



January 16, 2024

TRANSMITTED VIA U.S. MAIL AND EMAIL

Chairman Gary Gensler Chair@sec.gov
Commissioner Hester M. Peirce CommissionerPeirce@sec.gov
Commissioner Caroline A. Crenshaw CommissionerCrenshaw@sec.gov
Commissioner Mark T. Uyeda CommissionerUyeda@sec.gov
Commissioner Jaime Lizarraga CommissionerLizarraga@sec.gov
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Commissioners,

On behalf of the State of Idaho, we write to express our concerns with Natural Asset Companies (NACs) and the proposed rule: “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.” If implemented, this proposed rule could have profound implications for the people of Idaho and our state’s economy and we request the SEC halt the rulemaking process until our concerns are addressed.

The landscape of Idaho is comprised of over 34 million acres of public lands. Over 60 percent of our total acreage is managed by agencies of the federal government—predominantly the U.S. Forest Service and the Bureau of Land Management. Idahoans enjoy and depend upon public lands and the natural resources contained therein for a multitude of benefits, including natural resource-based industries such as forest products and mining, agricultural interests, and hunting, fishing and other recreational pursuits. Federal law mandates multiple use on national forests and rangelands and Idahoans support multiple use to balance the diverse set of activities and interests that occur on these lands for the benefit of all. Proper and balanced management of these public lands uses results in conservation and sustains resources in perpetuity while allowing for access and economic activity that supports rural economies and our state as a whole.

The proposal for NACs to acquire “ecological performance” rights on public resources is alarming. This concept stands to vastly disrupt the current regime of land management, and the public participation in management decisions mandated by federal law, by enabling non-government corporate control over the activities that occur on public lands. Allowing ecological interests in federal lands to be monetized and traded by private investment portfolios could lead to outcomes on public lands harmful to the very communities where these resources are located.

In reviewing the documents included in the Federal Register notice for this proposal, the definition for NACs reads:

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.

The Federal Register notice also defines the structure of NACs and how they would operate:

The Exchange states that NACs would acquire the ecological performance rights of a designated area by entering into an agreement with the natural asset owner (e.g., a governmental entity or private landowner) to obtain a license with respect to such rights.

Furthermore, the licensing agreement requirements note that a term of ten years is the minimum, and that licensing agreements may be longer, including agreements that may be “perpetual.” The public details of this proposal clearly state that NACs and the environmental standards they adhere to have disfavored industries and activities. The Federal Register further states:

Under the proposal, all NACs would be prohibited from directly or indirectly conducting unsustainable activities, such as mining, that lead to the degradation of the ecosystems it is trying to protect.

While citations accompanying the Federal Register notice state that offering materials and public disclosure documents for NACs must distinguish between the rights to the land ownership and the rights to the ecological performance, this does nothing to alleviate our concerns with the on the ground influence NACs could have on public resources. Using the public information outlined above, it stands to reason that a NAC could enter into a licensing agreement with a government land management entity and prohibit mining activities on the designated area in perpetuity. This is just one example of the misguided and far reaching consequences of NACs and many more examples could be cited where corporate entities could take away local input on public land management decisions affecting communities in Idaho.

Foreign influence is also a concern for the State of Idaho as it pertains to NACs. The ability for foreign investors to engage in NACs and influence land and resource management decisions poses economic and national security risks. Due to these concerns, the State of Idaho passed a law in 2023 prohibiting foreign governments and foreign state-controlled enterprises from purchasing, acquiring, or holding controlling interests in Idaho agricultural land, water rights, mining claims, and mineral rights. There is also federal legislation pending before Congress that would prohibit

foreign adversaries from purchasing U.S. farmland and increase national security reviews with respect to foreign food and agricultural investments. With the heightened awareness of the risks and increased attention on foreign ownership of agricultural land and natural resource interests, this proposal takes Idaho and the United States in the wrong direction by opening the door for further foreign influence in our natural resource and agricultural sectors. Furthermore, the adherence of NACs to environmental standards promulgated by entities of the United Nations also raises sovereignty concerns and threatens to subjugate our own domestic environmental and land management laws to international organizations.

The State of Idaho is opposed to the establishment of NACs as currently proposed due to the widescale disruption and far reaching consequences this concept would have on our public lands, agriculture, recreation and natural resource-based industries. Allowing this type of preservationist-only corporate control over public resources in the name of ecological performance is highly misguided and we question the legal authority to create these entities and subsequent investment activities. In closing, we again request that the SEC halt this rulemaking process until our concerns with this proposal are thoroughly addressed.

Sincerely,



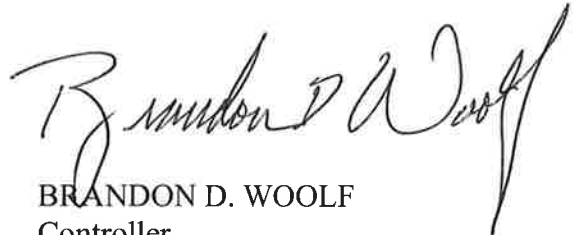
BRAD LITTLE
Governor



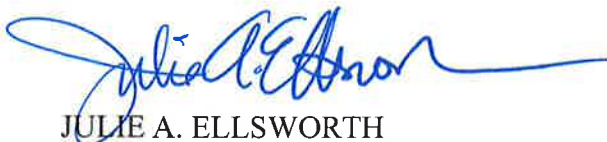
SCOTT BEDKE
Lieutenant Governor



PHIL MCGRANE
Secretary of State



BRANDON D. WOOLF
Controller



JULIE A. ELLSWORTH
Treasurer



RAUL LABRADOR
Attorney General



DEBBIE CRITCHFIELD
Superintendent of Public Instruction



MIKE CRAPO
United States Senator



JAMES E. RISCH
United States Senator



MIKE SIMPSON, Congressman
Idaho Second District



RUSS FULCHER, Congressman
Idaho First District



CHUCK WINDER
President Pro Tempore
Idaho State Senate



MIKE MOYLE
Speaker of the House
Idaho House of Representatives