

**U.S. House of Representatives**  
**Committee on Natural Resources**  
**Washington, DC 20515**

February 14, 2024

Ms. Sharon Bowen  
Chair  
New York Stock Exchange  
11 Wall Street  
New York, NY 10005

Ms. Lynn Martin  
President  
New York Stock Exchange  
11 Wall Street  
New York, NY 10005

Dear Ms. Bowen and Ms. Martin:

The House Committee on Natural Resources (Committee) seeks information from the New York Stock Exchange (NYSE) regarding Natural Asset Companies (NACs). The Committee requests that NYSE provide the information in a briefing, hopefully alleviating the need for formal, compulsory oversight activity from the Committee.

As you know, on September 14, 2021, the NYSE, a subsidiary of Intercontinental Exchange, Inc. (ICE), announced that it was partnering with the Intrinsic Exchange Group (IEG) to “jointly” develop NACs, “a new class of publicly traded assets...that hold the rights to ecosystem services.”<sup>1</sup> According to Douglas Eger, Chair and CEO of IEG, “IEG and the NYSE will enable investors to access nature’s store of wealth and transform our industrial economy” through NACs.<sup>2</sup> The NYSE and IEG estimated that the value of natural assets and ecosystem services is \$125 trillion annually, providing NACs, and their investors, substantial “financial potential” as they monetize nature.<sup>3</sup> Hence, the NYSE made the notable decision to gain partial ownership in IEG<sup>4</sup> and obtain a seat on IEG’s board of directors.<sup>5</sup>

On January 19, 2023, the Biden Administration introduced the *National Strategy to Develop Statistics for Environmental-Economic Decisions: A U.S. System of Natural Capital Accounting and Environmental Economic Statistics* (National Strategy)—a plan to “put nature on

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<sup>1</sup> New York Stock Exchange, *NYSE and Intrinsic Exchange Group Partner to Launch a New Asset Class to Power a Sustainable Future*, INTERCONTINENTAL EXCHANGE, INC. (Sep. 14, 2021), <https://ir.theice.com/press/news-details/2021/NYSE-and-Intrinsic-Exchange-Group-Partner-to-Launch-a-New-Asset-Class-to-Power-a-Sustainable-Future/default.aspx>.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* (describing how the “NYSE has taken a minority stake in IEG”).

<sup>5</sup> Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Amend the NYSE Listed Company Manual To Adopt Listing Standards for Natural Asset Companies, SECURITIES AND EXCHANGE COMMISSION, 88 Fed. Reg. 68811 (proposed Sep. 29, 2023, published Oct. 4, 2023), <https://www.federalregister.gov/documents/2023/10/04/2023-22041/self-regulatory-organizations-new-york-stock-exchange-llc-notice-of-filing-of-proposed-rule-change> [hereinafter NYSE NACs Proposal].

the national balance sheet”<sup>6</sup> for the “first time.”<sup>7</sup> The National Strategy specifically referenced the NYSE and NACs:

*The New York Stock Exchange is initiating a partnership that enables the trading of natural assets in the form of ‘Natural Asset Companies’ to facilitate liquidity between natural capital and financial capital.*<sup>8</sup>

In doing so, the National Strategy declared that a “national system of natural capital accounts and associated environmental-economic statistics is necessary” for NACs and similar “frameworks to succeed and to enable U.S. firms to compete as other countries develop such accounting systems.”<sup>9</sup> The National Strategy detailed how firms increasingly employ environmental, social, and governance (ESG) reporting and described how the natural capital accounting frameworks—like those established by IEG and the National Strategy—will advance ESG goals.<sup>10</sup>

On September 27, 2023, the NYSE filed notice of a proposed rule change with the Securities and Exchange Commission (SEC) to list NACs as publicly traded companies on the NYSE.<sup>11</sup> On September 29, 2023, the SEC issued notice of the NYSE proposal<sup>12</sup> and, on October 4, 2023, published it for comment in the Federal Register.<sup>13</sup> The NYSE proposal described NACs as a new type of company that would “hold the rights to the ecological performance” of prescribed areas—including “national reserves” and “public lands”—for “conservation, restoration, or sustainable management.”<sup>14</sup>

The NYSE proposal to list NACs included details on how IEG developed a proprietary Ecological Performance Reporting Framework (IEG’s Reporting Framework) to value and account for natural assets and ecological services under the control of NACs.<sup>15</sup> The NYSE proposal for NACs mandated that NACs use IEG’s Reporting Framework and disclose the valuations as part of their public disclosures.<sup>16</sup> Like the National Strategy,<sup>17</sup> IEG’s Reporting Framework was based on the System of Environmental-Economic Accounting from the United Nations (UN-SEEA),<sup>18</sup> an accounting model not yet adopted by the United States.

