



**Wildlife Conservation Society**  
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October 25, 2023

Sherry R. Haywood  
Assistant Secretary, Division of Trading and Markets  
U.S. Securities & Exchange Commission  
100 F St, NE  
Washington, DC 20549  
Submitted Electronically

Re: SR-NYSE-2023-09

Notice of Filing of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies

Dear Assistant Secretary Haywood,

This submission is in response to the SEC Notice of Filing of Proposed Rule Change to Amend the NYSE Listed Company Manual to Adopt Listing Standards for Natural Asset Companies.<sup>1</sup> There is growing recognition that protecting and preserving 30 percent of the planet in the most important places for biodiversity by 2030 will help address three of the planet's most life-threatening crises: the climate crisis, extinction crisis, and health crisis – with an emphasis on the role of nature and the leadership of Indigenous Peoples in solving them. Protected areas are one of the most cost-effective ways to safeguard nature, vulnerable human populations, and climate, provided they are well-managed and respect the rights and needs of Indigenous Peoples and local communities. Research findings indicate that the conservation and effective management and guardianship of at least 30% of the planet in the most important places for biodiversity could protect up to 80% of plant and animal species, and secure 60% of the planet's carbon stocks and 66% of the planet's clean water.<sup>2</sup>

The Wildlife Conservation Society (WCS)<sup>3</sup> works to save wildlife and wild places worldwide through science, conservation action, education, and inspiring people to value nature. To

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<sup>1</sup>Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") and Rule 19b-4 thereunder, notice is hereby given that, on September 27, 2023, New York Stock Exchange LLC (the "Exchange" or "NYSE") filed with the Securities and Exchange Commission ("Commission") the proposed rule change: <https://www.federalregister.gov/d/2023-22041>.

<sup>2</sup> "Private Funders of the New Protecting Our Planet Challenge Announce \$5 Billion Commitment to Protect and Conserve 30% of the Planet by 2030", [WCS Newsroom News Release Protecting Our Planet Challenge](#).

<sup>3</sup> [www.wcs.org](http://www.wcs.org)

achieve our mission, WCS, headquartered at the Bronx Zoo, harnesses the power of its Global Conservation Program – in nearly 60 countries and in all the world’s oceans – and its five wildlife parks in New York City, visited by 4 million people annually. WCS Forest and Climate Program addresses the causes and effects of climate change on the ecosystems on which both wildlife and human communities depend. WCS is implementing conservation programs all over the world: protecting large swaths of tropical and boreal forest that sequester carbon through our intact forests and REDD+ work; restoring degraded forest lands in areas of high conservation significance and where it can bring benefits to local people; and partnering with local communities and governments to find science-based solutions for adapting to climate impacts.<sup>4</sup>

The U.S. government has announced an array of policy reforms directed at valuing nature<sup>5</sup>. In recent months, these announcements have included: a proposed system of Natural Accounting; the first U.S. Nature Assessment; OMB proposed guidance on assessing change in Environmental and Ecosystem Services Benefit-Cost Analysis; the U.S. Foundation for International Conservation Act to establish a public-private partnership for sustainable financing of protected areas globally. WCS is pleased to review the SEC’s proposed rule on a new class of trading asset referred to as Nature Asset Companies. The more policy levers that exist for governments and their partners, the more capable the world will be to build a more equitable, carbon neutral and nature positive future.

WCS’s comments below focus on the following elements:

- New Reporting Framework Requirements for NAC Can Grow Data & Could Strengthen Methodologies.
- Reporting Framework: Total Economic Value (TEV) Reporting Will Grow Investor Awareness.
- WCS Commends the SEC for Recognizing the Importance of Aligning Shareholder Interests with Local Community and Indigenous Peoples in the Equity Benefit Sharing Policy.
- Local Lands Rights in Developing Countries May Limit Eligibility of Natural Asset Owners From Entering into License Agreements.

### **New Reporting Framework Requirements for NAC Can Grow Data & Could Strengthen Methodologies**

“Because of the distinct purpose of a NAC (to protect and grow the natural assets under its management), the Exchange proposes to require NACs to publish on a periodic basis information on the ecological performance of the natural assets licensed to a NAC. This information will be presented in an Ecological Performance Report (an “EPR”).”<sup>6</sup>

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<sup>4</sup> <https://www.wcs.org/our-work/solutions/climate-change>

<sup>5</sup> Executive Order 14072 on “Strengthening the Nation’s Forests, Communities, and Local Economies. April 22, 2022.”

<sup>6</sup> <https://www.federalregister.gov/d/2023-22041>.

