

• Has BX sufficiently addressed how quotations and transactions reports relating to BX-listed securities will be disseminated? Will this result in fragmentation of pricing information relating to these securities? Will this undermine the ability of investors to receive best execution? Why or why not?

Comments may continue to be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BX-2010-059 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-BX-2010-059. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make publicly available. All submissions should refer to File Number SR-BX-2010-059 and should be submitted on or before January 24, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶⁰

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63598; File No. SR-NYSEArca-2010-98]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change Relating to the Listing and Trading of Shares of the WisdomTree Managed Futures Strategy Fund

December 22, 2010.

I. Introduction

On November 1, 2010, NYSE Arca, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade shares ("Shares") of the WisdomTree Managed Futures Strategy Fund ("Fund") of the WisdomTree Trust ("Trust") under NYSE Arca Equities Rule 8.600. The proposed rule change was published for comment in the *Federal Register* on November 17, 2010.³ The Commission received no comments on the proposal. This order grants approval of the proposed rule change.

II. Description of the Proposal

The Exchange proposes to list and trade the Shares pursuant to NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares. The Shares will be offered by the Trust, which is registered with the Commission as an investment company.⁴ The Fund will be an actively managed exchange-traded fund. WisdomTree Asset Management, Inc. ("Adviser") is the investment adviser to the Fund. WisdomTree Investments, Inc. is the parent company of the Adviser. Mellon Capital Management Corporation ("Sub-Adviser") serves as the sub-adviser for the Fund. The Bank

of New York Mellon is the administrator, custodian, and transfer agent for the Fund. ALPS Distributors, Inc. serves as distributor for the Fund.

The Fund is managed using a strategy designed to provide returns that correspond to the performance of the Diversified Trends Indicator™ ("Benchmark").⁵ The Fund seeks to achieve its investment objective by investing substantially all of its assets in a combination of commodity- and currency-linked investments (including investments linked to U.S. Treasuries) designed to correspond to the performance of the Benchmark, and U.S. government securities (as defined in Section 3(a)(42) of the Act, "Government Securities") that serve as collateral or otherwise back the commodity- and currency-linked investments.⁶ Specifically, the Fund will invest at least 70% of its assets in a combination of: (i) listed commodity and financial futures contracts included in the Benchmark;⁷ and (ii) forward currency contracts based on currencies represented in the Benchmark, in each case collateralized or otherwise backed by Government Securities. The Fund may invest up to 30% of its assets in a combination of swap transactions⁸ and

⁵ The Benchmark is designed to capture the economic benefit derived from rising or declining price trends in the commodity, currency, and U.S. Treasury futures markets. The Benchmark consists of U.S. listed futures contracts on sixteen tangible commodities and eight financial futures. The sixteen commodity futures contracts are on: light crude oil, natural gas, RBOB gas, heating oil, soybeans, corn, wheat, gold, silver, copper, live cattle, lean hogs, coffee, cocoa, cotton, and sugar. The eight financial futures contracts are on: the Australian dollar, British pound, Canadian dollar, Euro, Japanese yen, Swiss franc, U.S. Treasury Notes, and U.S. Treasury bonds. Each contract is sometimes referred to as a "Component" of the Benchmark. Additional information relating to the Benchmark, including, without limitation, the sector aggregations, weightings, and position methodology can be found in the Registration Statement and Notice. See Notice and Registration Statement, *supra* notes 3 and 4.

⁶ Additional information regarding the investments of the Fund can be found in the Registration Statement and Notice. See *id.*

⁷ The Fund's investments in commodity futures contracts will be limited by the application of position limits imposed by the Commodity Futures Trading Commission and U.S. futures exchanges intended to prevent undue influence on prices by a single trader or group of affiliated traders. The Adviser represents that the Fund's investment in futures contracts will be limited to investments in the U.S. listed futures contracts included in the Benchmark, except that the Fund may invest up to 10% of its assets in U.S. listed commodity and currency futures contracts not included in the Benchmark in a manner designed to achieve its investment objective.

⁸ The Fund will enter into over-the-counter swap transactions only with respect to transactions based on (i) the return of the Benchmark or any subset of the Benchmark, (ii) any Component in the Benchmark, or (iii) any commodity or currency represented in the Benchmark.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 63292 (November 9, 2010), 75 FR 70319 ("Notice").

⁴ See Registration Statement on Form N-1A for the Trust filed with the Commission on July 22, 2010 (File Nos. 333-132380 and 811-21864) ("Registration Statement"). The Registration Statement became effective on September 20, 2010.

⁶⁰ 17 CFR 200.30-3(a)(12).

commodity-linked notes.⁹ The Fund's investments in listed futures contracts, forward currency contracts, and swap transactions will be backed by investments in Government Securities in an amount equal to the exposure of such contracts.

