



July 21, 2010

NEW LAW WILL IMPACT ELECTRONICS, MEDICAL AND HIGH-TECH DEVICES

With the signing of the financial sector reform law on July 21, a wide range of electronic, medical, high-tech and other goods will now be subject to new sourcing and supply chain requirements for at least five years. The law was designed to prevent trade in so-called conflict minerals from the Democratic Republic of the Congo.

The minerals affected are gold, columbite-tantalite, cassiterite and wolframite, as well as their derivatives. These minerals are used in the manufacture of many different products, including cell phones, computers and video game systems, medical equipment, high-speed tools, machine parts, glass and lamps. Additional minerals may be added to the list in the future by the State Department.

Under the new law, publicly held companies in the United States that (a) make products whose functionality or production is dependent on conflict minerals, and (b) sourced those minerals in the DRC or an adjoining country, must take steps to exercise due diligence on the source and chain of custody of those minerals. They must also submit to the Securities and Exchange Commission and post on their Web sites an annual report that describes:

the due diligence measures taken, which must include a third-party audit of the report (this audit must be certified by the company submitting the report);

any products manufactured by that company that contain conflict minerals that directly or indirectly finance or benefit armed groups in the DRC or an adjoining country;

the facilities used to process the conflict minerals;

the country of origin of the conflict minerals; and

efforts taken to determine the mine or location of origin of the conflict minerals with the greatest possible specificity.

The law also allows products to be labeled "DRC conflict free" if they do not contain any of the

covered minerals that have directly or indirectly financed or benefitted armed groups in the DRC or an adjoining country.

For more information about conflict minerals, or for assistance in complying with the new monitoring and reporting requirements, please contact Jennifer Mulveny, Nicole Bivens Collinson or Ned Steiner at (202) 216-9307.

You can also stay up-to-date on the latest developments on this issue by subscribing to ST&R's WorldTrade\INTERACTIVE daily e-newsletter.

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