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<sup>6</sup> Office of Science and Technology Policy, Office of Mgmt. & Budget, and Dep’t of Commerce, *National Strategy to Develop Statistics for Environmental-Economic Decisions: A U.S. System of Natural Capital Accounting and Environmental Economic Statistics*, THE WHITE HOUSE viii (Jan. 2023), <https://www.whitehouse.gov/wp-content/uploads/2023/01/Natural-Capital-Accounting-Strategy-final.pdf> [hereinafter National Strategy].

<sup>7</sup> *Id.* at iv.

<sup>8</sup> *Id.* at 9-10.

<sup>9</sup> *Id.* at 10.

<sup>10</sup> *Id.*

<sup>11</sup> Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies, SECURITIES AND EXCHANGE COMMISSION, Release No. 34-98665 (Sep. 29, 2023), <https://www.sec.gov/files/rules/sro/nyse/2023/34-98665.pdf> [hereinafter SEC Notice].

<sup>12</sup> *Id.*

<sup>13</sup> NYSE NACs Proposal, *supra* note 5.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> National Strategy, *supra* note 6 at viii, x.

<sup>18</sup> NYSE NACs Proposal, *supra* note 5.

Over the following several months, stakeholders in public lands<sup>19</sup> and members of Congress,<sup>20</sup> including many members of the House Committee on Natural Resources (Committee), raised significant concerns with NYSE’s proposal to list NACs. As a result, on January 11, 2024, the Committee sent an oversight letter to the SEC regarding the NYSE proposal to list NACs and the potential impact NACs may have on the management of public lands, effective conservation of wildlife habitat, and responsible development of natural resources.<sup>21</sup> On January 17, 2024, the NYSE withdrew their proposal to list NACs.<sup>22</sup> To date, there is no evidence that either NYSE or ICE explained why NYSE withdrew its proposal to list NACs as a type of public company.

However, IEG remains undeterred by news of NYSE withdrawing the proposed rule change with the SEC. Douglas Eger, Chair and CEO of IEG, said the company is “moving ahead” and will look at “different options” on how to bring NACs to the market, even if that means using private capital before introducing NACs as public companies on a different stock exchange.<sup>23</sup>

The Committee remains deeply concerned with NYSE’s proposal and IEG’s continued march to bring NACs to the market. In addition to the aforementioned significant concerns over NACs’ potential impact on the management of public lands, effective conservation of wildlife habitat, and responsible development of natural resources, the Committee is also concerned with the underlying accounting methodology integral to NACs and, more broadly, the introduction of natural asset accounting methods to the market.

Indeed, rather than accurately measuring an asset’s financial value or use for nonpartisan aims, natural asset accounting methodology appears to be geared towards steering the market towards specific public policy outcomes.<sup>24</sup> For example, IEG’s Reporting Framework does not allow for what IEG calls “ecosystem disservices or negative externalities” regardless of other

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<sup>19</sup> See Spike Jordan, *Natural Asset Companies latest in land schemes*, TRI-STATE LIVESTOCK NEWS (Jan. 5, 2024), <https://www.tsln.com/news/natural-asset-companies-latest-in-land-schemes/>; Shad Sullivan, *Natural Asset Companies Proposed Rule Threatens Property Rights*, CAPITAL PRESS (Jan. 9, 2024), [https://www.capitalpress.com/free/commentary-natural-asset-companies-proposed-rule-threatens-property-rights/article\\_907699a2-af1d-11ee-8dc1-2f7482e6dd46.html](https://www.capitalpress.com/free/commentary-natural-asset-companies-proposed-rule-threatens-property-rights/article_907699a2-af1d-11ee-8dc1-2f7482e6dd46.html).

<sup>20</sup> See Jennifer Yachnin, *Invest in nature? Might be possible with ‘natural asset companies.’*, E&E NEWS (Dec. 11, 2023), <https://www.eenews.net/articles/invest-in-nature-might-be-possible-with-natural-asset-companies/>.

<sup>21</sup> Letter from Rep. Bruce Westerman, Chairman of H. Comm. on Natural Resources, et al., to the Honorable Gary Gensler, Chair, Securities and Exchange Commission, and Mr. Haoxiang Zhu, Director, Division of Trading and Markets, Securities and Exchange Commission (Jan. 11, 2024), [https://naturalresources.house.gov/uploadedfiles/hnr\\_letter\\_to\\_sec\\_on\\_nacs.pdf](https://naturalresources.house.gov/uploadedfiles/hnr_letter_to_sec_on_nacs.pdf).

