

All submissions should refer to File Number SR-NASD-2006-076 and should be submitted on or before July 13, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Nancy M. Morris,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53998; File No. SR-NYSE-2006-41]

Self-Regulatory Organizations; New York Stock Exchange, Inc. (n/k/a New York Stock Exchange LLC); Notice of Filing and Amendment No. 1 Thereto and Order Granting Accelerated Approval of Proposed Rule Change To List and Trade Thirty-Four WisdomTree Exchange Traded Funds

June 15, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 25, 2006 the New York Stock Exchange, Inc. (n/k/a New York Stock Exchange LLC) (“NYSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On June 15, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and is approving the proposal on an accelerated basis.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

NYSE proposes to list and trade the following thirty-four (34) exchange traded funds (“ETFs”), which are a type of Investment Company Unit: (1) WisdomTree Europe Total Dividend Fund; (2) WisdomTree Europe High-Yielding Equity Fund; (3) WisdomTree Japan Total Dividend Fund; (4) WisdomTree Japan High-Yielding Equity Fund; (5) WisdomTree DIEFA

Fund; (6) WisdomTree DIEFA High Yielding Equity Fund; (7) WisdomTree Pacific ex-Japan Dividend Fund; (8) WisdomTree Pacific ex-Japan High-Yielding Equity Fund;⁴ (9) WisdomTree International LargeCap Dividend Fund; (10) WisdomTree International MidCap Dividend Fund; (11) WisdomTree International SmallCap Dividend Fund; (12) WisdomTree International Dividend Top 100 Fund; (13) WisdomTree Europe Dividend Top 100 Fund; (14) WisdomTree Europe SmallCap Dividend Fund; (15) WisdomTree Japan SmallCap Dividend Fund; (16) WisdomTree International Consumer Non-Cyclical Sector Fund; (17) WisdomTree International Basic Materials Sector Fund; (18) WisdomTree International Communications Sector Fund; (19) WisdomTree International Consumer Cyclical Sector Fund; (20) WisdomTree International Energy Sector Fund; (21) WisdomTree International Financial Sector Fund; (22) WisdomTree International Healthcare Sector Fund; (23) WisdomTree International Industrial Sector Fund; (24) WisdomTree International Technology Sector Fund; (25) WisdomTree International Utilities Sector Fund; (26) WisdomTree Emerging Markets Total Dividend Fund; (27) WisdomTree Emerging Markets High-Yielding Equity Fund; (28) WisdomTree Emerging Markets Dividend Top 100 Fund; (29) WisdomTree Latin America Dividend Fund; (30) WisdomTree Asia Emerging Markets Total Dividend Fund; (31) WisdomTree Asia Emerging Markets High-Yielding Equity Fund; (32) WisdomTree China Dividend Fund; (33) WisdomTree Hong Kong Dividend Fund; and (34) WisdomTree Singapore Dividend Fund⁵ (collectively, the “Funds”).

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the NYSE included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

⁴ The Board of Trustees of WisdomTree Trust has approved a name change for the WisdomTree DIPR Fund and WisdomTree DIPR High-Yielding Fund to WisdomTree Pacific ex-Japan Dividend Index Fund and WisdomTree Pacific ex-Japan High-Yielding Equity Fund, respectively, as of the effective date of the Funds’ Registration Statement.

⁵ “WisdomTree,” “WisdomTree Investments,” “High-Yielding Equity,” “Dividend Top 100,” “WisdomTree DIEFA,” and “WisdomTree DIPR” are servicemarks of WisdomTree Investments, Inc.

in Item IV below. The NYSE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

NYSE states that it has adopted listing standards applicable to Investment Company Units (“ICUs”) that are consistent with the listing criteria currently used by other national securities exchanges, and trading standards pursuant to which the Exchange may either list and trade ICUs or trade such ICUs on the Exchange on an unlisted trading privileges (“UTP”) basis.⁶

The Exchange now proposes to list and trade under Section 703.16 of the NYSE Listed Company Manual (the “Manual”) and the Exchange’s Rule 1100 *et seq.* shares (“Shares”) of the Funds. The Funds are separate investment portfolios of the WisdomTree Trust (the “Trust”).⁷ Because the Funds invest in non-U.S. securities not listed on a national securities exchange or the Nasdaq Stock Market, the Funds do not meet the “generic” listing requirements of Section 703.16 of the Manual applicable to listing of ICUs (permitting listing in reliance upon Rule 19b-4(e) under the Act),⁸ and cannot be listed without a

⁶ In 1996, the Commission approved Section 703.16 of the Manual, which sets forth the rules related to the listing of ICUs. *See* Securities Exchange Act Release No. 36923 (March 5, 1996), 61 FR 10410 (March 13, 1996) (SR-NYSE-95-23). In 2000, the Commission also approved the Exchange’s generic listing standards for listing and trading, or the trading pursuant to UTP, of ICUs under Section 703.16 of the Manual and Exchange Rule 1100. *See* Securities Exchange Act Release No. 43679 (December 5, 2000), 65 FR 77949 (December 13, 2000) (SR-NYSE-00-46).

