Pursuant to Rule 192 of the SEC's Rules of Practice (17 CFR 201.192), I respectfully submit this petition for rulemaking.

I. Text of Proposed Rule (Substance)

The Commission should adopt a new rule under the Investment Company Act of 1940 that reads as follows:

> **"An Exchange-Traded Fund (ETF) sponsor must obtain written consent from a publicly traded company before including the company's equity securities in any new ETF that falls into one or more of the following categories:**
>
> (a) **Thematic ETFs** – those organized around narratives, trends, sectors, or loosely defined industry groups (e.g., 'AI Innovators', 'Meme Stocks', 'Future Tech').
>
> (b) **Leveraged or inverse ETFs** – funds designed to deliver a multiple (positive or negative) of an underlying asset's daily return.
>
> (c) **Actively managed ETFs with speculative or narrow mandates.**
>
> **ETF sponsors must disclose whether each constituent company has provided written consent in fund prospectuses.**
>
> **The Commission shall also establish a 180-day rebalancing window following adoption of this rule, during which currently included companies that did not previously provide consent may elect to opt out of continued inclusion in these ETF categories."**

II. Statement of Interest

I am a private market participant and investor concerned with the growing influence of ETFs on corporate governance, shareholder dynamics, and reputational alignment. My interest in this rulemaking stems from a belief in preserving corporate agency, promoting transparency in ETF construction, and minimizing unintended market impacts resulting from forced association with speculative or misleading fund narratives.

III. Justification and Rationale

Current SEC rules permit ETF sponsors to unilaterally include any publicly traded equity in their fund products, regardless of how narrow or narrative-driven the theme may be. This can mislead investors, distort market perceptions, and interfere with a company's long-term strategy, branding, and shareholder relations.

This is especially problematic in:

- **Thematic ETFs,** where companies may be associated with industries or ideologies they do not endorse.
- **Leveraged/inverse ETFs,** where price movements are amplified and may contribute to volatility unrelated to company fundamentals.

- **Niche active ETFs,** where inclusion is discretionary and can imply affiliations not supported by the issuer.

The proposed rule introduces minimal administrative burden while restoring a basic level of corporate self-determination. It is narrowly tailored, affecting only new fund creations in high-impact ETF categories, not broad-market index funds or existing passive strategies.

Furthermore, academic research (e.g., Ben-David, Franzoni & Moussawi, 2018) has shown that ETF inclusion can increase volatility, reduce price efficiency, and distort ownership concentration.

IV. Anticipated Objections and Responses

- **Objection**: “Consent requirements reduce innovation and slow ETF deployment.”
  Response: This rule affects only high-risk fund types and preserves the integrity of ETF innovation by encouraging more responsible structuring.
- **Objection**: “ETF sponsors already operate in the open market and don’t need issuer approval.”
  Response: While true for general market operations, constructing a fund product that signals alignment with a company’s mission or industry is more akin to brand usage or endorsement, domains where corporate consent is normally required.

V. Request for Action

I respectfully request that the Commission:

1. Initiate rulemaking consistent with the text proposed in Section I.
2. Solicit public comment on the appropriateness and scope of requiring issuer consent in specific ETF categories.
3. Explore establishing a company opt-out registry and/or standard form for ETF consent to ease implementation.

Submitted by:

A Concerned Market Participant