



## **ISSUE BRIEFING**

### **SEC Proposed Rule for “Natural Asset Companies”**

October 18, 2023

#### **EXECUTIVE SUMMARY:**

October 4, 2023, the Securities Exchange Commission (SEC) issued a proposed rule to approve the creation of a new investment vehicle, the “Natural Asset Company (NAC).” (88 Fed. Reg. 68811 (Oct. 4, 2023)) This new vehicle was created by the Intrinsic Exchange Group (IEG) in partnership with the New York Stock Exchange (NYSE). The IEG was founded by the Rockefeller Foundation with supporting partners including international environmental organizations such as the World Wildlife Fund.

The purpose for this new investment product is to provide a vehicle for elite investors and governments to profit from the protection of natural resources created by climate crisis policies. It is why these same proponents have been calling for the permanent protection of at least 30 percent of the world’s land and oceans by 2023 - the 30x30 agenda. These same actors are also pushing the net zero and decarbonization policies.

Their objective is not the conservation of the land. They seek total political and financial control of the world’s natural resources particularly in the United States.

Immediate Congressional Oversight of the SEC proposed rule is warranted.

#### **KEY POINTS:**

1. Proposed Rule Authorizes Federal Lands, Including National Parks, to be Enrolled into NACs.
2. Proposed Rule Gives “Management Authority” to the NAC.
3. The Biden Administration is Preparing to Enroll the Federal Lands into NACs.
4. Proposed Rule Invites Foreign Interests to Invest in an NAC.
5. Land Trusts can Enroll Conservation Easements without Landowner’s Permission.
6. Exclusive Rights to Natural Processes will be Monetized and Assigned to NACs.
7. Protection of the Resources is Prioritized over Human Flourishing.

#### **PRIMARY SOURCE:**

[SEC Proposed Rule Change To Amend the NYSE Listed Company Manual To Adopt Listing Standards for Natural Asset Companies](#)

#### **BACKGROUND:**

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The Intrinsic Exchange Group (IEG) claims the new natural asset economy will be a \$5000 Trillion economy, four times larger than today's economy, which is \$105 Trillion. This is because they are creating an entirely new set of values — quantifying and monetizing “natural processes” and “ecosystem services” which every human being must have to live, and no one has a right to own. They are quite literally attempting to profit from, and control, the air we breathe.

They state that it is the act of protecting the resources, thereby increasing ecosystems services from nature, that will give the NAC its value and the shareholders an investment return. It is not the production of traditional consumer goods. In fact, they specifically prohibit an NAC from engaging in “unsustainable extractive activities.”

Three categories of lands make up a NAC: Natural (protected), Working (some productive uses highly regulated) and Hybrid (a mix of Natural and Working). They state that the investment return will come from “ecotourism revenue or carbon credit sales on natural lands and commodity crop production on working lands.” (IEG Website)

Ultimately, the NACs must hold rights to fixed assets such as land, water, conservation easements, federal protected lands, and crops to offer exclusive rights to the intrinsic elements they claim will be produced by protecting the area.

With the issuance of this proposed rule the SEC is approving the final step necessary to rob the American people of their property and natural rights.

## **1. The Proposed Rule Authorizes Federal Lands, Including National Parks, to be Enrolled into the NAC.**

The SEC rule defines a Natural Asset Company as follows:

“NACs will be corporations that hold the rights to the ecological performance (*i.e.*, the value of natural assets and production of ecosystem services) produced by natural or working areas, such as national reserves or large-scale farmlands, and have the authority to manage the areas for conservation, restoration, or sustainable management. These rights can be licensed like other rights, including “run with the land” rights (such as mineral rights, water rights, or air rights), and NACs are expected to license these rights **from sovereign nations** or private landowners.” (Fed. Reg. Vol. 88, No. 191, 10/4/2023, page 68812)

Exhibit 3 of the SEC proposed rule is the IEG “Ecological Performance Reporting Framework,” which describes how NACs are to be created, measured, valued and reported for investment purposes. The Framework states:

“These assets can be areas that are publicly owned, such as a **national park**, or tracts of privately owned property held by individuals or corporations.” (IEG Framework, SEC Proposed Rule Exhibit 3, page 7)

The IEG Website describes the ability to enroll federal land assets into NACs as:

“... a transformational solution whereby natural ecosystems are not simply a cost to manage, but rather, an investible productive asset which provides financial capital **and a source of wealth for governments** and its citizens.”