⁷ The Trust will be registered under the Investment Company Act of 1940 (15 U.S.C. 80a), (the “Investment Company Act”). On March 13, 2006, the Trust filed with the Commission a Registration Statement for certain of the Funds (Nos. 1-15) on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a), and under the Investment Company Act relating to the Funds (File Nos. 333-132380 and 811-21864) (the “Registration Statement”). The Trust also consists of six funds that invest in indexes comprised of dividend-paying U.S. equity securities, as described in the Registration Statement. Telephone conference between Florence Harmon, Senior Special Counsel, Division of Market Regulation (“Division”), Commission, and Michael Cavalier, Assistant General Counsel, NYSE, on June 9, 2006.

On April 19, 2006, the Trust filed with the Commission an Application for Orders under sections 6(c) and 17(b) of the Investment Company Act for the purpose of exempting all the Funds from various provisions of the Investment Company Act and the rules thereunder (the “Application”).

⁸ 15 U.S.C. 78a.

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange stated that the net asset value (“NAV”) per share for each Fund would be disseminated to all market participants at the same time.

filing pursuant to Rule 19b-4⁹ under the Act.

As set forth in detail below, the Funds will hold certain securities ("Component Securities") selected to correspond generally to the performance of the following indexes, respectively (the "Indexes," "Underlying Indexes" or "International Indexes"): (1) WisdomTree Europe Dividend Index; (2) WisdomTree Europe High-Yielding Equity Index; (3) WisdomTree Japan Dividend Index; (4) WisdomTree Japan High-Yielding Equity Index; (5) WisdomTree Dividend Index of Europe, Far East Asia and Australasia (DIEFA); (6) WisdomTree DIEFA High-Yielding Equity Index; (7) WisdomTree Pacific ex-Japan Dividend Index (DIPR); (8) WisdomTree Pacific ex-Japan High-Yielding Equity Index; (9) WisdomTree International LargeCap Dividend Index; (10) WisdomTree International MidCap Dividend Index; (11) WisdomTree International SmallCap Dividend Index; (12) WisdomTree International Dividend Top 100 Index; (13) WisdomTree Europe Dividend Top 100 Index; (14) WisdomTree Europe SmallCap Dividend Index; (15) WisdomTree Japan SmallCap Dividend Index; (16) WisdomTree International Consumer Non-Cyclical Sector Index; (17) WisdomTree International Basic Materials Sector Index; (18) WisdomTree International Communications Sector Index; (19) WisdomTree International Consumer Cyclical Sector Index; (20) WisdomTree International Energy Sector Index; (21) WisdomTree International Financial Sector Index; (22) WisdomTree International Healthcare Sector Index; (23) WisdomTree International Industrial Sector Index; (24) WisdomTree International Technology Sector Index; (25) WisdomTree International Utilities Sector Index; (26) WisdomTree Emerging Markets Dividend Index ("EMDI"); (27) WisdomTree Emerging Markets High-Yielding Equity Index ("EMDI HYE"); (28) WisdomTree Emerging Markets Dividend Top 100 Index ("EMDI Top 100"); (29) WisdomTree Latin America Dividend Index ("LDI"); (30) WisdomTree Asia Emerging Markets Dividend Index ("AEMDI"); (31) WisdomTree Asia Emerging Markets High-Yielding Equity Index ("AEMDI HYE"); (32) WisdomTree China Dividend Index; (33) WisdomTree Hong Kong Dividend Index; and (34) WisdomTree Singapore Dividend Index.

Each Fund intends to qualify as a "regulated investment company" (a "RIC") under the Internal Revenue Code

(the "Code"). WisdomTree Asset Management, Inc. ("WTA" or "Advisor"), a Delaware Corporation, is the investment advisor to the Funds. The Advisor is registered under the Investment Advisers Act of 1940 ("Advisers Act").¹⁰ The Advisor's parent corporation is WisdomTree Investments, Inc. ("WTI") (formerly Index Development Partners, Inc.). Each Fund will be advised by WTA. WTA has entered into a Subadvisory Agreement with BNY Investment Advisors, a separately identifiable division of The Bank of New York ("BNY") ("Subadvisor") with respect to the Funds. According to the Application, neither WTI nor WTA, or any affiliated persons of WTI or WTA are, or will be, registered as broker-dealers. Except for the investment management services that WTA will provide to the Funds and its other clients, neither WTI nor WTA provides, or will provide any other services to the Funds. An affiliated person of the Subadvisor is registered as a broker-dealer and, as such, provides traditional broker-dealer services to its clients. ALPS Distributors, Inc. ("Distributor"), a broker-dealer registered under the Act, acts on an agency basis and is the distributor and principal underwriter of the Creation Units (as defined below) of Shares. The Distributor is not affiliated with WTI, the Advisor, the Subadvisor, Calculation Agent (as discussed below) or any exchange.

1. Operation of the Funds¹¹

The investment objective of each Fund will be to provide investment results that correspond generally to the price, and yield performance of its Underlying Indexes. Each Fund will issue, on a continuous offering basis, its Shares to be listed and traded on an Exchange. The Trust will issue, with respect to each Fund on a continuous offering basis, only specified large aggregations of Shares (each such aggregation a "Creation Unit") currently expected to range from 100,000 up to 250,000 Shares as will be clearly stated in such Fund's Prospectus.¹² The size of

¹⁰ 15 U.S.C. 80b.

