

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

January 11, 2024

The Honorable Gary Gensler  
Chair  
U.S. Securities and Exchange Commission  
Mail Stop 7010  
100 F Street NE  
Washington, DC 20549

Mr. Haoxiang Zhu  
Director, Division of Trading and Markets  
U.S. Securities and Exchange Commission  
Mail Stop 7010  
100 F Street NE  
Washington, DC 20549

Dear Mr. Gensler and Mr. Zhu:

The House Committee on Natural Resources (Committee) seeks information from the Securities and Exchange Commission (SEC) regarding the notice of a proposed rule change to permit the listing of a new type of public company, Natural Asset Companies (NACs), on the New York Stock Exchange (NYSE).<sup>1</sup> The Committee is deeply concerned with the potential impact NACs may have on the management of federal lands, effective conservation of wildlife habitat, and responsible development of America's natural resources.

The proposal describes NACs as corporations that would "hold the rights to the ecological performance" of prescribed areas, including public lands, for "conservation, restoration, or sustainable management."<sup>2</sup> As currently proposed, NACs would specifically control the rights and management authority of "natural or working areas, such as national reserves or large-scale farmlands."<sup>3</sup>

Furthermore, NACs would license the ecological performance rights from sovereign nations or private landowners.<sup>4</sup> Additionally, capital raised by NYSE-listed NACs would need to be used to implement "conservation, restoration, or sustainable management plans" and all NACs would be prohibited from directly or indirectly conducting "unsustainable activities."<sup>5</sup> Unsustainable activities are defined as activities that (1) cause any material adverse impact on the

---

<sup>1</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), <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>.

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

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

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

condition of the natural assets under its control, and (2) extract resources without replenishing them.<sup>6</sup> Included, but not limited to, the list of prohibited “unsustainable activities” provided by NYSE are “traditional fossil fuel development, mining, unsustainable logging, [and] perpetuating industrial agriculture.”<sup>7</sup>

The concept of NACs was developed by Intrinsic Exchange Group Inc. (IEG), a private company incorporated in Delaware.<sup>8</sup> NYSE has acquired a minority stake in IEG and obtained a seat on IEG’s board of directors.<sup>9</sup> The proposed rule change is the culmination of NYSE seeking SEC approval for the “unique listing requirements tailored to NACs and incorporating IEG’s accounting methodology.”<sup>10</sup>

The proposal includes a requirement for NACs to publish information on a periodic basis regarding the ecological performance of natural assets using IEG’s proprietary Ecological Performance Reporting Framework (IEG’s Reporting Framework).<sup>11</sup> Douglas Eger, the Chair and CEO of IEG, has declared that IEG’s Reporting Framework places an “unambiguous focus on maximizing the production of ecosystem services” and avoiding extractive activity.<sup>12</sup> In doing so, IEG has several categories of ecosystem services: provisioning; regulating and maintenance, such as climate and rainfall pattern regulation; cultural; and non-use values, which include “the well-being that people derive from the existence and preservation of the environment for current and future generations, irrespective of any direct or indirect use.”<sup>13</sup> Further, per IEG’s Reporting Framework, “a NAC’s valuation will not include ecosystem disservices or negative externalities” regardless of other economic and/or production value associated with the activity.<sup>14</sup>

The Committee is deeply concerned with the potential impact NACs may have on the management of federal lands, effective conservation of wildlife habitat, and responsible development of natural resources. Most notably, the proposed rule would allow private investment interests to control and manage national parks and other publicly owned lands—an unprecedented power-grab and usurpation of federal authority.

This possibility is alarming, but, when coupled with the proposal’s arbitrary designations and ill-defined terms, it may prove calamitous to the statutory multiple-use mandates of federal

---

<sup>6</sup> *Id.*

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

<sup>8</sup> *Id.*

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

<sup>10</sup> *NYSE and Intrinsic Exchange Group announce a new asset class to power a sustainable future*, INTER-AMERICAN DEVELOPMENT BANK (Sep. 14, 2021), <https://www.iadb.org/en/news/nyse-and-intrinsic-exchange-group-announce-new-asset-class-power-sustainable-future>.

<sup>11</sup> SECURITIES AND EXCHANGE COMMISSION, *supra* note 1.

<sup>12</sup> David Stead, *Natural Asset Companies (NACs)*, IMPACT ENTREPRENEUR (Jan. 23, 2022), <https://impactentrepreneur.com/natural-asset-companies-nacs/>.