WCS is pleased to see rigorous reporting requirements under the proposed rule. The Ecological Performance Report (EPR) produced by a NAC will generate a significant amount of new data in the completion of the Ecological Performance Reporting Framework (the Reporting Framework). For example, the EPR will measure, value, and report on the ecosystem services and natural assets managed by a NAC. Under the proposed rulemaking, NACs will conduct an annual Technical Ecological Performance Study (Technical EP Study), following the Reporting Framework, used to prepare and publish the EPR. In addition to the GAAP financial statements required under SEC disclosure rules and the proposed EPR that would be derived from a Technical EP Study, NYSE proposes to require NACs to provide a number of unique website disclosures designed to provide transparency on the NAC's social and environmental objectives including requiring NACs to adopt and publish an Environmental and Social Policy, a Biodiversity Policy, a Human Rights Policy, and an Equitable Benefit Sharing Policy. WCS recognizes the reporting rigor required will generate new data on the value of various ecosystem services and perhaps even advance ecosystem services methodologies.

### **Reporting Framework: Total Economic Value (TEV) Reporting Will Grow Investor Awareness.**

“The Reporting Framework includes specifications on how to apply SEEA EA to report on the annual performance of NACs. In particular, the Reporting Framework sets up NACs to report the Total Economic Value (“TEV”) of natural assets, which is in line with the recommendations of the British Standard for natural capital accounting (BS 8632) for financial organizations and the ISO Standard 14008.”<sup>7</sup>

WCS is pleased to see efforts to correct previous market omissions. Reporting on the Total Economic Value highlights the private market’s historical inability to value nature adequately and properly. TEV reporting charts a course toward methodologies that will guide private markets in a new direction that recognizes the intrinsic value of ecosystem services, including carbon. The groundbreaking moment when NACs are traded on the NYSE will increase publicity on this market correction and its intended objectives.

### **WCS Commends the SEC for Recognizing the Importance of Aligning Shareholder Interests with Local Community and Indigenous Peoples in the Equity Benefit Sharing Policy.**

“The Equitable Benefit Sharing Policy must require an equitable benefit sharing arrangement for the distribution of shares of the NAC's common stock to local communities ( *i.e.*, those who have direct ties to and derive livelihood or cultural values from the applicable area). The NAC's common stock distribution must be completed no later than the time of closing of the NAC's IPO.”<sup>8</sup>

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<sup>7</sup> <https://www.federalregister.gov/d/2023-22041>.

<sup>8</sup> <https://www.federalregister.gov/d/2023-22041>.

The Equitable Benefit Sharing Policy is a truly innovative element of the NAC structure. Too often, privately financed natural asset projects fail to adequately compensate Local Communities and Indigenous Peoples for their contributions to the stewardship of their lands and waters, and their role in safeguarding the ecosystem services that flow therefrom. The Equitable Benefit Sharing Policy recognizes this contribution by aligning Local Communities and Indigenous Peoples interests with shareholder interests.

### **Local Lands Rights in Developing Countries May Limit Eligibility of Natural Asset Owners From Entering into License Agreements.**

“Ecological Performance Rights—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. . . . License Agreements. NACs will 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. The Exchange proposes that all material terms of the applicable license agreement be publicly disclosed in the NAC's periodic filings consistent with SEC rules. At minimum, the NAC will be required to disclose”<sup>9</sup> term, scope, license payments, modification provisions, termination provisions of any license agreement.

WCS is concerned with the implementation of the license agreements. In many developing countries lands rights, whether on private or public land, are not clearly designated. This may result in many areas not being able to transfer ecological performance rights to a corporation. In addition, some countries already have laws dictating who owns the rights to their ecosystem services and how they can be sold or traded. These laws may prohibit a corporation from owning or licensing their “sovereign” ecosystem services or their performance. We are unclear whether the SEC can cure this issue, but we would like to note its importance and the necessity of applying social safeguards frameworks (such as the World Bank’s [Environmental and Social Safeguard Policies](#)<sup>10</sup>) and achieving alignment with the [Cancun Safeguards for REDD+](#),<sup>11</sup> where relevant) to ensure that the issuance of ecological performance rights recognize and uphold the rights of Indigenous people and local communities.

### **Conclusion**

WCS appreciates the opportunity to review and comment on the Proposed Rule to Adopt Listing Standards for Natural Asset Companies. Innovative U.S. policy solutions developed from international standards can serve as a model for other countries to implement in the fight against the climate, extinction and health crises. WCS supports the ongoing efforts of the U.S.

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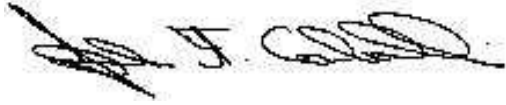
<sup>9</sup> <https://www.federalregister.gov/d/2023-22041>

<sup>10</sup> <https://www.worldbank.org/en/projects-operations/environmental-and-social-policies#safeguards>

<sup>11</sup> <https://redd.unfccc.int/fact-sheets/safeguards.html>

government to develop and strengthen policies to value nature, including the proposed rule on Listing Standards for Natural Asset Companies.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Calvelli". The signature is stylized and somewhat cursive, with a prominent initial "J" and "C".

John F. Calvelli

Executive Vice President of Public Affairs