



## *Arizona Farm Bureau Federation*

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January 15, 2024

Vanessa A. Countryman, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

Submitted electronically to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

RE: Proposed Rulemaking on 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  
Release No. 34-98665  
File No. SR-NYSE-2023-09

Dear Secretary Countryman:

The Arizona Farm Bureau Federation is a grassroots organization made up of farmers and ranchers from across Arizona. Together they form an industry that generates \$23.3 billion in economic impact to the state's economy. We write to express our opposition to the proposed rule, seek clarification of and to offer limited comments on the public notice issued by the Securities and Exchange Commission on October 4, 2023, titled "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" (the "Proposed Rule").

The Proposed Rule defines a Natural Asset Company ("NAC") as "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. In addition, where doing so is consistent with the company's primary purpose, the company will seek to conduct sustainable revenue-generating operations. Sustainable operations are those activities that do not cause any material adverse impact on the condition of the natural assets under a NAC's control and that seek to replenish the natural resources being used...."

Noting that the basis for the Proposed Rule cites agriculture as "contributing to the loss of natural habitat and soil degradation," we seek confirmation regarding the Proposed Rule's impact on independent property holders' rights, including:

- 1) A NAC has no enhanced or elevated property rights relative to any other property owner or leaseholder; for example, the rights of an unaffiliated, non-NAC farmer or rancher who diverts

water from a river system for the purpose of growing food, fiber, or fuel upstream or downstream of a NAC asset is not affected by the Proposed Rule.

- 2) Relative to a similarly situated lessee or license-holder on federal lands, the Proposed Rule affords NACs no enhanced or elevated rights to access water flowing through federal lands or to dictate or restrict water access rights upstream or downstream of those federal lands.
- 3) The Proposed Rule affords NACs no elevated rights to bind any other property holder to conform to its decision-making on what constitutes a “material adverse impact” or to mitigate a potential material adverse impact.
- 4) The Proposed Rule affords NACs no elevated or special rights, over and above those available to any other business or property holder, to impose its sustainability prerogatives.

The Proposed Rule proscribes NACs from participating in “unsustainable activities” by stating: “The NAC will be prohibited from engaging directly or indirectly in unsustainable activities. These are defined as activities that cause any material adverse impact on the condition of the natural assets under its control, and that extract resources without replenishing them (including, but not limited to, traditional fossil fuel development, mining, unsustainable logging, or perpetuating industrial agriculture). The NAC will be prohibited from using its funds to finance such unsustainable activities.” Because “perpetuating industrial agriculture” is described as an unsustainable activity, we ask that you further clarify the following:

- 5) Under the Proposed Rule, what does “industrial agriculture” mean and why is “perpetuating industrial agriculture” considered unsustainable?
- 6) Does mere participation in an “industrial agriculture” enterprise constitute “perpetuating” an unsustainable activity, or is something more required for industrial agriculture to be considered unsustainable?
- 7) Referencing the questions outlined above, if a farmer or rancher diverts water from a river for the purposes of growing food, fiber, or fuel, the Proposed Rule appears to suggest the water resource would be deemed “extract[ed]” without being “replenish[ed]”; would this water diversion be an example of a “material adverse impact” on the river?

The Commission further seeks feedback on the “licensing arrangement for NACs as proposed and the sufficiency of the proposal regarding such licensing or other legal arrangements that a NAC would be permitted to enter into.” The Proposed Rule appears to authorize NACs to license a variety of management activities and rights affecting land, including mineral rights, water rights, or air rights running with the land, whether private or public, but does not provide thorough treatment of licensing of federal lands in the United States. Accordingly, we ask that you please clarify (a) if such licenses on federal lands would depend upon or otherwise be linked to the Bureau of Land Management’s proposal of April 3, 2023, to create “conservation leases” on federal lands; and (b) what other existing or proposed authorities for “licensing” activities (or absence or cessation of activity) on federal lands, if any, are contemplated under the Proposed Rule?

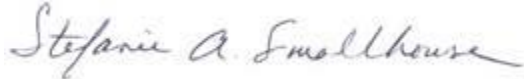
Furthermore, we raise serious concerns and potential conflicts that may arise from this new listing standard with the Federal Land Policy and Management Act (FLPMA). Under FLPMA there is a multi-use mandate that requires the uses on public lands be managed to accommodate a balance of multi-uses, including agriculture. Given the scope of this rule, our concern is that agriculture and best management practices under FLPMA would be impeded by the proposed rule and lands under the control of an NAC would not be managed in accordance with FLPMA. Additionally, reducing access and availability of highly productive agriculture land will have an adverse impact on agriculture and the production of the nation’s food supply.

With respect to private lands, the proposal does not address states' governance of real property ownership and transfers within their respective boundaries. Importantly, according to the National Agricultural Law Center, "approximately twenty-four states specifically forbid or limit nonresident aliens, foreign businesses and corporations, and foreign governments from acquiring or owning an interest in agricultural land within their state." Accordingly, we seek clarification that the Proposed Rule would do nothing to impair state laws impacting the foreign ownership of land.

The Proposed Rule raises significant practical and policy issues that impact the management and control of our nation's natural resources and our farming and ranching communities. Moreover, it broadly casts as "unsustainable" the industry that feeds our nation and the world. Arizona Farm Bureau opposes the current proposed rule and encourages the Commission to carefully consider and respond to the questions raised here as it reviews the potential impacts of this Proposed Rule. Furthermore, we recommend that the Commission eschew non-evidence-based assertions concerning agricultural sustainability going forward.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Stefanie A. Smallhouse". The ink is dark and the signature is fluid and legible.

Stefanie Smallhouse, President  
Arizona Farm Bureau Federation