<sup>13</sup> *Ecological Performance Reporting Framework*, INTRINSIC EXCHANGE GROUP (Sep. 2023), <https://www.sec.gov/files/rules/sro/nyse/2023/34-98665-ex3.pdf>.

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

lands<sup>15</sup> and responsible development of America’s natural resources. For example, the proposal designates “unsustainable activities” as activities that cause any “material adverse impact,” without defining what classifies as a “material adverse impact.”<sup>16</sup> Thus, this critical determination is seemingly outsourced to IEG—a private company with its own interests and shareholders to answer to. IEG’s Reporting Framework also does not define “material adverse impact,” effectively deferring to an individual assessor’s determination. Hence, approved activity on federal land controlled by NACs will be determined by the whims of eco-activists rather than government scientists or Congress, via statute. Furthermore, it is possible that in defining “material adverse impact,” IEG could create conditions that result in offshoring resource production to countries with undesirable labor, environmental, and human rights records—countries that are not held accountable to U.S. or IEG standards.

Additionally, as part of the Committee’s ongoing oversight of foreign interests that attempt to influence America’s environmental, natural resource, and energy policies, the Committee is concerned with allowing foreign investment into America’s most precious assets. For example, allowing foreign interests to fund companies that will control public land and explicitly prohibit domestic mineral production is a surefire way to increase our nation’s critical mineral dependence while weakening America’s economic competitiveness, our national security, and that of our allies. This is unacceptable.

As such, the Committee is interested in learning more about the proposed rule change to list NACs on the NYSE and understand the SEC’s corresponding regulation of NACs. To assist the Committee with oversight of the management of federal lands and development of natural resources, please provide the following documents and information—from January 20, 2021 to the present—by January 29, 2024:

1. All documents and communications between the SEC and the NYSE regarding NACs.
2. All documents and communications between the SEC and the NYSE regarding IEG’s Reporting Framework.
3. All documents and communications between the SEC and IEG regarding NACs.
4. All documents and communications between the SEC and the Council on Environmental Quality regarding NACs and/or IEG.
5. All documents and communications regarding any nonprofits, nongovernmental agencies, or private companies and any individuals affiliated with any nonprofits, nongovernmental agencies, or private companies the SEC consulted with regarding NACs and/or IEG. For any entities or individuals listed, please describe the nature of

---

<sup>15</sup> Federal Land Policy and Management Act, 90 Stat. 2743 (Oct. 21, 1976), <https://www.govinfo.gov/content/pkg/STATUTE-90/pdf/STATUTE-90-Pg2743.pdf#page=1> (establishing the multiple use mandates for public lands to meet “the long-term needs of future generations for renewable and nonrenewable resources, including, but not limited to, recreation, range, timber, minerals, watershed, wildlife and fish, and natural scenic, scientific and historical values”).

<sup>16</sup> SECURITIES AND EXCHANGE COMMISSION, *supra* note 1.

the coordination and provide any communications and/or documents related to the coordination.

6. Describe how the SEC is authorized to confer management of federal lands and natural resources to private investment companies.
7. Describe how the SEC will prevent foreign interests from investing in NACs, controlling federal lands, and limiting the responsible development of America's natural resources.

An attachment to this letter provides additional instructions for responding to the requests from the Committee on Natural Resources. Please contact the Majority staff for the Oversight and Investigations Subcommittee at (202) 225-2761 or [HNRR.Oversight@mail.house.gov](mailto:HNRR.Oversight@mail.house.gov) with any questions. Under House Rule X, the Committee on Natural Resources has "general oversight" of any matter relating to its jurisdiction, including the management of federal lands. Thank you for your cooperation.

Sincerely,



Bruce Westerman  
Chairman  
Committee on Natural Resources



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



Cliff Bentz  
Member of Congress



Lauren Boebert  
Member of Congress



Mike Collins  
Member of Congress



John Curtis  
Member of Congress



Russ Fulcher  
Member of Congress



Harriet M. Hageman  
Member of Congress



Doug LaMalfa  
Member of Congress



Doug Lamborn  
Member of Congress



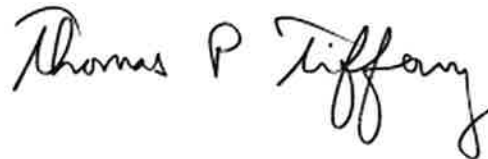
Anna Paulina Luna  
Member of Congress



Matt Rosendale  
Member of Congress



Pete Stauber  
Member of Congress



Tom Tiffany  
Member of Congress



Daniel Webster  
Member of Congress

Enclosure