Another type of publicly owned land that can be enrolled in an NAC is a “conservation lease.” The Bureau of Land Management has recently issued a proposed rule that would prioritize “conservation” over the “multiple-uses” on the federal lands it manages. The rule also creates a new process whereby the agency can issue “conservation leases” that exclude other multiple-uses from those lands, and can therefore be enrolled into an NAC.

## **2. The Proposed Rule Gives “Management Authority” to the NAC.**

The proposed rule gives the NAC corporate board “management authority” over all the assets within the NAC. This includes those federal lands providing the asset base for the NAC. This raises a fundamental constitutional question: How can a private investment company have management authority over federal lands Congress has the exclusive Constitutional authority to manage — authority it has delegated to the land management agencies?

Nevertheless, the SEC is authorizing this action. The plain language of the SEC proposed rule gives the private investment company management authority over the “ecological performance” of the enrolled federal natural assets. This authority is baked into the NAC’s definition set forth in the proposed rules.

“Natural Asset Companies (NACs) — Corporations that hold the rights to the ecological performance of a defined area and have the authority to manage the areas for conservation, restoration, or sustainable management.” (Fed. Reg. Vol. 88, No. 191, 10/4/2023, page 68814)

This definition makes clear that not only will the NAC have the controlling management authority over the assets, but that this must be carried out to ensure the assets are conserved and sustainably used. This eliminates any productive uses necessary for human flourishing.

The SEC Proposed Rule defines “Ecological Performance Rights” as follows:

“The rights to the value of natural assets and the production or ecosystem services in a designated area, including the authority to manage the area. These rights are granted to a NAC, from a natural asset owner, as provided through a license agreement.” (Fed. Reg. Vol. 88, No. 191, 10/4/2023, page 68813)

This management authority also extends to the private lands, conservation easements, and State lands. It is extended to all the assets controlled by the NAC.

## **3. The Biden Administration is Preparing to Enroll the Federal Lands into NACs.**

The IEG Framework will be using the “natural capital accounting standards established in the United Nations System of Environmental-Economic Accounting— Ecosystem Accounting Framework (“SEEA EA”).” This is the only system that has placed a value on natural processes and

ecosystem services. According to the IEG document, over 90 countries have signed on to use SEEA to “measure and track natural assets, including the United States.”

The Biden Administration released the “National Strategy to Develop Statistics for Environmental Economic Decisions” in January of 2023. They are creating “Natural Capital Accounts (NACs)” to track the intrinsic values of nature and place these alongside traditional assets on the federal balance sheet.

The report describes the purpose as follows:

“It creates a U.S. system to account for natural assets—from the minerals that power our tech economy and are driving the electric-vehicle revolution, to the ocean and rivers that support our fishing industry, to the forests that clean our air—and quantify the immense value this natural capital provides. This National Strategy will help us understand and consistently track changes in the condition and economic value of land, water, air, and other natural assets. It will also help the federal government fulfill its responsibility to the American people to provide a fuller understanding of our economy. And it will provide data to guide the federal government and the economy through the transition we need for sustainable growth and development, a stable climate, and a healthy planet.” (Report Introduction)

Along with adopting the UN accounting system, the Biden Administration has been gathering data on every natural element and process. The American Conservation and Stewardship Atlas initiated under 30x30 is quantifying the natural resources and their protected status. The recent USDA farm survey required landowners to provide more information about their operations than ever before. Failing to do so would be a violation of law.

**They are collecting data about the natural assets, natural processes, and ecosystem services for a reason — to establish these assets to be used as collateral to increase the national debt, as new vehicles to tax the American people, and as the asset base for an investment product.**

Additionally, the land management agencies are clearing the way for our federal lands to be included in the private investment product. As mentioned above, the BLM’s proposed “conservation” rule would position these lands to be enrolled in NACs.

As the Biden Administration revises the numerous federal resource management plans that govern the federal holdings, they are eliminating the productive uses and increasing the protected areas. This will make these lands eligible for enrollment into NACs.

The U.S. Fish and Wildlife Service is creating large “Conservation Areas” around National Wildlife Refuges, where the private land is targeted for acquisition and conservation easements in perpetuity. Most recently, they announced the creation of a 5.8-million-acre conservation area in Montana: The Missouri Headwaters Conservation Area. This was done without the knowledge of the State, even though 500,000 acres of State land and over two million acres of private land are included within the designated area.

