

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64935; File No. SR-NYSEArca-2011-31)

July 20, 2011

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change to List and Trade the Shares of the WisdomTree Dreyfus Euro Debt Fund under NYSE Arca Equities Rule 8.600

I. Introduction

On May 24, 2011, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) 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 the shares (“Shares”) of the WisdomTree Dreyfus Euro Debt Fund (“Fund”) under NYSE Arca Equities Rule 8.600. The proposed rule change was published in the Federal Register on June 10, 2011.³ 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 of the Fund pursuant to NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by the WisdomTree Trust (“Trust”), which was established as a Delaware statutory trust and is registered with the Commission as an investment company.⁴ The Fund is currently known as the “WisdomTree Dreyfus Euro Fund” and is an actively

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 64608 (June 6, 2011), 76 FR 34112 (“Notice”).

⁴ The Fund has filed a registration statement on Form N-1A (“Registration Statement”) with the Commission.

managed exchange-traded fund.⁵ On April 14, 2011, the WisdomTree Dreyfus Euro Fund filed a supplement to its Registration Statement (“Supplement”) pursuant to Rule 497 under the Securities Act of 1933.⁶ As stated in the Supplement, the WisdomTree Dreyfus Euro Fund seeks to change its investment objective and strategy and will be renamed the “WisdomTree Dreyfus Euro Debt Fund.” The WisdomTree Dreyfus Euro Fund’s new name, investment objective, and investment strategies, which are not reflected in the May 2008 Order, are described below.⁷ Shareholders of the WisdomTree Dreyfus Euro Fund who wish to remain in the Fund do not need to take any action; shareholders who do not wish to remain invested in the Fund may sell their Shares at any time.⁸

WisdomTree Asset Management, Inc. is the investment adviser (“Adviser”) to the Fund. The Dreyfus Corporation serves as sub-adviser for the Fund (“Sub-Adviser”).⁹ The Bank of New York Mellon is the administrator, custodian, and transfer agent for the Trust. ALPS

⁵ The Commission approved the listing and trading on the Exchange of the WisdomTree Dreyfus Euro Fund pursuant to Section 19(b)(2) of the Exchange Act on May 8, 2008 (“May 2008 Order”). See Securities Exchange Act Release No. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR-NYSEArca-2008-31) (order approving Exchange listing and trading of twelve actively managed exchange-traded funds of the WisdomTree Trust).

⁶ See Form 497, Supplement to Registration Statement on Form N-1A for the Trust, dated April 14, 2011 (File Nos. 333-132380 and 811-21864).

⁷ The Fund’s new name and changes to the investment objective and investment strategies will take effect following approval of this proposed rule change, and the filing by the Fund of an amendment to the Fund’s Form N1-A. E-mail from Michael Cavalier, Chief Counsel, NYSE Euronext, to Edward Y. Cho, Special Counsel, Division of Trading and Markets, Commission, dated July 18, 2011 (“July 18 E-mail”).

⁸ The Adviser represents that the Supplement has been sent to existing Shareholders of the Fund to notify them of the planned changes. The Supplement and additional information have been posted on the Fund’s website at www.wisdomtree.com.

⁹ 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.

Distributors, Inc. serves as the distributor for the Trust.¹⁰ The Exchange states that, while the Adviser is not affiliated with any broker-dealer, the Sub-Adviser is affiliated with multiple broker-dealers. As a result, the Sub-Adviser 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.¹¹

Euro-Denominated Debt

The Fund’s new investment objective will be to seek a high level of total returns consisting of both income and capital appreciation. Under normal circumstances, the Fund will invest at least 80% of its net assets in Fixed Income Securities denominated in Euros and may invest up to 20% of its assets in Fixed Income Securities denominated in U.S. dollars.¹² For purposes of this proposed rule change, Fixed Income Securities include bonds, notes or other

¹⁰ The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (“1940 Act”). See Investment Company Act Release No. 28171 (October 27, 2008) (File No. 812-13458). In compliance with Commentary .05 to NYSE Arca Equities Rule 8.600, which applies to Managed Fund Shares based on an international or global portfolio, the Trust’s application for exemptive relief under the 1940 Act states that the Fund will comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act of 1933.

