SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-27976; 812-13417]

WisdomTree Investments, Inc., et al.; Notice of Application

September 21, 2007

Agency: Securities and Exchange Commission (“Commission”)

Action: Notice of application to amend a prior order under section 6(c) of the Investment Company Act of 1940 (“Act”) for an exemption from sections 2(a)(32), 5(a)(1), 22(d), 22(e), and 24(d) of the Act and rule 22c-1 under the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and 17(a)(2) of the Act, and under section 12(d)(1)(J) for an exemption from sections 12(d)(1)(A) and 12(d)(1)(B) of the Act.

Summary of Application: Applicants request an order (“Order”) to amend a prior order that permits: (a) an open-end management investment company, whose series track the performance of certain domestic and international equity securities indexes developed by the parent company of the series’ investment adviser, to issue shares (“Shares”) redeemable only in large aggregations; (b) secondary market transactions in Shares to occur at negotiated prices; (c) dealers to sell Shares to purchasers in the secondary market unaccompanied by a prospectus when prospectus delivery is not required by the Securities Act of 1933 (“Securities Act”); (d) certain affiliated persons of the series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of aggregations of the series’ Shares; (e) under certain circumstances, the series that track certain foreign equity securities indexes to pay redemption proceeds more than seven days after the tender of Shares; and (f) certain
management investment companies and unit investment trusts outside of the same group of investment companies as the series to acquire Shares (the “Prior Order”). Applicants seek to amend the Prior Order in order to offer additional series based on certain fixed income securities indexes (the “New Funds”). In addition, the Order would delete a condition related to future relief in the Prior Order.

**Applicants:** WisdomTree Investments, Inc. (“WTI”), WisdomTree Asset Management, Inc. (the “Advisor”), and WisdomTree Trust (the “Trust”).

**Filing Dates:** The application was filed on August 13, 2007 and amended on September 19, 2007.

**Hearing or Notification of Hearing:** An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on October 16, 2007, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer’s interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission’s Secretary.

**Addresses:** Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090. Applicants: 48 Wall Street, Suite 1100, New York, NY 10005.

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1 WisdomTree Investments, Inc., et al., Investment Company Act Release Nos. 27324 (May 18, 2006) (notice) and 27391 (June 12, 2006) (order).
For Further Information Contact: Courtney S. Thornton, Senior Counsel, at (202) 551-6812, or Mary Kay Frech, Branch Chief, at (202) 551-6821 (Division of Investment Management, Office of Investment Company Regulation).

Supplementary Information: The following is a summary of the application. The complete application may be obtained for a fee at the Commission’s Public Reference Branch, 100 F Street, NE, Washington, DC 20549-0102 (tel. 202-551-5850).

Applicants’ Representations:

1. The Trust, a Delaware statutory trust registered under the Act as an open-end management investment company, is organized as a series fund with multiple series (the “Equity Funds”). WTI, a Delaware corporation with its principal offices in New York City, is the sole shareholder of the Advisor. WTI has developed and maintains the proprietary indexes that serve or will serve as the basis for the Equity Funds and the New Funds. The Advisor is a Delaware corporation that is registered as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”). The Advisor serves as investment adviser to the Equity Funds, and the Advisor, or an entity controlled by or under common control with the Advisor, will serve as investment adviser to the New Funds and any future series of the Trust (“Future Funds”). The Advisor and the Trust intend to hire one or more subadvisers (“Subadvisers”) for the New Funds, each of which will be registered as an investment adviser under the Advisers Act and will not otherwise be an affiliated person, or an affiliated person of an affiliated person, of the Trust, the Advisor, or WTI. ALPS Distributors, Inc. (“Distributor”), a broker-dealer registered under the Securities Exchange Act of 1934 (“Exchange Act”), acts as distributor and
principal underwriter of the Equity Funds and may perform such services for the New Funds and any Future Funds.

