

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

January 17, 2024

RE: Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies (File No. SR-NYSE-2023-09)

Dear Ms. Countryman:

I appreciate the opportunity to provide comments to the Securities and Exchange Commission on the proposed rule change (References #1). Please express my thanks to the Chair and Commissioners for their service to our great nation. My recommendation at the proceeding's conclusion is to **disapprove** the rule change for the following three reasons:

- 1) **Violation of the Law:** The proposed rule violates the Securities Exchange Act of 1934 (References #2). The need to ensure fair and orderly trading on the exchanges is clearly expressed numerous times in the law. This fundamental premise is explicitly explained in the preamble as follows: "*AN ACT To provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, and for other purposes.*" IEG has granted an exclusive license to the New York Stock Exchange (NYSE) to use its proprietary Reporting Framework. Refer to page six in the Order (References #1). Consequently, all other exchanges that operate in the United States such as Nasdaq, Miami Stock Exchange, Boston Stock Exchange, and others, are unable to access this Reporting Framework which creates an unfair and disorderly trading environment. Given that the Natural Asset Companies (NAC's) with their unique Reporting Frameworks are only able to trade on the NYSE, that would be akin to preventing Coca-Cola Co from transitioning out of the NYSE to Nasdaq should they prefer to make the change. It would appear that only if IEG and the NYSE enter into a non-exclusive licensing agreement, and additionally IEG also enters into non-exclusive licensing agreements with all other regulated Exchanges in the United States who in turn each submit their own similar rule proposal as the NYSE's to the Securities and Exchange Commission for public comment and approval, would this remedy the violation. Surely, the Securities and Exchange Commission recognizes the great harm and chaos that would occur as well as stifled competition should only one Exchange monopolize and commence with trading of NAC's using an exclusive and proprietary novel natural asset accounting framework. Standardization is essential for orderly and fair markets and the law correctly mandates it.
- 2) **SEC Lacks Authority:** Neither the Securities and Exchange Commission nor any of the Exchanges that it regulates possess the legal authority to magically create a new type of

corporation with a novel and proprietary type of natural asset accounting. That is not an Executive Branch function. However, that is exactly what the NYSE is proposing to do. The Order states on page 2 (References #1) that, “*The Exchange proposes that, for purposes of proposed Section 102.09 of the Manual, 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.*” The U.S. Congress does have the authority but the NYSE and IEG have attempted to sidestep the Legislative Branch and thereby sidestep the American people’s will, committing a major blunder in strategy. A powerful example from history of a new business structure emerging occurred in 1958 when Congress acted upon a recommendation by President Eisenhower and created the S Corporation with a tax code update. (References #3) The Securities and Exchange Commission has no role to perform in establishing new business structures for the United States.

- 3) **Violation of the SEC’s Mission Statement:** The NYSE explains on page 2 (References #1) that its intent with the proposed rule is to “...end the overconsumption....of nature...” but it fails miserably (as well as its cohort IEG) in providing any logic or rationale whatsoever regarding how the proposed rule will accomplish this. A problem with truthfulness exists. Assume a “thought scenario” for the moment that this rule change is approved and adopted. Let’s say that IEG and NYSE proceed with the creation of numerous NAC IPO’s, raise capital successfully, and start trading on the exchange. Next let’s assume that the management team overseeing NAC-1 decides to use its new capital to engage with the U.S. Federal Government and obtain Ecological Performance Rights to 10 million acres of land in the Western U.S. that currently is used for cattle grazing, mining metals critical to the nation’s national security, 4WD recreation and camping, and logging of timber used for providing materials to home building. Assume that all these activities are forced to shut down to begin the “so-called” process of enhancing ecological performance through aggressive conservation. Let’s assume that NAC-1 has successfully sold its first ecological credits to customers seeking to offset their own land use activities or CO2 emissions and revenue is generated. Perhaps the stock price of NAC-1 actually rises because operating income is flowing and in addition the Reporting Framework in the next quarterly report suggests these natural assets are changing to conservation and new investors decide to buy the stock. Let’s even set aside momentarily the absolute human chaos and economic destruction this would create for all those whose lives are adversely impacted by the loss of use of these 10 million acres (a gross violation of the federal “multiple use on public lands concept” , an unacceptable trampling of our freedoms as the American public, and yet another violation of many laws, including the Federal Land Policy and Management Act (conservation is a highly suspect “use” of public land). But let’s set aside all of that. How exactly will overconsumption of nature end? That is after all the stated intention by the NYSE and IEG and the pitch made to investors in these new NAC’s who carefully evaluate risk. Will American consumer demand and purchasing behaviors change with the adoption of a “scarcity” mindset and change lifestyles to fewer beef steaks bought at the supermarket, fewer wood framed homes purchased, or fewer metal products purchased from American industrial manufacturing? Of course not. Nor should we.

There are two likely outcomes – either American consumers will suffer tremendous inflation spikes due to the scarcity of needed goods (class supply/demand imbalance), or, alternatively we will become even more reliant on overseas markets for these products, a reversal of recent progress to boost our own self sufficiency with buying local. Those nations overseas will increase the “overconsumption of nature” on their own land and soil to provide these products to the American consumer. Consequently, with this “thought scenario”, NAC-1 has caused more inflation for Americans, created scarcity, and feigned an end to overconsumption of nature on those 10 million acres of land in America by transferring equivalent or near equivalent land use activities overseas. Would this be consistent and acceptable within the United Nations System of Environmental-Economic Accounting or would it pose a substantial investor risk? The NYSE and IEG do not justify their ultimate objective and in failing to do so are establishing a paradigm of mistruth for investors. Protecting the investor is part of the Security and Exchange’s three-part mission. It states, “*Companies offering securities for sale to the public must tell the truth about their business, the securities they are selling, and the investment risks.*” (References #4)

There are numerous other reasons why this proposed rule change should be disapproved but those are covered quite well by the thousands of other comments already received. We live in America, a land of vast and unlimited opportunity. Our pioneering ancestors built this amazing nation using resources from the land and we all owe a debt of gratitude to their courage and fortitude. Today every product we consume is either due to drilling, mining, or growing. We can build a strong economy for ourselves and future generations and protect the environment at the same time based on a premise of abundance rather than scarcity and liberty rather than oppression. The tools for this already exist without “NAC’s”.

#### References:

- 1) [Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies \(sec.gov\)](#)
- 2) [COMPS-1885.pdf \(govinfo.gov\)](#)
- 3) [History - The S Corporation Association \(s-corp.org\)](#)
- 4) [SEC.gov | Mission](#)

Thank You.