

# CLIENT UPDATE

## SEC WILL NOT POSTPONE CONFLICT MINERALS RULE

### NEW YORK

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On April 29, 2014, the SEC's Division of Corporation Finance announced that it expects issuers to file on schedule any reports mandated by the conflict minerals rule as adopted with only limited modifications. These modifications are intended to address the recent decision issued by the U.S. Court of Appeals for the District of Columbia finding that certain provisions of the conflict minerals rule and related statute violate the First Amendment to the extent they require issuers to disclose to the SEC or report on their website that any of their products have "not been found to be 'DRC conflict free.'"

The announcement is available on the SEC's website at <http://www.sec.gov/News/PublicStmt/Detail/PublicStmt/1370541681994>.

### REPORTING DEADLINE UNCHANGED

The announcement confirms that issuers subject to the rule must file initial reports on Form SD and any related Conflict Minerals Report on or before June 2, 2014.

### CONFLICT LABELS NO LONGER REQUIRED

The most significant change is that no issuer is required to describe its products as "DRC conflict free," having "not been found to be 'DRC conflict free,'" or "DRC conflict undeterminable."

## **REQUIRED DISCLOSURES**

If an issuer has products that under the rule would have been identified as “DRC conflict undeterminable” or “not found to be ‘DRC conflict free,’” it is required to disclose the facilities used to produce the conflict minerals, the country of origin of the minerals and the diligence efforts to determine mine or origin location.

## **AUDIT FOR “DRC CONFLICT FREE” LABEL**

If an issuer voluntarily elects to describe its products as “DRC conflict free” in its Conflict Minerals Report, it must obtain an independent private sector audit (“IPSA”) as required by the rule. However, pending further action, an IPSA is not otherwise required.

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Please do not hesitate to contact us with any questions.

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