

# Conflict Minerals Disclosure – SEC Publishes its **Small Entity Compliance Guide**

November 2012

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## Overview

Section 1502 of the Dodd-Frank Act required the Securities and Exchange Commission (SEC) to promulgate new disclosure and reporting requirements concerning the use of certain minerals originating in several central African countries because those minerals were helping to finance extraordinary violence in the Democratic Republic of the Congo (DRC).

On August 22, 2012, the SEC promulgated the long-awaited Conflict Minerals Rule. (The Conflict Minerals Rule and the SEC Release are [available online](#).) The Release includes a [flowchart](#) that the SEC suggests as a guide to compliance with the Conflict Minerals Rule.

The Conflict Minerals Rule (the Rule) requires any reporting company having conflict minerals that are necessary to the functionality or production of a product manufactured or contracted to be manufactured by that reporting company to file a report with the SEC on Form SD, disclosing whether those conflict minerals originated in a covered country, whether those conflict minerals came from recycled or scrap sources, and the activities performed to reach those conclusions.

## Small Entity Compliance Guide

On November 13, 2012, the day the Rule became effective, the SEC published its small entity compliance guide for the Rule. This step simply fulfills the SEC's obligation to publish a small entity compliance guide to assist small entities with the Rule. The small entity compliance guide is [available online](#).

It is important to note that the SEC has not provided additional guidance nor has it made changes to the Rule since the August 2012 Release.

Small entities do need to be concerned about the Rule because the requirements apply to all reporting companies. There is no exception for smaller reporting companies, emerging growth companies, or foreign private issuers.

In its small entity compliance guide the SEC summarizes several important terms and key provisions of the Rule. In addition to its summaries, the SEC compiles important resources that small entities may find helpful. These resources include the Release (August 2012), Form SD, Section 1502 of the Dodd-Frank Act, OECD Due Diligence Guidance, Gold Supplement to the OECD Due Diligence Guidance, and the GAO's Government Auditing Standards. Finally, the SEC provided a flowchart summary of the Rule that it suggests as a guide to the requirements of the Rule.

## New Squire Sanders SEC Conflict Minerals Interactive Flowchart

We also direct the attention of small entities to an interactive tool Squire Sanders has developed to help companies work through the Rule. It is an extensive annotation of the SEC flowchart and the key terms of the Rule. Squire Sanders' interactive flowchart provides big picture guidance, definitions and examples with accompanying Release citations to help companies navigate the Rule, Release and SEC flowchart. Squire Sanders' Interactive Flowchart is [available online](#). For more information, visit Squire Sanders' conflict minerals [webpage](#) or contact one of the individuals below.

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