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## Court Upholds SEC Rule on Conflict Minerals

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**On July 23, 2013, the US District Court for the District of Columbia found “no problems with the SEC’s rulemaking” by its adoption of the Conflict Minerals Rule pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). In granting summary judgment to the Securities and Exchange Commission (the “Commission”) and upholding the Conflict Minerals Rules, the Court concluded that the Plaintiffs’ (the National Association of Manufacturers, the Chamber of Commerce and Business Roundtable) “claims lack merit.”**

In rendering its opinion, the Court disagreed with the Plaintiffs’ argument that the ‘conflict minerals’ disclosure scheme and Section 1502 of Dodd-Frank compels speech in violation of the First Amendment of the Constitution. The Court also disagreed with the Plaintiffs’ other arguments in concluding that the Commission did not ignore its statutory obligations under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) in approving the Conflict Minerals Rule, nor was its rulemaking arbitrary and capricious under the Administrative Procedures Act.

At this time we do not know whether the Plaintiffs will appeal the Court’s decision, nor the outcome of any such appeal. What we do know is that issuers who file reports under Section 13(a) or Section 15(d) of the Exchange Act, including companies that file annual reports with the Commission on Form 10-K, Form 20-F or Form 40-F, must comply with the Conflict Minerals Rule for the year ending December 31, 2013 by filing their conflict minerals disclosure, if required, on new Form SD by May 31, 2014.

If you would like further information and analysis of the Conflict Minerals Rules generally, you may refer to our previous client publications at <http://www.shearman.com/sec-adopts-dodd-frank-conflict-minerals-and-government-payments-rules-08-27-2012/>; <http://www.shearman.com/all-that-glitters-may-be-a-reportable-conflict-mineral-12-19-2012/>. For information regarding frequently asked questions issued by the SEC Division of Corporation Finance, you may refer to <http://www.shearman.com/sec-staff-issues-guidance-on-conflict-minerals-05-31-2013>; and <http://www.sec.gov/divisions/corpfin/guidance/conflictminerals-faq.htm>. For a copy of the District Court decision please see [https://ecf.dcd.uscourts.gov/cgi-bin/show\\_public\\_doc?2013cv0635-37](https://ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2013cv0635-37).

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This memorandum is intended only as a general discussion of these issues. It should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired.

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