

[DISCUSSION DRAFT]110TH CONGRESS
2^D SESSION**H. R.** _____

To require the disclosure to shareholders of risks associated with payments to foreign governments and instrumentality for the extraction of natural resources.

IN THE HOUSE OF REPRESENTATIVES

Mr. FRANK of Massachusetts introduced the following bill; which was referred to the Committee on _____

A BILL

To require the disclosure to shareholders of risks associated with payments to foreign governments and instrumentality for the extraction of natural resources.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “_____ Act
5 of 2008”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) [to be supplied if you wish, or section can
2 be deleted].

3 **SEC. 3. ADDITIONAL ANNUAL REPORT DISCLOSURES RE-**
4 **QUIRED.**

5 (a) AMENDMENT.—Section 13 of the Securities Ex-
6 change Act of 1934 (15 U.S.C. 78m) is amended by add-
7 ing at the end the following new subsection:

8 “(m) DISCLOSURE OF PAYMENT FOR RESOURCE EX-
9 TRACTION.—

10 “(1) DISCLOSURES REQUIRED.—[For the pur-
11 pose of informing investors of the risks associated
12 with businesses dependent on extraction of natural
13 resources from foreign countries,] The Commission
14 shall modify the rules prescribed under subsection
15 (b) of this section to require that each issuer re-
16 quired file an annual report with the Commission
17 shall disclose in such report the sum of the amounts,
18 for each foreign country, of any and all payments
19 made by the issuer directly or indirectly to an agen-
20 cy or instrumentality of a foreign government—

21 “(A) for natural resources in a foreign
22 country; or

23 “(B) in any connection with the extraction
24 of natural resources from a foreign country.

25 “(2) OTHER PROVISIONS.—[to be supplied]

1 **【“(3) DEFINITIONS.—For purposes of this sub-**
2 **section:】**

3 **【“(A) FOREIGN COUNTRY.—The term ‘for-**
4 **foreign country’ means any country other than the**
5 **United States.】**

6 **【“(B) FOREIGN GOVERNMENT.—The term**
7 **‘foreign government’ means the government of**
8 **any foreign country.】**

9 **【“(C) AGENCY OR INSTRUMENTALITY OF**
10 **A FOREIGN GOVERNMENT.—The term ‘agency**
11 **or instrumentality of a foreign government’**
12 **means—】**

13 **【“(i) a foreign government;】**

14 **【“(ii) a department, ministry, agency,**
15 **office, officer, employee, legislator, rep-**
16 **resentative, subdivision, or agent of a for-**
17 **foreign government;】**

18 **【“(iii) a person that is directly or in-**
19 **directly owned, controlled or employed by**
20 **one or more of the persons or entities de-**
21 **scribed in clause (i) or (ii);】**

22 **【“(iv) an account, trust, or other de-**
23 **vice held for the benefit of any of the per-**
24 **sons or entities described in clause (i), (ii),**
25 **or (iii); or】**

1 【“(v) an entity controlled by the
2 state, such as a state-owned oil company,
3 and its agents.】

4 【“(D) PAYMENTS.—The term ‘payments’
5 means any transfer or payment of any kind, ei-
6 ther direct or indirect, and irrespective of the
7 amount, and in any form whatsoever, includ-
8 ing—】

9 【“(i) host government’s production
10 entitlements;】

11 【“(ii) national state-owned company
12 production entitlements;】

13 【“(iii) profits taxes;】

14 【“(iv) royalties;】

15 【“(v) dividends;】

16 【“(vi) bonuses (such as signature, dis-
17 covery, or production bonuses);】

18 【“(vii) license fees, rental fees, entry
19 fees, and other considerations for licenses
20 or concessions;】

21 【“(viii) other significant benefits to
22 government as agreed by the 【multistake-
23 holder group established pursuant to the
24 Extractive Industries Transparency Initia-
25 tive】 【?】;】

1 【“(E) NATURAL RESOURCES.—The term
2 ‘natural resources’ means—】

3 【“(i) oil and gas reserves, metal ores,
4 gemstones, industrial materials, coal; and】

5 【“(ii) any other commodity of com-
6 mercial value produced by the extraction of
7 natural resources, in its natural or refined
8 state, that the Securities and Exchange
9 Commission shall by regulation determine
10 should be subject to the reporting require-
11 ments of this subsection in order to carry
12 out the purposes of this subsection due to
13 the significance of the amounts being paid
14 therefore by one or more issuers.】

15 【“(F) EXTRACTION.—The term ‘extrac-
16 tion’ means any one or more of the following:】

17 【“(i) the search for any natural re-
18 source, in its natural deposits and original
19 locations;】

20 【“(ii) the acquisition of property
21 rights, licenses, or properties for the pur-
22 pose of further exploration or for the pur-
23 pose of removing any natural resource
24 from existing deposits on those properties,
25 or both;】

1 【“(iii) the construction, drilling, and
2 production activities necessary to retrieve
3 any natural resource from its natural de-
4 posit, and the acquisition, construction, in-
5 stallation, and maintenance of field gath-
6 ering and storage systems, including lifting
7 any other natural resource to the surface
8 and gathering, treating, field processing
9 and field storage;】

10 【“(iv) the transportation of any nat-
11 ural resource through the territory of any
12 foreign country by any means;】

13 【“(v) the export of any natural re-
14 source from an intermediary country; or】

15 【“(vi) the acquisition of any conces-
16 sion, permission, permit, right, or other
17 authorization from a foreign government
18 necessary or desirable to conduct any of
19 the activities described in the preceding
20 clauses of this subparagraph.”.】

21 (b) DEADLINE.—The Securities and Exchange Com-
22 mission shall prescribe the modifications to its rules re-
23 quired by the amendment made by subsection (a) within
24 _____ of the date of enactment of this Act【, and shall
25 make such modifications effective with respect to annual

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- 1 reports of issuers with respect to fiscal years of issuers
- 2 ending on or after _____].