<sup>22</sup> Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Withdrawal of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies, SECURITIES AND EXCHANGE COMMISSION, Release No. 34-99355 (Jan. 17, 2024), <https://www.sec.gov/files/rules/sro/nyse/2024/34-99355.pdf>.

<sup>23</sup> Jennifer Yachnin, *‘Natural asset companies’ felled by critics*, E&E NEWS (Jan. 18, 2024), <https://subscriber.politicopro.com/article/eenews/2024/01/18/natural-asset-companies-felled-by-critics-00136273>.

<sup>24</sup> See National Strategy, *supra* note 6 at iv. (describing how the Biden administration will use natural capital accounting to “fight the climate crisis, build a strong and sustainable economy, and advance economic Equity”); Office of Science and Technology Policy, Office of Mgmt. & Budget, and Dep’t of Commerce, *Public Comment Draft, National Strategy to Develop Statistics for Environmental-Economic Decisions: A U.S. System of Natural Capital Accounting and Environmental Economic Statistics*, THE WHITE HOUSE (Aug. 18, 2022), <https://www.whitehouse.gov/wp-content/uploads/2022/08/Natural-Capital-Accounting-Strategy.pdf> (detailing how a “comprehensive set of natural capital accounts could provide much of the information needed to track progress toward national conservation goals set out under America the Beautiful and ‘30x30’”).

economic and/or production value associated with an activity.<sup>25</sup> Hence, the NYSE proposal to list NACs outright prohibited fossil fuel development and mining, along with many standard agricultural practices like commercial farming, fishing, timber harvesting, and grazing.<sup>26</sup>

Overall, it is clear that NYSE's proposal to list NACs, IEG's ongoing efforts to bring NACs to the market, and the larger effort to develop a national standard for natural capital accounting and ecosystem service valuation, would have widespread impacts on America's public lands and waters. Indeed, in 2022, a sympathetic profile of IEG explained how NACs would obtain rights over "public lands" where "natural asset owners are typically the local and national government entities."<sup>27</sup> Likewise, the Department of the Interior has declared that a national system of natural capital accounting will provide information that may "fundamentally change" policy decisions on public land management and the environment.<sup>28</sup>

Yet the full implications of NYSE's proposal to bring NACs to the market are unknown. The Committee is deeply concerned that the NYSE—which partnered with IEG and initiated the proposed rule change with the SEC to allow NACs to obtain rights over public lands—failed to consult with impacted stakeholders, including, but not limited to, Congress, states and local governments, tribes, and adjacent landowners.

As the world's largest stock exchange,<sup>29</sup> NYSE plays a central role in U.S. financial markets. Its public announcements and actions have the potential to affect investor and public policy decisions. To better understand NYSE's proposal to bring NACs to the public market, and NYSE's partnership with IEG, the Committee requests NYSE provide a briefing to Committee staff as soon as possible, but no later than March 13, 2024.

Thank you for your prompt attention to this important matter.

Sincerely,



Bruce Westerman  
Chairman  
Committee on Natural Resources



Paul A. Gosar, D.D.S.  
Chairman  
Subcommittee on Oversight and Investigations

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<sup>25</sup> *Ecological Performance Reporting Framework*, INTRINSIC EXCHANGE GROUP (Sep. 2023), <https://www.sec.gov/files/rules/sro/nyse/2023/34-98665-ex3.pdf>.

<sup>26</sup> NYSE NACs Proposal, *supra* note 5.

<sup>27</sup> David Stead, *Natural Asset Companies (NACs): A New Way to Invest in Our Planet*, IMPACT ENTREPRENEUR (Jan. 23, 2022), <https://impactentrepreneur.com/natural-asset-companies-nacs/>.

<sup>28</sup> *Natural Capital Accounting*, DEP'T OF THE INTERIOR, <https://www.doi.gov/ppa/integrative/natural-capital-accounting> (last visited Jan. 25, 2024).

<sup>29</sup> New York Stock Exchange, *The History of the NYSE*, INTERCONTINENTAL EXCHANGE, INC., <https://www.nyse.com/history-of-nyse#:~:text=The%20New%20York%20Stock%20Exchange.world's%20most%20deterministic%20trading%20technology.&context=The%20New%20York%20Stock%20Exchange.world's%20most%20deterministic%20trading%20technology>. (describing the NYSE as the "world's largest and most trusted equities exchange") (last visited Feb. 14, 2024).



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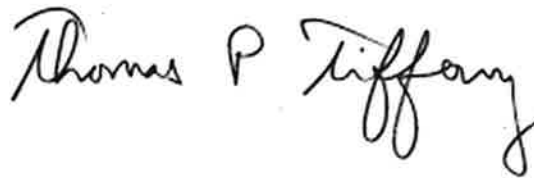
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