¹¹ See Commentary .06 to NYSE Arca Equities Rule 8.600. The Exchange represents that, 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, it will implement a fire wall with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

¹² The term “under normal market circumstances” includes, but is not limited to, the absence of extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

debt obligations, such as government or corporate bonds, denominated in Euros, including issues denominated in Euros that are issued by “supranational issuers,” such as the European Investment Bank, International Bank for Reconstruction and Development, and the International Finance Corporation, or other regional development banks, as well as development agencies supported by other national governments. The Fund may also invest in Money Market Securities and derivative and other instruments, as described below.

The Fund intends to focus its investments on “Sovereign Debt,” which, with respect to this Fund, means Fixed Income Securities issued by governments, government agencies, and government-sponsored enterprises of countries in the European Union (“EU”) that are denominated in Euros, including inflation-linked bonds designed to provide protection against increases in general inflation rates. The Fund may invest up to 20% of its net assets in corporate debt of companies organized in EU countries or that have significant economic ties to EU countries. The Fund will invest only in corporate bonds that the Adviser or Sub-Adviser deems to be sufficiently liquid. Generally, a corporate bond must have \$200 million or more par amount outstanding and significant par value traded to be considered as an eligible investment. Economic and other conditions may lead to a decrease in the average par amount outstanding of bond issuances. Therefore, although the Fund does not intend to do so, the Fund may invest up to 5% of its net assets in corporate bonds with less than \$200 million par amount outstanding if (i) the Adviser or Sub-Adviser deems such security to be sufficiently liquid based on its analysis of the market for such security (based on, for example, broker-dealer quotations or its analysis of the trading history of the security or the trading history of other securities issued by the issuer), (ii) such investment is consistent with the Fund’s goal of providing exposure to a broad range of

Fixed Income Securities denominated in Euros, and (iii) such investment is deemed by the Adviser or Sub-Adviser to be in the best interest of the Fund.

The Fund intends to provide broad exposure to countries in the EU and, as a general matter, will invest a higher percentage of its assets in countries with larger and more liquid debt markets. The Fund's exposure to any single country generally will be limited to 20% of the Fund's assets. The percentage of Fund assets invested in a specific country or issuer will change from time to time.

The universe of Euro-denominated Fixed Income Securities in which the Fund may invest includes securities that are rated both "investment grade" and "non-investment grade." The Fund expects to have 75% or more of its assets invested in investment grade bonds, though this percentage may change based, for example, on market conditions and/or debt ratings assigned to countries and issuers.

Because the debt ratings of issuers will change from time to time, the exact percentage of the Fund's investments in investment grade and non-investment grade Fixed Income Securities will change from time to time in response to economic events and changes to the credit ratings of such issuers. Within the non-investment grade category, some issuers and instruments are considered to be of lower credit quality and at higher risk of default. In order to limit its exposure to these more speculative credits, the Fund will not invest more than 10% of its assets in securities rated BB or below by Moody's or equivalently rated by S&P or Fitch. The Fund does not intend to invest in unrated securities. However, it may do so to a limited extent, such as where a rated security becomes unrated, if such security is determined by the Adviser or Sub-Adviser to be of comparable quality.¹³

¹³ In determining whether a security is of "comparable quality," the Adviser or Sub-Adviser will consider, for example, current information about the credit quality of the issuer and

The Fund attempts to limit interest rate risk by maintaining an aggregate portfolio duration of between two and eight years under normal market conditions, but the Fund's actual portfolio duration may be longer or shorter depending upon market conditions. The Fund may also invest in short-term Money Market Securities (as defined below) denominated in the currencies of countries in which the Fund invests.

The Fund intends to invest in Fixed Income Securities of at least 13 non-affiliated issuers. The Fund will not concentrate 25% or more of the value of its total assets (taken at market value at the time of each investment) in any one industry, as that term is used in the 1940 Act (except that this restriction does not apply to obligations issued by the U.S. government, any non-U.S. government, or their respective agencies and instrumentalities or government-sponsored enterprises).

