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February 28, 2011 **Via E-Mail: rule-comments@sec.gov**

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Ms. Murphy and Commissioners:

Re: S7-42-10 Disclosure of Payments by Resource Extraction Issuers

Thank you for the opportunity to provide our comments. The California Public Employees' Retirement System (CalPERS) is the largest public pension fund in the United States with approximately $229 billion in global assets providing retirement benefits to more than 1.6 million public workers, retirees, their families, and beneficiaries. As a significant long-term investor in the U.S. capital markets, CalPERS is reliant upon effective and comprehensive regulation designed to protect investors.

We agree with Title XV Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) which supports robust disclosure of payments to governments by oil, natural gas and mineral extraction issuers. CalPERS believes the disclosure objective of Section 1504 is especially vital for companies operating in countries where governance is weak resulting in corruption, bribery and conflict that could negatively impact the sustainability of a company's operations and our ability to more effectively make investment decisions.

CalPERS endorses the Extractive Industries Transparency Initiative (EITI), referenced in the Dodd-Frank Act, which aims to strengthen governance by improving transparency and accountability in the extractives sector. High standards of transparency and accountability should be equally promoted by all governments.

CalPERS endorses the International Corporate Governance Network Statement and Guidance on Anti-Corruption Practices (ICGN Statement), which encourages companies in all sectors to communicate openly anti-corruption policies and practices. Payment practices that encourage bribery and corruption are corrosive, and ultimately detrimental to shareowner value. Disclosure is our best defense against corruption.

We believe Section 1504 not only complements EITI and the ICGN Statement, but provides an effective model for transparency to ensure:

- Improved disclosure standards apply to all parties including joint ventures, state-owned extractive companies and their host governments.
- All relevant payments and revenues paid to governments are captured.
- Data for different companies and countries can be compared easily.

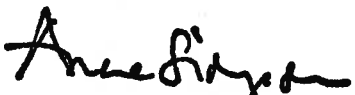
We believe the proposed rule takes appropriate consideration to ensure investor protection and recommend that the SEC align its final rule as closely as possible with the EITI and ICGN framework in an effort to promote a single international standard of transparency.

We wish to emphasize the following points:

- A "de minimis" standard of payment disclosure that uses an absolute dollar amount as the threshold would be easier for issuers to apply and investors to compare across companies.
- It is appropriate to require disclosure of payments made to subnational governments to address jurisdictions where such payments are made.
- Section 13(q) annual payments disclosure should be required for the issuer's fiscal year.
- A general definition of "project" is needed to produce meaningful and comparable disclosures for covered items. However, CalPERS would caution against allowing broad country-level aggregation of project data which could result in very high level disclosures that are of limited value.
- The submission of information in an interactive data format such as eXtensible Business Reporting Language (XBRL) is recommended.

We applaud the SEC's efforts to issue timely rule proposals to implement the requirements of Dodd-Frank. If you would like to discuss any of these points, please do not hesitate to contact me at (916) 795-9672 or my colleague Bill McGrew at (916) 795-2431.

Sincerely,



ANNE SIMPSON
Senior Portfolio Manager
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cc: Joseph Dear, Chief Investment Officer – CalPERS
Eric Baggesen, Senior Investment Officer – CalPERS