¹¹ While the Advisor would manage the Funds, the Funds' Board of Directors would have overall responsibility for the Funds' operations. The composition of the Board is, and would be, in compliance with the requirements of Section 10 of the Investment Company Act. The Funds are subject to and must comply with Section 303A.06 of the Manual, which requires that the Funds have an audit committee that complies with Rule 10A-3 under the Act, 17 CFR 240.10A-3.

¹² Telephone conference between Florence Harmon, Senior Special Counsel, Division, Commission, and Michael Cavalier, Assistant General Counsel, NYSE, on June 14, 2006 ("June 14 Telephone Conference").

such Creation Unit for each Fund will initially be determined by the Advisor, in part on the estimated initial trading price per Share of such Fund and the size of Creation Units for other ETFs trading at that time, as well as each Fund's intended audience. Therefore, the Exchange expects the initial price of a Creation Unit will be a minimum of \$1 million¹³ and will range from \$1 million to \$10 million or more, and the initial trading price per Share of each Fund will range from \$25 to \$200.

The investment objective of each Fund will be to provide investment returns that closely correspond to the price, dividend, and yield performance of its Underlying Index. In seeking to achieve the respective investment objective of each Fund, the Subadvisor may utilize a "replication" strategy, or a "representative sampling" strategy with respect to its Underlying Index. The Trust expects that a Fund using a replication strategy will invest in substantially all of the Component Securities in its portfolio in the same approximate proportions as in its Index. A Fund utilizing a representative sampling strategy generally will invest in a significant number of the Component Securities of its Underlying Index, but it may not invest in all of the Component Securities of its Underlying Index.

Under normal circumstances, it is expected that each Fund will have a tracking error relative to the performance of its Underlying Index of no more than five percent (5%), net of fees or expenses. Each Fund's investment objectives, policies, and investment strategies are fully disclosed in its relevant Prospectus and statement of additional information ("SAI").

Under normal circumstances, at least 95% of a Fund's total assets (exclusive of collateral held from securities lending) will be invested in the Component Securities of its Underlying Index. Each Fund may also invest up to 5% of its assets in securities not included in its Underlying Index. For example, a Fund may invest in securities that are not components of its Underlying Index in order to reflect various corporate actions and other changes in such Index (such as reconstitutions, additions and

¹³ The size of a Creation Unit as stated in a Fund's Prospectus may be changed, from time to time, by the Trust, if the individual Share price of such Fund increases to such an extent that the Creation Unit price becomes unappealing to investors seeking to create or redeem and arbitrageurs. In no case will the price of a Creation Unit be less than \$1 million.

⁹ 17 CFR 240.19b-4.

deletions).¹⁴ As long as a Fund invests at least 95% of its total assets in the stocks of its Underlying Index, it also may, but is not required to, invest its other assets in futures contracts, options on futures contracts, options, and swaps, as well as cash and cash equivalents, and other investment companies, all in accordance with the requirements of the Investment Company Act.

To the extent the Funds invest in American Depositary Receipts ("ADRs"),¹⁵ they will be listed on a national securities exchange or the Nasdaq Stock Market, and, to the extent the Funds invest in other Depositary Receipts (*i.e.*, Global Depositary Receipts and Euro Depositary Receipts), they will be listed on a foreign exchange. The Funds will not invest in any unlisted Depositary Receipts. Also, the Funds will not invest in any listed Depositary Receipts that the Advisor deems to be illiquid or for which pricing information is not readily available. In addition, all Depositary Receipts and ADRs must be sponsored (with the exception of certain pre-1984 ADRs that are listed and unsponsored because they are grandfathered). The Funds may invest in Depositary Receipts for which BNY's Depositary Receipts Division acts as the depository bank. The value of an Index underlying a Fund will reflect only the value of the Index's constituents and not the value of any Depositary Receipt representing an Index constituent.

From time to time, adjustments may be made in the portfolio of the Funds in

accordance with changes in the composition of the Underlying Indexes or to maintain compliance with requirements applicable to a RIC under the Code.¹⁶ For example, if at the end of a calendar quarter, a Fund would not comply with the RIC diversification tests, the Advisor would make adjustments to the portfolio to ensure continued RIC status.

The Exchange believes that these requirements and policies prevent the Funds from being excessively weighted in any single security or group of securities and significantly reduce concerns that trading in the Funds could become a surrogate for trading in unregistered securities.

WTI has created a proprietary, rules-based methodology described below ("Rules-Based Methodology") to define the dividend-paying segments of the U.S. and foreign stock markets and to serve as indexes for use by the Funds

¹⁶ In order for the Funds to qualify for tax treatment as a RIC, they must meet several requirements under the Code. Among these is a requirement that, at the close of each quarter of the Funds' taxable year: (1) At least 50% of the market value of the Funds' total assets must be represented by cash items, U.S. government securities, securities of other RICs and other securities, with such other securities limited for the purpose of this calculation with respect to any one issuer to an amount not greater than 5% of the value of the Funds' assets and not greater than 10% of the outstanding voting securities of such issuer; and (2) not more than 25% of the value of their total assets may be invested in securities of any one issuer, or two or more issuers that are controlled by the Funds (within the meaning of Section 851(b)(4)(B) of the Code) and that are engaged in the same or similar trades or business (other than U.S. government securities of other RICs).

