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SEC Releases Strong Oil, Gas and Mining Transparency Rule and Restores US Leadership

Washington, D.C. - Publish What You Pay - United States (PWYP-US) celebrates today's release by the Securities and Exchange Commission (SEC) of a long-awaited rule for the landmark transparency provision, Section 1504, of the Dodd-Frank Act. Section 1504, also known as the Cardin-Lugar amendment, requires oil, gas and mining companies listed on US stock exchanges to publicly report, by project, the payments made to US and foreign governments for access to natural resources in all countries of operation.

PWYP-US, a civil society coalition dedicated to creating a more open and accountable extractives sector, has led the nearly six-year long effort to secure a strong Section 1504 rule. The implementing rule, which requires project-level reporting, by company, with no categorical exemptions for supposed host-country prohibitions, aligns with similar payment transparency requirements already in effect in 30 countries.

"The SEC has heeded the call of investors with nearly \$10 trillion in assets under management, senior members of Congress, major oil, gas and mining companies, and more than 500 civil society organizations in resource-rich countries by producing a robust final rule that will shed much needed sunlight on financial flows between companies and governments," said Jana Morgan, Director of PWYP-US. "This rule will give investors the tools they need to assess and mitigate risk in the volatile extractives market, as well as empower citizens to hold their governments accountable for how their resource wealth is used."

While the rule is a win for transparency advocates around the world, PWYP-US is disappointed that the SEC has allowed for an unnecessary two-year phase-in period before companies are required to report, as well as the provision allowing a one year delay in reporting for payments related to exploratory activities.

Some extractives companies, such as Total, BHP Billiton and Eni have publicly urged the SEC to align the final 1504 rule with transparency laws in place in the United Kingdom, European Union, Canada and Norway. Reporting under these laws began in Norway in 2015, while disclosures from the EU started in January. "The passage of Section 1504 catalyzed change around the world, and now its implementation will level the playing field by requiring disclosure from US-listed companies consistent with the global standard," continued Morgan.

The United States is home to the world's largest extractives market. Implementation of Section 1504 will require payment disclosure by all six of the "supermajor" oil companies, including ExxonMobil and Chevron - as well as some Chinese and Brazilian state-owned oil companies.

"Today is a watershed moment as the United States reclaims its position as a leader in the effort to increase global accountability and transparency," said U.S. Senator Ben Cardin (D-MD), the Ranking Member of the Senate Foreign Relations Committee and the co-author of the Cardin-Lugar amendment. "Transparency is the enemy of corruption, and today the United States has sent a clear message to government officials who seek to siphon off public funds for personal gain." Senator Cardin, along with former Senator Richard Lugar (R-IN) and Senator Patrick Leahy (D-VT), have led Congressional efforts to ensure the SEC produced a strong implementing rule.

“While we are still in the process of reviewing the details of the rule, it is clear that the SEC has considered the compelling evidence in the administrative record, dismissed the false claims of a few loud industry voices, and released a final rule that is fit for purpose,” said Morgan. “PWYP-US and our partners stand ready to begin translating extractives payment data into accountability.”

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Notes for Editors:

- PWYP-US is reviewing the final rule and will release a detailed analysis in the days ahead. To learn more about our positions, review the following key submissions to the SEC:
 - [March 2014 Position Statement](#)
 - [February 2016 Response to Proposed Rule](#)
 - [March 2016 Rebuttal Statement](#)
- See here for a comprehensive analysis of the [companies subject to Section 1504](#).
- Supportive [investor](#) groups have written nearly 30 letters to the SEC calling for strong rules and noting the importance of public, project-level disclosure to help investors better understand and mitigate their investment risks.
- The following are three key letters submitted to the SEC by groups of investors representing [\\$6.4 trillion](#), [\\$5.6 trillion](#), and [\\$2.85 trillion](#) in assets under management.
- For more on investor support and the materiality of these disclosures to investors see the Columbia Center for Sustainable Investment [SEC submission](#).
- The [Department of State](#), [USAID](#) and the [Department of Interior](#) have all written to the SEC to signal their support for a strong Section 1504 rule.
- With the finalization of Section 1504, EITI implementing countries must now begin reporting project-level payments in accordance with the revised 2013 EITI standard. The United States government unilaterally disclosed its 2013 payment receipts *by county* in its [first EITI report](#), published December 2015. Extractives companies only reported at the country level.
- The SEC originally produced an implementing rule for Section 1504 in August 2012. However, that rule [was vacated by the DC District Court](#) following a lawsuit led by the American Petroleum Institute and the US Chamber of Commerce.
- Additional background information can be found at: www.pwypusa.org
- To learn how PWYP-US and our partners are digging into extractives payment data, visit: www.extractafact.org

[Publish What You Pay](#) (PWYP) is a global civil society coalition that believes that the wealth generated by oil, gas, and mining industries can be a pathway to poverty reduction, stable economic growth, and development in resource-rich countries. Founded in 2002, PWYP comprises over 800 organizations from nearly 70 countries that advocate for payment transparency as a necessary ingredient for accountability. The US coalition comprises 40 members, including development, faith-based, human rights, environmental, financial reform, and anti-corruption organizations representing over 2.5 million constituents spread through every state in the nation.