The IEG website uses the example of “conservation areas” to describe how an NAC can be created in “Hybrid Areas” where there is a mix of protected and working lands, as well as small communities within the companies boundaries.

All the Biden Administration actions are being carried out for the purpose of conserving, restoring and sustainably managing the lands — the same objectives necessary for the formation of Natural Asset Companies.

#### **4. The SEC Proposed Rule Invites Foreign Interests to Invest in an NAC.**

It appears that adversarial countries, such as China, can own shares in NACs that hold the rights to our federal lands and profit from its protection while controlling how we use these lands.

Exhibit 5 of the SEC proposed rule is the manual language that will be adopted by the New York Stock Exchange authorizing the listing of NACs. At section 103.00 “Foreign Private Issuers,” it states: “The Exchange welcomes listing inquiries from foreign private issuers.”

This gives foreign investors permission to hold shares in or create an NAC. Importantly, however, there is nothing in the rule, the NYSE manual language, or the IEG Framework that prohibits foreign nations from also holding shares in or creating an NAC. The SEC should make clear whether or not foreign governments can invest in these companies.

#### **5. Land Trusts can Enroll Conservation Easements without Landowner’s Permission.**

The conservation easements held by Environmental and Agriculture Land Trusts, as well as Federal Agencies, can be enrolled into the NAC with or without the landowner’s permission. They stand to gain a huge profit off the backs of America’s landowners.

This includes the federal conservation easements such as the Wetlands Reserve Program and the Agriculture Conservation Easement Program funded through the Farm Bill.

#### **6. Exclusive Rights to Natural Processes will be Monetized and Assigned to NAC’s.**

Natural processes such as clean air, clean water, ecosystem services and other natural functions — those essential processes that are required by every human to live — are being arbitrarily monetized and the exclusive rights to these are being assigned to the NACs.

The IEG Framework states:

“Natural assets like forests, wetlands, or grasslands, provide a wealth of goods and services to people that not only sustain economic activity but that make life on Earth possible. These goods and services are called ecosystem services and include benefits such as clean air, water, productive soils for agriculture, food, climate stability, habitat for wildlife, genetic materials, medicines, and food.” (Exhibit 3, IEG Framework, page 2)

#### **7. Protection of the Resources is Prioritized over Human Flourishing**

The purpose of the NACs are to conserve, restore and sustainably manage the natural assets that make up the corporation. The IEG Website goes further to explain that protecting the resources is more important than securing human wellbeing.

“Yet producing these essential goods and services and managing resources wisely **is as valuable, or perhaps even more valuable, than the food production.**”

Not only is protection of the land placed above producing food for society, extractive uses are specifically prohibited. Exhibit 5, the NYSE Manual Amendment reads:

“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.” (Fed. Reg. Vol. 88, No. 191, 10/4/2023, page 68814)

### **RECOMMENDED ACTIONS:**

1. Share this briefing with your local, State and Federal Elected Representatives. There will be letters in the US House and Senate for Members to sign to oppose the proposed Rule. The Senate Letter is being lead by Senator Pete Ricketts (R-NE). Ask them to sign onto these letters of opposition.
2. Submit your comment to the SEC Proposed Rule here: <https://www.sec.gov/comments/sr-nyse-2023-09/notice-filing-proposed-rule-change-amend-nyse-listed-company-manual-adopt#no-back>

### **RESOURCES:**

The SEC Proposed Rule and Exhibits: <https://www.sec.gov/rules/sro/sr-nyse-2023-09>

The Intrinsic Exchange Group Website: <https://www.intrinsicexchange.com/>

The New York Stock Exchange Announcement: <https://www.nyse.com/introducing-natural-asset-companies>

National Strategy to Develop Environmental Economic Statistics: <https://www.whitehouse.gov/wp-content/uploads/2023/01/Natural-Capital-Accounting-Strategy-final.pdf>

Article, “Monetizing the Air we Breathe:” <https://americanstewards.us/natural-assets-monetizing-the-air-we-breathe/>

#### **About American Stewards of Liberty:**

*American Stewards of Liberty* is a 501(c)(3) non-profit organization whose mission is to protect property rights and the liberties they secure by defending the use of our land, and restoring local control. This issue briefing is provided to educate state and local officials, and property owners, on federal actions that erode property rights and identify responses that would bring these actions in alignment with full Constitutional protection of these rights.