"Other securities" of an issuer are considered qualifying assets only if they meet the following conditions:

The entire amount of the securities of the issuer owned by the company is not greater in value than 5% of the value of the total assets of the company; and the entire amount of the securities of such issuer owned by the company does not represent more than 10% of the outstanding voting securities of such issuer.

Under the second diversification requirement, the "25% diversification limitation," a company may not invest more than 25% of the value of its assets in any one issuer or two issuers or more that the taxpayer controls.

Compliance with the above referenced RIC asset diversification requirements are monitored by the Advisor and any necessary adjustments to portfolio issuer weights will be made on a quarterly basis or as necessary to ensure compliance with RIC requirements. When a Fund's Underlying Index itself is not RIC compliant, the Advisor generally employs a representative sampling indexing strategy (as described in the Funds' prospectus) in order to achieve the Fund's investment objective. The Funds' prospectus also gives the Funds additional flexibility to comply with the requirements of the Code and other regulatory requirements and to manage future corporate actions and index changes in smaller markets by investing a percentage of Fund assets in securities that are not included in the Fund's Underlying Index or in ADRs and Global Depositary Receipts representing such securities.

and other equity income investors. WTI has licensed to the Funds the Indexes underlying the Funds. The Exchange states that the Indexes will be "transparent," that is, the Rules-Based Methodology and the composition of each Index will be freely available to the public, any change to the composition of an Index will be made pursuant to the Rules-Based Methodology, and any changes to the Rules-Based Methodology or Index constituents will also be freely available to the public in advance of their implementation.¹⁷

As owner of the Indexes, WTI has entered into an agreement (the "Calculation Agent Agreement") with Bloomberg L.P. ("Bloomberg" or the "Calculation Agent") to implement the Rules-Based Methodology, to calculate and maintain the Indexes, and calculate and disseminate the Index values. Pursuant to the Calculation Agent Agreement, the Calculation Agent will determine the number, type, and weight of securities that will comprise each Index and will perform or cause to be performed all other calculations necessary to determine the proper make-up of the Index, including the reconstitution updates for such Index. Employees of WTA and/or WTI will monitor the results produced by the Calculation Agent on an ongoing basis.

Rules-Based Methodology

International Indexes: Securities Selection

The Indexes are modified capitalization weighted indexes as developed by WTI to define the dividend-paying segments of the European, Japanese and other national and regional stock markets and to serve as Indexes for equity income investors. Only dividend-paying securities are eligible to be included in the Indexes.

In June of each year, each Index is reconstituted in accordance with the Rules-Based Methodology ("International Screening Point" as defined below).¹⁸ At such time, securities meeting the criteria of the Rules-Based Methodology are added to the Indexes. Securities that no longer meet these requirements are deleted. Each component security is weighted (or re-weighted if it was already in the applicable Index) to reflect its dividend-weighting in its respective Index. The Indexes were constituted by the Calculation Agent for the first time in the spring of 2006.¹⁹ Given the

¹⁴ According to the Application, the Trust requires some flexibility in connection with the International Funds. Although Applicants do not intend to do so, in order to comply with the requirements of the Code, to meet regulatory requirements in non-U.S. jurisdictions or to manage major changes in an International Index, an International Fund may have less than 95% of its assets invested in the Component Securities of its Underlying Index. In such a situation, which the Applicants believe will be infrequent and of limited duration, an International Fund may have no less than 90% of its total assets in the Component Securities of its Underlying Index, with up to 10% of its assets invested in securities that are not represented in its Underlying Index. In such a situation, the Advisor or Subadvisor will attempt to reduce any potential tracking error that may otherwise occur by investing these assets in securities which are similar to (*e.g.*, having similar risk return and dividend payment profiles, comparable market capitalizations, etc.) the Component Securities of the relevant Underlying Index.

¹⁵ For the purposes of this proposed rule filing, "Depositary Receipts" are American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), and Euro Depositary Receipts ("EDRs") (collectively, "Depositary Receipts"). Telephone conference between Brian Trackman, Special Counsel, Division, Commission, and Michael Cavalier, Assistant General Counsel, NYSE, on May 25, 2006.

¹⁷ More information is available on the Web site for the Funds (<http://www.wisdomtree.com>).

¹⁸ Each Index will be reconstituted on a fixed, periodic basis, no more frequently than quarterly.

¹⁹ June 14 Telephone Conference.

proximity of this initial constitution to the scheduled annual reconstitution date, the Indexes will not be reconstituted in June of 2006. The first annual reconstitution for the International Dividend Indexes will occur in June of 2007. Each component's weight in an Index is based on the U.S. dollar value of cash dividends paid on shares of its common stock in the twelve (12) months prior to the reconstitution. Notwithstanding the foregoing, the components of each "Dividend Top 100 Index" are weighted based on dividend yield. Each Index assumes dividends are reinvested into the Index. The Indexes are calculated using primary market prices and in U.S. dollars.

