
SEC Required Conflict Minerals Disclosure and Report Compliance

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On August 22, 2012, the Securities and Exchange Commission (the “SEC”) adopted rules implementing Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“*Dodd Frank*”). The rules (the “*Conflict Minerals Rules*” or the “*final rules*”) implementing Section 1502 of Dodd-Frank relate to reporting requirements regarding “conflict minerals” originating in the Democratic Republic of the Congo (the “*DRC*”) and “adjoining countries” (together, the “*Covered Countries*”). Congress enacted Section 1502 of Dodd Frank in response to concerns that the exploitation and trade of conflict minerals by armed groups is helping to finance conflict in the DRC and is contributing to an emergency humanitarian crisis by increasing accountability for parties involved in the supply chains for these products. Section 1502 inspired debate when enacted, which intensified with the issuance of proposed SEC rules in December 2010 (the “*Proposed Rules*”). According to the SEC’s adopting release, conflict minerals are widely used in the global economy. For example, tantalum is used in electronic components, such as those found in mobile telephones, computers, videogame consoles and digital cameras, and in carbide tools and jet engine components. Tin is used in alloys, tin plating and solders for joining pipes and electronic circuits. Gold is used in jewelry and electronics, communications, and aerospace equipment. Tungsten is found in metal wires, electrodes and contacts in lighting, and in other electronic, electrical, heating and welding applications. Accordingly, the SEC expects the final rules to impact approximately 40% of all reporting companies.

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