

February 11, 2013

Dear NDIA Member:

As you may be aware, the Dodd-Frank Wall Street Reform and Consumer Protection Act (commonly referred to as Dodd-Frank) was signed into law in 2010. In the time that has passed since, the Securities and Exchange Commission (SEC) has been drafting implementation regulations.

One particularly concerning aspect of this law is Section 1502, which aims to prevent the use of minerals sourced from the conflicted areas in the Democratic Republic of Congo (DRC), and surrounding states by publicly traded US companies, including any private companies which might be in the supply chain of these public companies. The intent of the provision is to reduce or eliminate the flow of funds derived particularly from the sale of tin, tantalum, tungsten, and gold that is believed to be supporting the various warring factions in the region.

Covered companies are required to do three things: determine if their products utilize one of the four minerals; determine if the minerals they use originated in the DRC; and trace the supply chain of the covered minerals they do use to certify annually to the SEC their status related to the conflict zone.

In August of 2012, the SEC adopted a final rule implementing section 1502 of Dodd-Frank. It has been estimated that the cost to US industry of implementation of section 1502 could be as high as $3-4 billion. The US Chamber of Commerce, the Business Roundtable, and the National Association of Manufacturers filed a suit against the SEC in October of 2012 because of the “onerous costs” associated with compliance. Companies are presently required to file their first report with the SEC by May 31, 2014 regarding their use of these minerals in calendar year 2013.

Because we anticipate that a number of our 1,710 corporate members will be impacted by this statute and regulation (as well as the potential outcomes of the lawsuit), NDIA will continue to monitor this situation and provide updates as appropriate. Additionally, [we’ve posted a copy of the Dodd-Frank Act and information from the Federal Register concerning the implementing regulation here](http://www.mmsend64.com/link.cfm?r=190582502&sid=22735211&m=2495161&u=NDIA&j=13046953&s=http://www.ndia.org/ADVOCACY/LEGISLATIVEANDFEDERALISSUESUPDATE/Pages/default.aspx).

Sincerely,

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