Each index component will have an average daily trading dollar volume of at least \$100,000 for the three months prior to the International Screening Point and must trade at least 250,000 shares for *each* of the preceding six months prior to the International Screening Point.²⁰ Additionally, each of the high-yielding equity index components must have an average daily dollar volume of at least \$200,000 for the three months preceding the International Screening Point. Once the high-yielding equity index components pass these requirements, then they are ranked by dividend yield and the top 30% of this defined list are included in the Index.²¹

For example, the WisdomTree Europe Dividend Index ("EDI"), measures the stock performance of investable companies incorporated in 16 industrialized European countries that pay regular cash dividends on shares of common stock. WisdomTree Japan Dividend Index ("JDI") measures the performance of investable companies incorporated in Japan that pay regular cash dividends on shares of common stock. The WisdomTree Europe High-Yielding Equity Index ("EHYE") comprises the top 30% of the companies within the EDI, with market capitalizations of at least \$200 million at the International Screening Point (the duration of time after the close of trading on the last trading day in May and before the open of trading on the next trading day) and average daily trading volume of at least \$200,000 for the three months prior to the International Screening Point, ranked by dividend yield. The WisdomTree Japan High-Yielding Equity Index ("JHYE") comprises the top 30% of the companies within the JDI, with market capitalizations of at least \$200 million at

the International Screening Point and average daily trading volume of at least \$200,000 for the three months prior to the International Screening Point, ranked by dividend yield. The WisdomTree Dividend Index of Europe, Far East Asia and Australasia ("DIEFA"), and the WisdomTree DIEFA High-Yielding Equity Index ("DIEFA HYE") are modified capitalization indices created by WTI to define the dividend-paying segments of the industrialized world outside of the U.S. and Canada, and to serve as performance Indexes for equity income investors. DIEFA HYE comprises the top 30% of eligible companies within DIEFA, with market capitalizations of at least \$200 million at the International Screening Point and average daily trading volume of at least \$200,000 for the three months prior to the International Screening Point, ranked by dividend yield.

The WisdomTree Pacific ex-Japan Dividend Index ("WisdomTree DIPR"); the WisdomTree Pacific ex-Japan High-Yielding Equity Index ("DIPR HYE"); WisdomTree International Dividend Top 100 Index; WisdomTree Europe Dividend Top 100 Index; WisdomTree International LargeCap Dividend Index; WisdomTree International MidCap Dividend Index; WisdomTree International SmallCap Dividend Index; WisdomTree Europe SmallCap Dividend Fund; and WisdomTree Japan SmallCap Dividend Fund are modified capitalization weighted indexes developed by WTI to define various dividend-paying segments of the European, Japanese, Australia, New Zealand, Hong Kong, and Singapore stock markets. WisdomTree DIPR measures the stock performance of investable companies that pay regular cash dividends on shares of common stock and that are represented in DIEFA from Australia, New Zealand, Hong Kong, and Singapore. The WisdomTree DIPR HYE comprises the top 30% of the companies within the WisdomTree DIPR, with market capitalizations of at least \$200 million at the International Screening Point and average daily trading volumes of at least \$200,000 for the three months prior to the International Screening Point, ranked by dividend yield.

The WisdomTree International SmallCap Dividend Index is comprised of the dividend-paying companies from the small-capitalization segment of the WisdomTree DIEFA. The International MidCap Dividend Index is comprised of the dividend-paying companies from the mid-capitalization segment of the WisdomTree DIEFA. The WisdomTree International LargeCap Dividend Index

is comprised of the dividend-paying companies from the large-capitalization segment of the WisdomTree DIEFA. The WisdomTree International Dividend Top 100 Index is comprised of the 100 highest dividend-yielding companies from the WisdomTree International LargeCap Dividend Index (*i.e.*, the top 100 companies that exhibit the highest dividend yields). The WisdomTree Europe Dividend Top 100 Index is comprised of the 100 highest dividend-yielding companies from the 300 largest companies ranked by market capitalization within the WisdomTree Europe Dividend Index. Component securities of the WisdomTree International Dividend Top 100 and the WisdomTree Europe Dividend Top 100 are weighted in each Index based on dividend yield.

The WisdomTree Europe SmallCap Dividend Index measures the performance of small-capitalization companies incorporated in Western Europe that pay regular cash dividends on shares of common stock and meet specified requirements as of a specified date. The Index is created by first removing from the WisdomTree Europe Dividend Index the 300 companies with the highest market capitalizations as of such date. Those companies that comprise the bottom 25% of the remaining market capitalization of this group are included in the WisdomTree Europe SmallCap Dividend Index. Companies are weighted in the Index based on regular cash dividends paid.

The WisdomTree Japan SmallCap Dividend Index measures the performance of small-capitalization companies incorporated in Japan that pay regular cash dividends on shares of common stock and meet specified requirements as of a specified date. The Index is created by first removing the 300 companies with the highest market capitalizations as of the Index measurement date from the WisdomTree Japan Dividend Index. The remaining companies are then weighted in the Index based on regular cash dividends paid.

The WisdomTree International Consumer Non-Cyclical Sector Fund; WisdomTree International Basic Materials Sector Fund; WisdomTree International Communications Sector Fund; WisdomTree International Consumer Cyclical Sector Fund; WisdomTree International Energy Sector Fund; WisdomTree International Financial Sector Fund; WisdomTree International Healthcare Sector Fund; WisdomTree International Industrial Sector Fund; WisdomTree International Technology Sector Fund; and WisdomTree International Utilities

²⁰ *Id.*

²¹ *Id.*

Sector Fund are each comprised of all the companies within the WisdomTree DIEFA classified as belonging to the industry specified in the Fund's name.

