



[Submitted via www.sec.gov/comments/sr-nyse-2023-09/notice-filing-proposed-rule-change-amend-nyse-listed-company-manual-adopt/](https://www.sec.gov/comments/sr-nyse-2023-09/notice-filing-proposed-rule-change-amend-nyse-listed-company-manual-adopt/)

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

*Re: Notice of Filing of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies; SR-NYSE-2023-09*

We, the undersigned, are the chief agriculture officers of our states. We represent the interests of farmers and ranchers in our states, and we help steward the farmlands and animals that ensure our nation’s food security. The New York Stock Exchange’s (NYSE) proposed rule change would create a structure that radically skews property values through a new accounting system that values “global ecosystem services” 25 times more than global agriculture production. These inflated valuations would drive prices even higher when combined with other Biden Administration efforts to create incentives *not* to farm land, such as carbon pricing and credits. The artificially increased competition for land would drive up costs for farmers, many of whom already are struggling to make ends meet. In addition, the NYSE’s proposed rule change would result in potentially high-yield farmland being converted to low-yield or no-yield “sustainable” use. This would result in less production to feed Americans, driving food prices up even higher after those prices already have spiked over 20% since 2020, which is the highest three-year increase in the last 40 years.<sup>1</sup> The SEC should reject the proposed rule change.

As the chief agriculture officers of our states, we “encourage, promote, and advance the interests of agriculture” in our respective states.<sup>2</sup> The proposed rule change clearly would affect

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<sup>1</sup> US Inflation Calculator, *Food Inflation in the United States (1968-2023)*, <https://www.usinflationcalculator.com/inflation/food-inflation-in-the-united-states/> (using Nov. 2020 to Nov. 2023 data).

<sup>2</sup> See Iowa Code Ann. § 159.2(1); Ga. Code Ann. § 2-2-7(1) (granting authority to address matters “relating to or affecting the welfare of farmers and consumers of the state”); La. Stat. Ann. § 3:2(A) (conferring power to exercise state functions “relating to the promotion, protection, and advancement of agriculture and forestry”); Va. Code Ann. § 3.2-102(A) (stating that the agriculture commissioner “shall promote, protect, and develop the [state’s] agricultural interests”); Ky. Rev. Stat. § 246.020 (mandating that the department’s efforts “shall be directed to the promotion of

these interests. According to the NYSE’s proposal, the listed “Natural Asset Companies” (NACs) would “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.”<sup>3</sup> Unlike traditional public companies, which typically focus on maximizing shareholder or stakeholder value,<sup>4</sup> the purpose of NACs would be to “maximize ecological performance”<sup>5</sup> and “protect and grow the natural assets under its management.”<sup>6</sup> Though many would view agriculture as a form of maximizing ecological performance by using the ecosystem to feed the human population of the planet, the NYSE’s proposal clearly does not, as it states that “[a]griculture is contributing to the loss of natural habitat and soil degradation” and that this is a “significant threat to life on earth.”<sup>7</sup>

The effects of the NYSE’s proposal, as applied to farmland, could be devastating for farmers. Typically, farmland bidders would offer prices based on the economic benefit that could be derived from the land. A NAC, in contrast, may base its bid on the “value of natural assets and their production of ecosystem services.”<sup>8</sup> This valuation would include artificially inflated and assigned values for factors such as the biodiversity of the animals in the fields and the carbon captured by trees on the existing land.

The amount NACs may be willing to pay may be extraordinarily high, leading NACs and their stockholders to overpay to set aside land that would otherwise be productive. For example, the NYSE has stated in referring to NACs that, according to the new accounting systems, natural assets “produce an estimated \$125 trillion annually in global ecosystem services.”<sup>9</sup> In contrast, global GDP is estimated at about \$105 trillion,<sup>10</sup> and the total global value created by agriculture, forestry, and fishing is estimated to be less than \$5 trillion.<sup>11</sup> In other words, “global ecosystem services” such as the value of trees are being artificially valued at *over 25 times* the actual GDP contribution of all agriculture, despite the fact that agriculture feeds billions of people every year, but “biodiversity” and “carbon capture” do not. These inflated valuations may lead investors to pour money into NACs, which may then buy up farmland, squeezing out farmers, and preventing farmers from expanding production by acquiring additional land. These inflated land values will also drive up food prices for consumers.

This problem will only be exacerbated by the Biden Administration’s continuing efforts to push carbon pricing and other systems that would penalize farmers for farming and reward entities like NACs for *not* farming. For example, the Biden Administration recently almost quadrupled the “social cost of carbon” estimate in legally binding federal regulations.<sup>12</sup> If farmers are

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the interests of agriculture and horticulture”); see also Ky. Rev. Stat. § 246.070 (mandating that the Commissioner “promote and encourage, as far as practicable, the organization of agricultural organizations and associations”).

<sup>3</sup> <https://www.sec.gov/files/rules/sro/nyse/2023/34-98665.pdf> (“Proposal”), at 5 (emphasis added).

