



January 17, 2024

Vanessa A. Countryman, Secretary Securities and Exchange Commission 100 F. Street, NE Washington, DC 20549

Re: Notice of Filing of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies; SR- NYSE-2023-09

Dear Secretary Countryman,

As state financial officers, our duty is to represent the fiduciary interests of our constituents and safeguard the interests of our states. It is with great concern that submit this comment in response to the proposed rule change to amend the NYSE Listed Company Manual to adopt listing standards for Natural Asset Companies (NACs).

Our concerns with this proposal are many. However, the fatal flaw underlying the concept under consideration is the attempt to create economic value from processes not backed by economic activity. In short, the desire is to financialize externalities—both positive and negative. The problem with this is especially acute with positive externalities, the crux of their efforts—to manage and expand those positive externalities for the benefit of the planet. That relies on placing an arbitrary economic value on something that has no economic value. We believe this is folly.

We believe that the value of the good provided by nature is undeniable, but unquantifiable. If it is made quantifiable, even using crude and arbitrary methods (as this proposal would do) then it takes what is thought of as a “public good,” like air, and makes it a private commodity from which people can profit at the expense of others. This is a terribly dangerous idea.

With this conceptual concern stated, we will turn to specific concerns. For the purposes of this letter, we will focus on three specific points:

- First, NACs are private entities which make a business out of reducing economic activity.
- Second, NACs rely on untested methods of accounting which we do not believe have any place in the public markets.
- Third, NACs present serious national security concerns.

“A NAC is a corporation whose primary purpose is to actively manage, maintain, restore (as applicable), and grow the value of natural assets and their production of ecosystem services.”¹ They would seek to generate revenue, “where doing so is consistent with the company's primary purpose, the NAC would seek to conduct sustainable revenue-generating operations.”² Mining, drilling, traditional farming and ranching are all off limits to NACs for revenue generation.³

So how would they make money? It is clear, by the very definition of their goal, that they cannot make money through productive use of the lands they will manage. The rule does not sufficiently demonstrate their path to profitability. Yet, it is important to know the answer to this question, because they will be in the business of caring for and managing huge swaths of public and private lands. Caring for upkeep of lands is costly and time-consuming work – and having the capacity to care for the lands in question is an important factor.

The second specific concern we wish to raise is concerning the non-GAAP accounting framework they seek to introduce in this filing. As stated in the proposed rule, “given that NACs are designed to manage and grow the value of natural assets and the production of ecosystem services, a NAC's activities are not well captured solely by traditional financial reporting standards like GAAP/IFRS.”⁴

The System of Environmental Economic Accounting Ecosystem Accounting (SEEA EA) standards are not suitable for use in the US capital markets. In the implementation strategy plan from the SEEA, they state as a reason for their existence, “economic growth as measured by GDP is no longer sufficient to inform the challenges of today and

¹ <https://www.federalregister.gov/d/2023-28611/p-12>

² <https://www.federalregister.gov/d/2023-28611/p-12>

³ <https://www.federalregister.gov/d/2023-28611/p-16>

⁴ <https://www.federalregister.gov/d/2023-28611/p-43>

that there is a need to go “beyond GDP” to better support policies that are greener.”⁵ These are not assumptions that are reasonable for use as accountability measures for US companies. Moreover, the SEEA EA framework is designed as an advocacy exercise for particular policy goals which have no place in the US capital markets. They state in the same paper, “The accounting approach facilitates mainstreaming the environment into economic decision making by providing a common language between economists, scientists and statisticians in support of integrated decision making.”⁶

Further, the SEEA is not ready for implementation in the US. In their implementation strategy document they cite multiple areas where their efforts are untested, lack sufficient data and lack the manpower to effectively carry out their mission. Take for example in their conclusion, “Considering the novelty of this area of statistics and the challenges posed by multidimensional data and multistakeholder involvement, countries need individual technical assistance. At the same time, the number of experts in this field of statistics is limited.”⁷

Finally, we believe that NACs present a significant national security concern. Because NACs are vessels for locking up our land and natural resources, we are concerned that despite being odd investments for anyone looking to generate a profit, they provide unique instruments for those looking to harm our country. Consider that every acre of land under NAC management is an acre of land unavailable for any productive use. We see a plausible scenario where our foreign adversaries look to NAC investment as a way to hamper our economic wellbeing – especially to hamper our ability to utilize our natural resources for our economic wellbeing.

For these reasons, we ask that the SEC reject the proposed rule.

Sincerely,



Alabama Auditor Andrew Sorrell



Alaska Commissioner of Revenue Adam Crum

⁵ https://seea.un.org/sites/seea.un.org/files/documents/EA/seea_ea_implementation_strategy_march_2022.pdf.
Section 2.1, paragraph 1.

⁶ https://seea.un.org/sites/seea.un.org/files/documents/EA/seea_ea_implementation_strategy_march_2022.pdf.
Section 1, paragraph 3.

⁷ https://seea.un.org/sites/seea.un.org/files/documents/EA/seea_ea_implementation_strategy_march_2022.pdf.
Section 8, paragraph 3.



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