The WisdomTree Emerging Markets Dividend Index ("EMDI") measures the stock performance of companies that pay regular cash dividends on shares of common stock with market capitalizations of at least \$200 million at the International Screening Point and average daily trading volumes of at least \$200,000 for the three months prior to the International Screening Point and that are incorporated in the following 12 emerging market nations: Argentina, Brazil, Chile, Mexico, Israel, South Africa, China, India, Malaysia, South Korea, Taiwan, and Thailand ("Emerging Market Countries"). In the case of China, only companies that are incorporated in China and that trade on the Hong Kong Stock Exchange are eligible for inclusion. The WisdomTree Latin America Dividend Index measures the stock performance of companies included within EMDI that are incorporated in Mexico, Brazil, Argentina, and Chile. The WisdomTree Asia Emerging Markets Dividend Index ("AEMDI") measures the stock performance of companies included within EMDI that are incorporated in China, India, Malaysia, South Korea, Taiwan, and Thailand.

The EMDI High-Yielding Equity Index ("EMDI HYE") comprises the top 30% of the companies within EMDI ranked by dividend yield at the International Screening Point. The AEMDI High-Yielding Equity Index comprises the top 30% of the companies within AEMDI ranked by dividend yield at the International Screening Point. EMDI Top 100 is comprised of the 100 highest dividend-yielding companies from the 300 largest companies ranked by market capitalization within EMDI at the International Screening Point (*i.e.*, the top 100 companies that exhibit the highest dividend yields). Securities are weighted in the EMDI Top 100 based on dividend yield.

In the case of the EMDI, EMDI HYE, and EMDI Top 100, component companies must list their shares on a stock exchange in one of the following regions: Argentina, Brazil, Chile, Mexico, Israel, South Africa, Hong Kong, India, Malaysia, South Korea, Taiwan, or Thailand. Companies must be incorporated in one of the Emerging Market Countries.

In the case of LDI, component companies must list their shares on a stock exchange in one of the following regions: Argentina, Brazil, Chile or Mexico. Companies must be incorporated in one of these countries.

In the case of AEMDI and AEMDI HYE, component companies must list their shares on a stock exchange in one of the following regions: Hong Kong, India, Malaysia, South Korea, Taiwan, or Thailand. Companies must be incorporated in China, India, Malaysia, South Korea, Taiwan, or Thailand.

For all 34 Indexes, companies must have paid at least \$5 million in cash dividends on shares of their common stock in the 12 months prior to the annual reconstitution.²² In the high-yield and emerging market Indexes, component companies need to have a market capitalization of at least \$200 million on the International Screening Point, and shares of such companies need to have had an average daily dollar volume of at least \$200,000 for three months preceding the International Screening Point. For all of the Indexes, common stocks, REITs, tracking stocks, and holding companies are eligible for inclusion. ADRs, GDRs, and EDRs, limited partnerships, royalty trusts, passive foreign investment companies, preferred stocks, closed-end funds, exchange-traded funds, and derivative securities, such as warrants and rights, are not eligible.²³

The WisdomTree Hong Kong Dividend Index is comprised of all of the dividend-paying companies that pass the inclusion criterion for the WisdomTree DIEFA but that are incorporated in Hong Kong and whose stock trades on the Hong Kong Stock Exchange.

The WisdomTree Singapore Dividend Index is comprised of all of the dividend-paying companies that pass the inclusion criterion for the WisdomTree DIEFA but that are incorporated in Singapore and whose stock trades on the Singapore Stock Exchange.

The WisdomTree China Dividend Index is comprised of all of the dividend-paying companies that pass the inclusion criterion for the EMDI that are incorporated in China and whose stock trades on the Hong Kong Stock Exchange.

Component and Weighting Changes to the Indexes

In accordance with the Rules-Based Methodology, the Calculation Agent will "screen" annually for the Component Securities to be added to (or deleted from) the International Indexes after the close of trading on the last trading day of May ("International

Screening Point").²⁴ The Calculation Agent will not disclose any information concerning the identity of companies that meet the selection criteria to WTI, the Advisor, the Subadvisor, or any other affiliated entities, before such information is publicly disclosed on the Web site for the Funds (<http://www.wisdomtree.com>) (or otherwise publicly disseminated by the Calculation Agent) and is available to the entire investing public. Notwithstanding the foregoing, prior to disclosure to the general public, the Calculation Agent may disclose such information solely to those persons at WTI or WTA responsible for creating and monitoring the Rules-Based Methodology in order to permit such persons to monitor the results produced by the Calculation Agent for compliance with the Rules-Based Methodology. The Calculation Agent will be expressly prohibited from providing this information to any other employees of WTI, WTA or the Subadvisor. The employees of WTI or WTA who receive such information from the Calculation Agent (i) will not have any responsibility for the management of the Funds, (ii) will be expressly prohibited from sharing this information with those employees of WTA or the Subadvisor that have responsibility for the management of the Funds, and (iii) will be expressly prohibited from sharing or using this non-public information in any way.

