CONFLICT MINERALS DISCLOSURE RULE
SEC’s Actions and Stakeholder-Developed Initiatives

Why GAO Did This Study
In eastern DRC, armed groups continue to commit severe human rights abuses and profit from exploitation of minerals and other trades. In 2010, Congress included a provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act to address the trade of conflict minerals—tin, tantalum, tungsten, and gold. Section 1502(b) of the act requires SEC to issue a disclosure rule for companies using these minerals in their products. The act also requires GAO to assess the rule’s effectiveness and the rate of sexual violence in war-torn areas of DRC and neighboring countries.

Since a rule has not been issued, this report examines (1) steps SEC has taken toward issuing a conflict minerals disclosure rule; and (2) stakeholder-developed initiatives that may help covered companies comply with the anticipated rule. This report also examines (3) any additional information available on the rate of sexual violence in war-torn areas of DRC and neighboring countries.

What GAO Found
The Securities and Exchange Commission (SEC) has taken some steps toward developing a conflict minerals disclosure rule, but it has not issued a final rule. For example, SEC published a proposed rule in December 2010 and has gathered and reviewed extensive input from external stakeholders through comment letters and meetings. SEC has also announced, on several occasions, new target dates for the publication of a final rule, as shown in the table below. In July 2012, SEC announced that the Commission will hold an open meeting in August 2012 to consider whether to adopt a final rule. According to SEC officials, various factors have caused delays in finalizing the rule beyond the April 2011 deadline stipulated in the act, including the intensity of input from stakeholders and the public; the amount of time required to review this input; and the need to conduct a thorough economic analysis for rule making.

What GAO Recommends
GAO recommends that the Chairman of SEC identify remaining steps and associated time frames to issue a final rule. SEC neither agreed nor disagreed with the recommendation, but noted that it will expedite the completion of its rule making to provide certainty.

View GAO-12-763. For more information, contact Michael J. Courts at (202) 512-8980 or courtsm@gao.gov.