The Fund will be managed so that the long and short exposure of the Fund's portfolio is economically similar to the long and short positions in the Benchmark. This does not, however, mean that the long and short exposures will be identical. The Fund's positions in such listed futures contracts may deviate from the Benchmark when the Adviser or the Sub-Adviser believes it is in the best interest of the Fund to do so.¹⁰ For example, the Fund may deviate from the Benchmark in order to manage cash flows in and out of the Fund, such as in connection with the payment of dividends or expenses, to manage portfolio holdings around Benchmark changes, or to comply with the Investment Company Act of 1940 ("1940 Act"), the Commodity Exchange Act, the Internal Revenue Code of 1986, exchange position limits, or other applicable laws, rules and regulations.

The Fund's investment in Government Securities will be limited to investments: (i) to satisfy margin requirements, to provide collateral or to otherwise back investments in commodity- and currency-linked derivatives (such as futures contracts, forward contracts, and swaps); (ii) to help manage cash flows in and out of the Fund, such as in connection with the payment of dividends or expenses; or (iii) as a substitute for investments in the listed U.S. Treasury futures contracts included in the Benchmark. In addition, the Fund may invest in money market instruments with remaining maturities of one year or less, as well as cash and cash equivalents, in order to collateralize or otherwise back its positions in listed futures contracts, forward currency contracts, or swaps, or

⁹ Commodity-linked notes are over-the-counter debt instruments, typically issued by a bank or broker-dealer, that are designed to provide cash flows linked to the value of a reference asset. They provide exposure, which may include long and/or short exposure, to the investment returns of the reference asset underlying the note. The performance of these notes is determined by the price movement of the reference asset underlying the note. The Fund's investment in commodity-linked notes will be limited to notes providing exposure to (i) the Benchmark or any subset of the Benchmark, (ii) any Component of the Benchmark or (iii) any commodity or currency represented in the Benchmark.

¹⁰ The Sub-Adviser is responsible for day-to-day management of the Fund and, as such, typically makes all decisions with respect to portfolio holdings. The Adviser has ongoing oversight responsibility.

for cash management purposes. All money market securities acquired by the Fund will be rated investment grade. The Fund generally expects to maintain an average portfolio maturity of 90 days or less on its investments in money market securities.

The Fund will seek to gain exposure to the commodity and currency markets, in whole or in part, through investments in a subsidiary organized in the Cayman Islands ("Subsidiary"). The Subsidiary is wholly-owned and controlled by the Fund, and its investments will be consolidated into the Fund's financial statements. The Fund's and the Subsidiary's holdings will be disclosed on the Fund's Web site on a daily basis. The Fund's investment in the Subsidiary may not exceed 25% of the Fund's total assets at the end of each fiscal quarter. The Subsidiary's shares will be offered only to the Fund, and the Fund will not sell shares of the Subsidiary to other investors. The Fund's use of the Subsidiary is designed to help the Fund achieve exposure to commodity and currency returns in a manner consistent with the federal tax requirements applicable to the Fund and other regulated investment companies. The Subsidiary will comply with the 1940 Act except that, unlike the Fund, the Subsidiary may invest without limitation in commodity- and currency-linked investments based on commodities and currencies included within the Benchmark. The Subsidiary will otherwise operate in the same manner as the Fund with regard to applicable compliance policies and procedures. Because the Subsidiary's investments are consolidated into the Fund's, the Fund's combined holdings (including the investments of the Subsidiary) must comply with the 1940 Act.¹¹

The Exchange states that the Shares will be subject to NYSE Arca Equities Rule 8.600(d), which sets forth the initial and continued listing criteria applicable to Managed Fund Shares,¹² and that the Shares must comply with Rule 10A-3 under the Act,¹³ as provided by NYSE Arca Equities Rule 5.3, for initial and/or continued listing. Additional information regarding the Trust, the Fund, the Shares, the Fund's

¹¹ The Fund will not invest in non-U.S. equity securities (other than shares of the Subsidiary).

¹² The Exchange states that a minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange, and the Exchange will obtain a representation from the issuer of the Shares that the net asset value ("NAV") per Share for the Fund will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. See Notice, *supra* note 3.

¹³ 17 CFR 240.10A-3.

investment objectives, strategies, policies, and restrictions, risks, fees and expenses, creation and redemption procedures, portfolio holdings and policies, distributions and taxes, availability of information, trading rules and halts, and surveillance procedures, among other things, can be found in the Registration Statement and in the Notice, as applicable.¹⁴

III. Discussion and Commission's Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of Section 6 of the Act¹⁵ and the rules and regulations thereunder applicable to a national securities exchange.¹⁶ In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,¹⁷ which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission notes that the Shares must comply with the requirements of NYSE Arca Equities Rule 8.600 to be listed and traded on the Exchange.