The Exchange states, according to the Application, the identity and Index weightings of the companies that meet the criteria will be readily ascertainable by anyone, since the Rules-Based Methodology, including the selection criteria, will be freely available. The Calculation Agent will establish the weights for the components for the Indexes after the close of trading on the third Wednesday of June (the "International Weighting Date"). The constituents of the Indexes and their weightings would then be announced after the close on such weighting dates or before the opening on the next Thursday to the general public at the same time as they would be disclosed to the Subadvisor. Except as specifically noted in the Application, neither WTI, the Advisor, the Subadvisor or any other

²⁴ This "screening" is part of the Index reconstitution that will occur on a fixed periodic basis, no more frequently than quarterly. Currently, the Advisor expects such reconstitution to occur on an annual basis but has discretion to reconstitute the Indexes as frequently as quarterly. Telephone conference between Florence Harmon, Senior Special Counsel, Division, Commission, and Michael Cavalier, Assistant General Counsel, NYSE, on May 15, 2006.

²² June 14 Telephone Conference.

²³ *Id.*

affiliated entity would not be provided with the Index weightings until this time. Actual changes for the International Indexes would take effect before the opening of trading on the first Monday following the close of trading on the third Friday of June (the "International Reconstitution Date"). The process of screening for eligible securities on the International Screening Point, weighting such securities on the International Weighting Date, and the implementation of changes to each Index on the International Reconstitution Date is sometimes referred to as the "annual reconstitution" or "reconstitution."²⁵

Securities in an Index are weighted in one of two ways. All of the Indexes, except for the "Dividend Top 100" Indexes, weight securities based on the amount of their cash dividends paid. The weightings of Component Securities of these Indexes are determined as follows. The initial weight of a component in an Index is determined by multiplying its annual cash dividend per share by the number of common shares outstanding for that company. This amount is sometimes referred to as the "Cash Dividend Factor." Each component security's weight at the International Weighting Date is equal to its Cash Dividend Factor divided by the sum of all Cash Dividend Factors for all the components in that Index. The exception to this practice is that the "Dividend Top 100" Indexes weight Component Securities by dividend yield and not by the total amount of cash dividends paid. A constituent's weight in a Dividend Top 100 Index is equal to its dividend yield divided by the sum of all the dividend yields of the Index constituents.

New Component Securities may be added to an Index on a day other than the International Reconstitution Date only if there is a change to the Rules-Based Methodology that results in such new Component Securities being added to such Index. Applicants expect changes to the Rules-Based Methodology that result in the addition of components to an Index on a day other than the International Reconstitution Date will occur only infrequently, if at all. Component Securities may be deleted from an Index on a day other than the International Reconstitution Date as a result of either (i) changes to the Rules-Based Methodology or (ii) "corporate actions" (described below). Pursuant to the Rules-Based Methodology, Component Securities of an Index will be deleted

from the Index if they (i) are acquired by a company not in such Index; (ii) are de-listed from a specified exchange; (iii) go bankrupt; (iv) cancel their regular cash dividend; or (v) if a U.S. company re-incorporates outside the U.S., or if a non-U.S. company re-incorporates outside of its specified eligible region (each, a "corporate action"). These deletions will be executed by the Calculation Agent as soon as possible after the corporate action is announced. The "lead time" between the announcement of this deletion action and the action itself will range from one day to a few weeks depending on the corporate action. Whenever possible, at least two business days prior notice will be given.

The Indexes may be "rebalanced" in response to certain events. For example, should any Index constituent achieve a weighting equal to or greater than 24.0% of its Index, its weighting will be reduced to 20.0% at the close of the current calendar quarter, and all other components in the Index will be rebalanced. Moreover, should the "collective weight" of Index Component Securities whose individual current weights equal or exceed 5.0% of the Index, when added together, equal or exceed 50.0% of the Index, the weightings in those Component Securities will be reduced proportionately so that their collective weight equals 40.0% of the Index at the close of the current calendar quarter, and all other components in the Index will be rebalanced in proportion to their index weightings before the adjustment. Further iterations of these adjustments may occur until no constituent or group of constituents violates these rules.

The Indexes measure price changes against a fixed base period quantity weight. The Indexes are calculated and disseminated at least every 15 seconds whenever the NYSE is open for trading. If trading is suspended while the exchange on which an Index component company trades is still open, the last traded price for that stock is used for all subsequent Index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the Index. Until a particular stock opens, its adjusted closing price from the previous day is used in the Index computation. Index values are calculated and disseminated on an end-of-day basis whenever the NYSE is open for trading.

Each Fund will make changes to its portfolio holdings in response to an announced change in its Underlying Index when the Advisor or Sub-Advisor

believes it is in the best interest of the Fund to do so.

According to the Application, each Index meets the numerical criteria in Section 703.16(B) of the Manual for indexes listed pursuant to Rule 19b-4(e) under the Act (with the exception of the requirement that all index securities be listed on a national securities exchange or Nasdaq) including the requirement that the "component stocks shall have a minimum monthly trading volume during each of the last six months of at least 250,000 shares for stocks representing at least 90% of the weight of the index or portfolio." The Indexes contain a specific Index screen to ensure that they satisfy the monthly share trading volume criteria of Section 703.16(B).