The Fund intends to qualify each year as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended. In addition to satisfying the RIC diversification requirements, no portfolio security held by the Fund (other than U.S. and/or non-U.S. government securities) will represent more than 30% of the weight of the Fund's portfolio. The five highest-weighted portfolio securities of the Fund (other than U.S. and/or non-U.S. government securities) will not in the aggregate account for more than 65% of the weight of the Fund's portfolio. For these purposes, the Fund will treat repurchase agreements collateralized by U.S. government securities or non-U.S. government securities as U.S. or non-U.S. government securities, respectively.

Money Market Securities

whether or not the issuer of the security has issued other rated securities. See July 18 E-mail, supra note 7.

Assets not invested in Fixed Income Securities generally will be invested in Money Market Securities to help manage cash flows in and out of the Fund, such as in connection with payment of dividends or expenses, to satisfy margin requirements, to provide collateral, or to otherwise back investments in derivative instruments. For these purposes, Money Market Securities include: short-term, high-quality obligations issued or guaranteed by the U.S. Treasury or the agencies or instrumentalities of the U.S. government; short-term, high-quality securities issued or guaranteed by non-U.S. governments, agencies and instrumentalities; repurchase agreements backed by short-term U.S. government securities or non-U.S. government securities; money market mutual funds; and deposits and other obligations of U.S. and non-U.S. banks and financial institutions. All Money Market Securities acquired by the Fund will be rated investment grade, except that the Fund may invest in unrated Money Market Securities that are deemed by the Adviser or Sub-Adviser to be of comparable quality to Money Market Securities rated investment grade.¹⁴

Derivative Instruments and Other Investments

The Fund may use derivative instruments as part of its investment strategies, such as listed futures contracts,¹⁵ forward currency contracts, non-deliverable forward currency contracts, currency and interest rate swaps, currency options, options on futures contracts, swap

¹⁴ In determining whether a security is of “comparable quality,” the Adviser or Sub-Adviser will consider, for example, current information about the credit quality of the issuer and whether or not the issuer of the security has issued other rated securities.

¹⁵ The futures contracts in which the Fund will invest may be listed on exchanges in the U.S. or in London, Hong Kong, or Singapore. Each of the United Kingdom’s primary financial markets regulator, the Financial Services Authority, Hong Kong’s primary financial markets regulator, the Securities and Futures Commission, and Singapore’s primary financial markets regulator, the Monetary Authority of Singapore, are signatories to the International Organization of Securities Commissions (“IOSCO”) Multilateral Memorandum of Understanding (“MMOU”), which is a multi-party information sharing arrangement among major financial regulators. Both the Commission and the Commodity Futures Trading Commission are signatories to the IOSCO MMOU.

agreements, and credit-linked notes. The Fund's use of derivative instruments (other than credit-linked notes) will be collateralized or otherwise backed by investments in short term, high-quality U.S. Money Market Securities. Under normal circumstances, the Fund will invest no more than 20% of the value of the Fund's net assets in derivative instruments. Such investments will be consistent with the Fund's investment objective and will not be used to enhance leverage.

With respect to certain kinds of derivative transactions entered into by the Fund that involve obligations to make future payments to third parties, including, but not limited to, futures, forward contracts, swap contracts, the purchase of securities on a when-issued or delayed delivery basis, or reverse repurchase agreements, the Fund, in accordance with applicable federal securities laws, rules, and interpretations thereof, will set aside liquid assets to cover open positions with respect to such transactions.

The Fund may engage in foreign currency transactions and invest directly in foreign currencies in the form of bank and financial institution deposits, certificates of deposit, and bankers acceptances denominated in a specified non-U.S. currency. The Fund may enter into forward currency contracts in order to "lock in" the exchange rate between the currency it will deliver and the currency it will receive for the duration of the contract.

The Fund may enter into swap agreements, including interest rate swaps and currency swaps (e.g., Euro vs. U.S. dollar), and may buy or sell put and call options on foreign currencies, either on exchanges or in the over-the-counter market. The Fund may enter into repurchase agreements with counterparties that are deemed to present acceptable credit risks and may enter into reverse repurchase agreements. In addition, the Fund may invest in the securities of other investment companies (including money market funds and exchange-traded funds ("ETFs")). The Fund may invest up to an aggregate amount of 15% of its net assets in (a) illiquid securities

and (b) Rule 144A securities. The Exchange represents that the Fund will not invest in non-U.S. equity securities.