<sup>4</sup> See, e.g., Sanjai Bhagat and Glenn Hubbard, *Should the Modern Corporation Maximize Shareholder Value?*, AEI Economic Perspectives (Sep. 2020), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3548293](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3548293) (discussing the two predominant schools of thought for corporate purpose as a focus on shareholder or stakeholder value).

<sup>5</sup> Proposal at 5 (emphasis added).

<sup>6</sup> Proposal at 6.

<sup>7</sup> Proposal at 3.

<sup>8</sup> Proposal at 2.

<sup>9</sup> <https://www.nyse.com/introducing-natural-asset-companies>

<sup>10</sup> <https://www.visualcapitalist.com/visualizing-the-105-trillion-world-economy-in-one-chart/>

<sup>11</sup> <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS> (stating that agriculture, forestry, and fishing was 4.3% of global GDP in 2022).

<sup>12</sup> <https://www.nytimes.com/2023/12/02/climate/biden-social-cost-carbon-climate-change.html>

penalized for their emissions and NACs are rewarded for avoiding emissions or capturing carbon, NACs will have even more of an advantage over the position of the American farmer.

Creating NACs and incentivizing the non-use of agricultural land would create additional potential purchasers for farmland by inserting investors that have no intent to use the land to farm anything. Increasing demand without increasing supply results in higher prices. Higher prices and greater competition for farmland would place yet another burden on farmers who already are struggling to make ends meet. Nearly 90% of the farms in our country are family farms, and the federal government has acknowledged that “households operating these farms typically rely on off-farm sources for the majority of their household income.”<sup>13</sup> The number of family farms and the income earned by those farms both are on the decline.<sup>14</sup> If NACs begin offering inflated values, many family farmers may decide to sell their farmland to NACs and stop farming entirely, accelerating the decline of farms even faster. The last thing America’s family farms need is government-driven market manipulation driving investors to compete for the use of America’s farmland.

To make matters worse, farmland purchased by NACs would largely be taken out of productive use. The NYSE’s proposal flatly bans any use of “industrial agriculture” by NACs.<sup>15</sup> A NAC can use farmland to “seek to conduct sustainable revenue-generating operations” such as eco-tourism or selling carbon credits, but only if that action (1) is consistent with the NAC’s charter, (2) does not cause material adverse impact on the natural assets, and (3) seeks to replenish the natural resources used.<sup>16</sup> Therefore, even if a NAC buys farmland, or the farming rights to land, it must then use those land rights in “sustainable” ways.<sup>17</sup>

Unfortunately, current high-yield farming practices are increasingly considered by ESG activists to be “unsustainable” or “industrial agriculture,” as activists have even targeted the use of essential tools like gas-powered farm machinery and nitrogen fertilizer.<sup>18</sup> Farmers subject to the management of NACs would be forced to change their farming practices to lower-yield “sustainable” or “regenerative” practices.<sup>19</sup> Lower yields from farms mean even higher prices for consumers. Food prices in America already have risen over 20% since 2020,<sup>20</sup> yet the NYSE’s proposal would push those prices even higher by allowing the listing of new corporations that are incentivized to buy farmland but barred from engaging in “industrial agriculture.”<sup>21</sup>

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<sup>13</sup> <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/farming-and-farm-income/>

<sup>14</sup> <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/farming-and-farm-income/>

<sup>15</sup> Proposal at 14, 28. The Proposal fails to define the term. As one recent scholarly paper observes, the “term ‘industrial’ agriculture is often used in academia, the media, and by campaigning groups to denote a type of agriculture that is undesirable,” but the term itself is “often not defined.”

[https://link.springer.com/chapter/10.1007/978-3-031-37484-5\\_5](https://link.springer.com/chapter/10.1007/978-3-031-37484-5_5)

<sup>16</sup> Proposal at 5–6.

<sup>17</sup> See Proposal at 5–6.

<sup>18</sup> See, e.g., World Resources Institute, *Creating A Sustainable Food Future* (Jul. 2019), [https://research.wri.org/sites/default/files/2019-07/WRR\\_Food\\_Full\\_Report\\_0.pdf](https://research.wri.org/sites/default/files/2019-07/WRR_Food_Full_Report_0.pdf); CA100 Food & Beverage, <https://www.climateaction100.org/wp-content/uploads/2021/08/Global-Sector-Strategies-Food-and-Beverage-Ceres-PRI-August-2021.pdf>

<sup>19</sup> See Proposal at 4 (allowing for “regenerative agriculture”).

<sup>20</sup> US Inflation Calculator, *Food Inflation in the United States (1968-2023)*, <https://www.usinflationcalculator.com/inflation/food-inflation-in-the-united-states/> (using Nov. 2020 to Nov. 2023 data).

<sup>21</sup> Proposal at 14, 28.

In sum, adding NACs to the NYSE would result in fewer farms and crops, and higher prices for consumers. Therefore, we urge the SEC to reject this proposal.

Respectfully,



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Iowa Secretary of Agriculture



Sherry Vinton  
Nebraska Director of Agriculture



Jonathan Shell  
Kentucky Commissioner of Agriculture



Steve Troxler  
North Carolina Commissioner of Agriculture



Mike Strain, DVM  
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