The Commission finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act,¹⁸ which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotation and last-sale information for the Shares will be available via the Consolidated Tape Association high-speed line. Intra-day and end-of-day prices for the Benchmark,¹⁹ the listed futures contracts included in the Benchmark, the commodities and currencies represented in the Benchmark, and the forward currency contracts, swaps,

¹⁴ See Notice and Registration Statement, *supra* notes 3 and 4.

¹⁵ 15 U.S.C. 78f.

¹⁶ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁷ 17 U.S.C. 78f(b)(5).

¹⁸ 15 U.S.C. 78k-1(a)(1)(C)(iii).

¹⁹ Intra-day prices for the Benchmark are updated and disseminated at least every 15 seconds during the Core Trading Session on the Exchange. The Core Trading Session is 9:30 a.m. to 4 p.m. Eastern Time.

notes and other derivatives based on the Benchmark are readily available through Bloomberg, other major market data providers, and broker-dealers. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Trust will disclose on its Web site the identities and quantities of the portfolio of securities and other assets ("Disclosed Portfolio") held by the Fund and the Subsidiary that will form the basis for the Fund's calculation of NAV at the end of the business day.²⁰ In addition, an estimated value, defined in NYSE Arca Equities Rule 8.600 as the "Portfolio Indicative Value," that reflects an estimated intra-day value of the Fund's portfolio, will be disseminated. The Portfolio Indicative Value will be based upon the current value for the components of the Disclosed Portfolio and will be updated and disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session on the Exchange. Information regarding market price and trading volume of the Shares is and will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information will be published daily in the financial section of newspapers. The Fund's Web site (<http://www.wisdomtree.com>) will include a form of the Prospectus and other quantitative information relating to NAV, updated on a daily basis, for the Fund.

The Commission further believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. The Commission notes that the Exchange will obtain a representation from the issuer that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.²¹ If the Exchange becomes aware that the NAV or the Disclosed Portfolio is not disseminated to all market participants at the same time, the Exchange will halt trading in the Shares until such information is

²⁰ The Disclosed Portfolio will disclose the following information: Ticker symbol (if applicable), name or description of security or investment, number of shares or dollar value of investments held in the portfolio, and percentage weighting of the security or investment in the portfolio.

²¹ See NYSE Arca Equities Rule 8.600(d)(1)(B).

available to all market participants.²² In addition, if the Portfolio Indicative Value is not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the Portfolio Indicative Value occurs; if the interruption to the dissemination of the Portfolio Indicative Value persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.²³ Moreover, the Exchange represents that the Sub-Adviser is affiliated with multiple broker-dealers and has implemented a "fire wall" with respect to such broker-dealers regarding access to information concerning the composition and/or changes to the Fund's portfolio.²⁴ In the event (a) the Adviser or the Sub-Adviser becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser becomes affiliated with a broker-dealer, they will be required to implement a fire wall with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the portfolio. Further, the Commission notes that the Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the portfolio.²⁵

The Exchange has represented that the Shares are deemed to be equity securities subject to the Exchange's rules governing the trading of equity securities. In support of this proposal, the Exchange has made representations, including:

(1) The Shares will be subject to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600(d).

(2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.

(3) The Exchange's surveillance procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and

²² See NYSE Arca Equities Rule 8.600(d)(2)(D).

²³ See *id.* Trading in the Shares may also be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities comprising the Disclosed Portfolio and/or the financial instruments of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

²⁴ The Exchange represents that the Adviser is not affiliated with any broker-dealer.

²⁵ See NYSE Arca Equities Rule 8.600(d)(2)(B)(ii).

detect violations of Exchange rules and applicable federal securities laws.

(4) Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (a) The procedures for purchases and redemptions of Shares and that Shares are not individually redeemable; (b) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (c) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated Portfolio Indicative Value will not be calculated or publicly disseminated; (d) how information regarding the Portfolio Indicative Value is disseminated; (e) the requirement that ETP Holders deliver a Prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information.

(5) For initial and/or continued listing, the Shares must be in compliance with Rule 10A-3 under the Act.²⁶

(6) The Fund will not invest in non-U.S. equity securities (other than shares of the Subsidiary).

(7) A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange.

This approval order is based on the Exchange's representations.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act²⁷ and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁸ that the proposed rule change (SR-NYSEArca-2010-98), be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁹

Florence E. Harmon,
Deputy Secretary.

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²⁶ 17 CFR 240.10A-3.

²⁷ 15 U.S.C. 78f(b)(5).

²⁸ 15 U.S.C. 78s(b)(2).

²⁹ 17 CFR 200.30-3(a)(12).