdf.

Sincerely,



Lisa N. Woll
CEO, Social Investment Forum

Supporting Organizations
Ioana Dolcos, Communications and Policy Officer, **Eurosif**
Sanford Lewis, Counsel, **Investor Environmental Health Network**
Michael Kramer, AIF, Managing Partner & Director of Social Research, **Natural Investments, LLC**
Dan Apfel, Executive Director, **Responsible Endowments Coalition**
Joy Facos, Senior Sustainable Investing Research Analyst, **Sentinel Financial Services Company**
Lars M. Lewander, President, **Spring Water Asset Management, LLC**