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SEC Finalizes Disclosure Rules for Payments by Resource Extraction Issuers

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Spurred by a provision in the Dodd-Frank Act of 2010, in August 2012 the SEC adopted rules requiring companies to disclose payments made to governments in order to further oil, natural gas or mineral developments. As explained by the SEC, the Dodd-Frank provision reflected "U.S. foreign policy interests in supporting global efforts to improve transparency in the extractive industries," with the goal of "help[ing] combat global corruption and empower[ing] citizens of resource-rich countries to hold their governments accountable for the wealth generated by those resources." Challenged by industry groups, the rules were vacated in July 2013 by the federal district court in Washington, D.C., which concluded that the SEC had misread the Congressional mandate. In December 2015 the SEC proposed new rules in a process intended to address the shortcomings identified by the court, and on June 27 the SEC adopted those rules substantially as proposed, with a handful of significant changes (our memo describing the December 2015 proposal is available here).

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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