2. The Trust is currently permitted to offer the Equity Funds, which track equity securities indexes developed by WTI, in reliance on the Prior Order. Applicants seek to amend the Prior Order to permit the Trust to offer the New Funds, as well as Future Funds (together with the Equity Funds and the New Funds, the “Funds”) that are advised by the Advisor or an entity controlled by or under common control with the Advisor and that comply with the terms and conditions of the Prior Order, as modified by the requested relief.

3. The investment objective of each New Fund will be to provide investment results that correspond generally to the price and yield performance of its underlying index (“Underlying Index”) by investing in a portfolio of securities generally consisting of the component securities (“Component Securities”) of the Underlying Index. The Underlying Index for each New Fund tracks fixed income securities and will be rebalanced monthly. The Underlying Indexes for the New Funds, as well as the Underlying Indexes for the Equity Funds, have been created by WTI, an affiliated person, as defined in section 2(a)(3) of the Act, of the Advisor and the Trust. Future Funds may be based on Underlying Indexes created, compiled, sponsored, or maintained by WTI or another index provider that is controlled by or under common control with WTI (a “WTI Index Provider”) or on Underlying Indexes created, compiled, sponsored, or maintained

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2 The Underlying Indexes for the New Funds are the WisdomTree International Government ex Japan Bond Index and the WisdomTree Government Strategies Index.

3 The application for the Prior Order specified that Underlying Indexes created, compiled, sponsored, or maintained by a WTI Index Provider (as defined below) would be reconstituted no more frequently than quarterly. Applicants seek to amend the Prior Order to allow such Underlying Indexes to be reconstituted as frequently as monthly, which applicants indicate is a common methodology for fixed income indexes.
by an entity that is not an affiliated person, or an affiliated person of an affiliated person, of the Fund, the Advisor, the Distributor, promoter, or any Subadviser to a Fund (a “Non-Affiliated Index Provider”). Because Funds based on Underlying Indexes created by a WTI Index Provider could introduce potential conflicts of interest, the Prior Order contains certain representations and undertakings relating to the transparency of the methodology for those Underlying Indexes, and the establishment of certain policies and procedures to limit communication between index personnel and employees of the Advisor and any Subadviser. Applicants believe that these conflicts of interest do not exist where the index creator is a Non-Affiliated Index Provider. Applicants therefore seek to amend the Prior Order to provide that the relevant representations and undertakings in the application for the Prior Order should not apply to a Fund based on an Underlying Index created by a Non-Affiliated Index Provider.

4. The applicants state that the Component Securities of the WisdomTree International Government ex Japan Bond Index include liquid investment grade government bonds denominated in developed market currencies other than the U.S. dollar and the Japanese yen, with a primary focus on fixed-rate coupon bonds in developed markets maturing between 3 and 10 years, and exclude securities with embedded options, floating-rate coupons, and zero coupons. The Component Securities of the WisdomTree Government Strategies Index include U.S. Treasury securities, obligations of U.S. government agencies and quasi-government corporations, and U.S. mortgage-backed securities. Each New Fund may fully replicate its Underlying Index, but each New

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4 The Trust intends to substitute a cash-in-lieu amount to replace any Deposit Security or Fund Security (each as defined below) that is a “to-be-announced transaction” or “TBA Transaction.” A TBA Transaction is a method of trading mortgage-backed securities where the buyer and seller agree upon general trade parameters such as agency, settlement date, par amount, and price. The actual pools delivered are
Fund currently intends to use a “representative sampling” strategy. Under a representative sampling strategy, a New Fund will hold a basket of the Component Securities of its Underlying Index, but may not hold all of the Component Securities of its Underlying Index. Each New Fund generally will invest at least 80% of its total assets in the Component Securities of the relevant Underlying Index. However, a New Fund may also at times invest up to 20 percent of its total assets in certain futures, options and swap contracts, and cash and cash equivalents, including money market funds, as well as securities not included in its Underlying Index, but which the Advisor believes will help the New Fund to track its Underlying Index. At all times, a New Fund and any Future Fund will hold in the aggregate at least 80% of its total assets in Component Securities and investments that have economic characteristics that are substantially identical to the economic characteristics of the Component Securities of its Underlying Index.\textsuperscript{5} Applicants expect that each New Fund will have a tracking error relative to the performance of its respective Underlying Index of no more than 5 percent.

