

May 11, 2001: Commission Hails SEC Move to Require More Disclosure For Foreign Companies

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The U.S. Commission on International Religious Freedom today welcomed a decision by the Securities and Exchange Commission to require foreign companies doing business in countries subject to U.S. sanctions to disclose more fully those activities in their registration statements. The action was disclosed in a May 8 letter to Rep. Frank Wolf (R) of Virginia from SEC Acting Chairman Laura Unger. "Our aim is to make available to investors additional information about situations in which the material proceeds of an offering could - however indirectly - benefit countries, governments, or entities that, as a matter of U.S. foreign policy, are off-limits to U.S. companies," Ms. Unger wrote. "Because of the complex issues involving national security, human rights and religious freedom that have been raised in connection with countries subject to U.S. economic sanctions," the SEC staff will try to review all registration statements filed by foreign companies that are doing business in countries subject to U.S. economic sanctions administered by the Treasury Department's Office of Foreign Asset Control (OFAC). The decision partially implements a recommendation of the U.S. Commission on International Religious Freedom in its May 1, 2001 Annual Report. The Commission urged that the United States require any U.S. or foreign issuer of securities that is doing business in a "country of particular concern" so designated under the International Religious Freedom Act of 1998 be required to disclose the nature and extent of its activities when filing registration statements with the SEC. (Those recommendations can be found on the Commission's Web site at www.uscirf.gov.) The Commission has been particularly concerned with foreign companies doing business in Sudan - where the government is suppressing religious freedom in the course of an 18-year civil war that has taken millions of lives - and seeking to raise funds in U.S. markets. The SEC said it is "reviewing carefully" the Commission's recommendations, which would also cover annual reports and companies doing business in countries such as China, which are subject to U.S. sanctions not administered by OFAC. "While not going as far as the Commission's recommendations, this move by the SEC is extremely significant," said Commission Chairman Elliott Abrams. "The realization that countries egregiously violating religious freedom and other human rights represent a material risk to investors - especially institutional investors - is ground-breaking. We salute Acting Chairman Unger and her staff for taking this historic step. In addition, we thank Representative Wolf for his tireless advocacy of religious freedom, which was key to bringing this about."

Hon. Elliott Abrams, Chair

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