Additional information regarding the Trust and the Shares, the Fund's investment strategies, risks, creation and redemption procedures, fees, portfolio holdings and disclosure policies, distributions and taxes, availability of information, trading rules and halts, and surveillance procedures, among other things, can be found in the Notice, the Registration Statement, and the Supplement, as applicable.¹⁶

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 Act¹⁷ and the rules and regulations thereunder applicable to a national securities exchange.¹⁸ In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,¹⁹ 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.

¹⁶ See Notice, Registration Statement, and Supplement, supra notes 3, 4, and 6, respectively.

¹⁷ 15 U.S.C. 78f.

¹⁸ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁹ 17 U.S.C. 78f(b)(5).

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,²⁰ 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. In addition, the Portfolio Indicative Value, as defined in NYSE Arca Equities Rule 8.600(c)(3), 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.²¹ On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Trust will disclose on its website the Disclosed Portfolio, as defined in NYSE Arca Equities Rule 8.600(c)(2), held by the Fund that will form the basis for the Fund's calculation of the net asset value ("NAV") at the end of the business day.²² The NAV of the Fund's Shares generally is calculated once daily Monday through Friday as of the close of regular trading on the New York Stock Exchange ("NYSE") (generally 4:00 p.m. Eastern time). In addition, 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, and the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Intra-day and end-of-day prices are readily available through major market data providers and

²⁰ 15 U.S.C. 78k-1(a)(1)(C)(iii).

²¹ During hours when the markets for Fixed Income Securities in the Fund's portfolio are closed, the Portfolio Indicative Value will be updated at least every 15 seconds during the Core Trading Session to reflect currency exchange fluctuations.

²² The Disclosed Portfolio will include, as applicable, the names, quantity, percentage weighting, and market value of Fixed Income Securities and other assets held by the Fund and the characteristics of such assets.

broker-dealers for the Fixed Income Securities, Money Market Securities, and derivative instruments held by the Fund. The Fund’s website will also include a form of the prospectus for the Fund, information relating to NAV, and other quantitative and trading information.

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 of the Shares that the NAV will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.²³ In addition, the Exchange will halt trading in the Shares under the specific circumstances set forth in NYSE Arca Equities Rule 8.600(d)(2)(D), and may halt trading in the Shares if trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Fund, or if other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.²⁴ 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.²⁵ The Exchange

²³ See NYSE Arca Equities Rule 8.600(d)(2)(D).

²⁴ See NYSE Arca Equities Rule 8.600(d)(2)(C)(ii). With respect to trading halts, the Exchange may consider other relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

²⁵ See *supra* note 10 and accompanying text. The Commission notes that an investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Adviser and Sub-Adviser and their related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance

also states that it has a general policy prohibiting the distribution of material, non-public information by its employees. 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.²⁶

The Exchange represents that the Shares are deemed to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing 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 NYSE Arca Equities Rule 8.600, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares.
- (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 detect violations of Exchange rules and applicable federal securities laws.

with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

²⁶ See NYSE Arca Equities Rule 8.600(d)(2)(B)(ii).

- (4) Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit (“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 in Creation Unit aggregations (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 and other information.
- (5) For initial and/or continued listing, the Fund must be in compliance with Rule 10A-3 under the Act,²⁷ as provided by NYSE Arca Equities Rule 5.3.
- (6) The Fund will not invest in non-U.S. equity securities.
- (7) A minimum of 100,000 Shares of each Fund 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 Act²⁸ and the rules and regulations thereunder applicable to a national securities exchange.

²⁷ See 17 CFR 240.10A-3.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,²⁹ that the proposed rule change (SR-NYSEArca-2011-31) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Elizabeth M. Murphy
Secretary

²⁸ 15 U.S.C. 78f(b)(5).

²⁹ 15 U.S.C. 78s(b)(2).

³⁰ 17 CFR 200.30-3(a)(12).