5. Applicants state that the New Funds will comply with the federal securities laws in accepting a deposit of a portfolio of securities designated by the Advisor to correspond generally to the price and yield performance of the New Fund’s Underlying Index (“Deposit Securities”) and satisfying redemptions with portfolio securities of the New Funds (“Fund Securities”), including that the Deposit Securities and determined two days prior to settlement date. The amount of substituted cash in the case of TBA Transactions will be equivalent to the value of the TBA Transaction listed as a Deposit Security or Fund Security.\textsuperscript{5} Applicants anticipate that investments that have economic characteristics substantially identical to those of the Component Securities of an Underlying Index will encompass securities such as depository receipts based on Component Securities and TBA Transactions.
Fund Securities are sold in transactions that would be exempt from registration under the Securities Act. In accepting Deposit Securities and satisfying redemptions with Fund Securities that are restricted securities eligible for resale pursuant to rule 144A under the Securities Act, the New Funds will comply with the conditions of rule 144A, including in satisfying redemptions with such rule 144A eligible restricted Fund Securities. The prospectus for each New Fund will also state that an authorized participant that is not a “Qualified Institutional Buyer,” as defined in rule 144A under the Securities Act, will not be able to receive, as part of a redemption, restricted securities eligible for resale under rule 144A.

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6. Applicants state that the New Funds will operate in a manner identical to the operation of the Equity Funds under the Prior Order, except as specifically noted by applicants (and summarized in this notice), and will comply with all of the terms, provisions and conditions of the Prior Order, as amended by the present application. Applicants believe that the requested relief continues to meet the necessary exemptive standards.

Future Relief:

7. Applicants also seek to amend the Prior Order to modify the terms under which the Trust may offer Future Funds. The Prior Order is currently subject to a condition that does not permit applicants to register the shares of any Future Fund by means of filing a post-effective amendment to the Trust’s registration statement or by any other means, unless applicants have requested and received with respect to such Future Fund, either exemptive relief from the Commission or a no-action letter from the Division of Investment Management of the Commission, or if the Future Fund could be listed on a national securities exchange (“Exchange”) without the need for a filing pursuant to rule 19b-4 under the Exchange Act.

8. The order would amend the Prior Order to delete this condition. Any Future Fund will (a) be advised by the Advisor or an entity controlled by or under
common control with the Advisor; (b) track Underlying Indexes that are created, compiled, sponsored or maintained by a WTI Index Provider or a Non-Affiliated Index Provider; and (c) comply with the respective terms and conditions of the Prior Order, as amended by the present application.

9. Applicants believe that the modification of the future relief available under the Prior Order would be consistent with sections 6(c) and 17(b) of the Act and that granting the requested relief will facilitate the timely creation of Future Funds and the commencement of secondary market trading of such Future Funds by removing the need to seek additional exemptive relief. Applicants submit that the terms and conditions of the Prior Order have been appropriate for the existing series of the Trust and would remain appropriate for Future Funds. Applicants also submit that tying exemptive relief under the Act to the ability of a Future Fund to be listed on an Exchange without the need for a rule 19b-4 filing under the Exchange Act is not necessary to meet the standards under sections 6(c) and 17(b) of the Act.

Applicants’ Conditions:

Applicants agree that any Order granting the requested relief will be subject to the same conditions as those imposed by the Prior Order, except for condition 1 to the Prior Order, which will be deleted.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Florence E. Harmon
Deputy Secretary