

## SEC Issues Final Rule to Improve Transparency of Certain Disclosures by Resource Extractors

The SEC has issued a final rule<sup>1</sup> in response to a mandate under Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires issuers engaged in the commercial development of oil, natural gas, or minerals to disclose certain payments made to U.S. federal and foreign governments. The rule is designed to improve transparency about payments related to resource extraction.

Under the rule, a resource extraction issuer must file with the SEC an annual report disclosing payments made to U.S. federal or foreign governments that are:

- Made to further the commercial development of oil, natural gas, or minerals.
- Not de minimis.<sup>2</sup>
- Consistent with the types of payments<sup>3</sup> specified in the rule.

The rule requires disclosure of payments made by the issuer, its subsidiaries, and entities under its control. The disclosures must indicate the type and amount of payments made (1) for each project and (2) to each government.

Exemptions from the reporting obligations are permitted in two circumstances: (1) transitional relief for certain recently acquired entities and (2) a one-year delay in reporting for payments related to exploratory activities.

Resource extraction issuers must annually file a Form SD with the required disclosures no later than 150 days after the end of their fiscal year, and they must comply with the rule beginning with their fiscal year ending no earlier than September 30, 2018.

Issuers may use an alternative report that was prepared for another reporting regime if the SEC determines that the requirements for such report are substantially similar to those required under the rule.

For more information, see the [press release](#), [final rule](#), and [SEC order](#) on the SEC's Web site.

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<sup>1</sup> SEC Final Rule Release No. 34-78167, *Disclosure of Payments by Resource Extraction Issuers*.

<sup>2</sup> The rule defines "not de minimis" as "any payment, whether a single payment or a series of related payments, that equals or exceeds \$100,000 during the most recent fiscal year."

<sup>3</sup> Such payments include, but are not limited to, taxes, royalties, fees (including license fees), production entitlements, bonuses, and dividends.

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