Transparency of Indexes

WTI will describe the basic concept of each Index and disclose the Rules-Based Methodology on the Funds' Web site (<http://www.wisdomtree.com>). The Web site will also include extensive information designed to educate investors, such as whitepapers and other academic discussions relating to investing. The Calculation Agent will make available to WTI information on its Indexes that WTI will make available to the general public on the Web site. Each business day, the Web site will publish free of charge (or provide a link to another Web site that will publish free of charge) the Component Securities of each Index and their respective weightings in each Index as of the close of the prior business day. Each business day, the Web site will publish free of charge (or provide a link to another Web site that will publish free of charge) the securities in each Fund's portfolio and their respective weightings, and each Fund's per share NAV, last-traded price and midpoint of the bid/ask spread as of the NAV calculation time, all as of the prior business day. The components and weightings of the Indexes, as well as each Fund's portfolio, will also be available through unaffiliated third-party data vendors, such as Bloomberg L.P.

The Funds' Web site will be publicly accessible and free of charge to all investors and will provide a weblink to the Web address for every exchange on which the securities of each Index are listed. The Exchange's Web site will include a hyperlink to the Funds' Web site.

Changes to the constituents of each Index will be disclosed prior to implementation in the Index by the Calculation Agent or on the Funds' or the Advisor's Web site. All components, weightings, additions and deletions

²⁵ The Indexes will be reconstituted on a fixed, periodic basis, no more frequently than quarterly.

from the Indexes will be publicly available, and publicly announced prior to any changes being made. WTI and WTA each have adopted policies, including firewalls, that prohibit personnel responsible for creating and monitoring the Indexes from disseminating or using non-public information about pending changes to Index constituents or methodology. These policies specifically prohibit the Index Administrator (the employee of WTI and/or WTA with ultimate responsibility for the Indexes and Rules-Based Methodology) and Index Staff (those employees of WTA and/or WTI appointed to assist the Index Administrator in the performance of his/her duties) from sharing any non-public information about the Indexes with personnel of the Advisor or Subadvisor responsible for management of the Funds. WTI and WTA each have adopted policies, including firewalls, that prohibit personnel responsible for the management of the Funds from sharing any non-public information about the management of the Funds with the personnel responsible for creating, monitoring, calculating, maintaining or disseminating the Indexes. WTI and WTA periodically review the operation of such procedures.²⁶

The Calculation Agent will be instructed to disseminate information about the daily constituents of the Indexes to WTI, WTA, the Subadvisor and the public at the same time (except as otherwise described in the Application). The personnel responsible for creating and monitoring the Indexes, for calculating and maintaining the Indexes and for day-to-day portfolio management of the Funds will be physically segregated from each other. The Index Administrator and Index Staff are employees of WTI and/or WTA. The Calculation Agent is not, and will not be, affiliated with WTI, WTA, or the Subadvisor. The portfolio managers responsible for day-to-day portfolio management of the Funds are employees of the Subadvisor. The personnel responsible for overseeing the activities of the Subadvisor in connection with the management of the Funds are employees of WTA. Employees of WTI and WTA, including the Index Administrator, Index Staff and the personnel responsible for overseeing the activities of the Subadvisor, will not have access to the computer systems used by the Subadvisor in connection with portfolio management. The Subadvisor will not have any input into the development of the Rules-Based

Methodology or the calculation of the Indexes.

WTI and WTA have adopted policies which (i) prohibit insider trading on material, non-public information;²⁷ (ii) require any personnel responsible for the management of a Fund to pre-clear or provide notification of all personal securities transactions with a designated employee within WTI and WTA's Legal or Compliance teams, (iii) require any personnel responsible for creating and monitoring the Indexes to pre-clear or provide notification of all personal securities transactions with a designated employee within WTI and WTA's Legal or Compliance teams, and (iv) require reporting of securities transactions a designated employee within WTI and WTA's Legal or Compliance teams in accordance with Rule 17j-1 under the Investment Company Act and Rule 204A under the Advisors Act. The Subadvisor has informed the Trust that it has adopted policies and procedures to monitor and restrict securities trading by certain employees.

Public Availability of Information Relating to the Component Securities of Each Index

All the securities included in the International Indexes will be listed on major stock exchanges in their respective countries. A Web address exists for every international exchange where the international Component Securities trade and "quotations" (which may be disseminated on a delayed basis or may not be updated during NYSE trading hours) can be accessed for each of such securities through such Web address. In addition, U.S. retail investors with access to the Internet can access "quotations" on a delayed basis with respect to these foreign securities through Yahoo Finance! as well as other financial Web sites.²⁸ Investors with access to a Bloomberg machine can directly access real-time "quotations" and fundamental data on these foreign securities.²⁹

As of March 31, 2006, the WisdomTree Europe Dividend Index's top three holdings were HSBC Holdings PLC, BP PLC, and ENI S.p.A.; the Index's top three industries were Financials, Consumer Non-Cyclical, and Energy, and Index components had a total market capitalization of approximately \$9.6 trillion. The average total market capitalization was approximately \$8.9 billion. The 10 largest constituents represented approximately 21.0% of the Index

weight. The five highest weighted stocks, which represented 13.5% of the Index weight, had an average daily trading volume in excess of 130 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Europe High-Yielding Equity Index's top three holdings were HSBC Holdings PLC, BP PLC, and ENI S.p.A.; the Index's top three industries were Financials, Communications, and Energy; and Index components had a total market capitalization of approximately \$3.5 trillion. The average total market capitalization was approximately \$11.2 billion. The 10 largest constituents represented approximately 38.2% of the Index weight. The five highest weighted stocks, which represented 25.1% of the Index weight, had an average daily trading volume in excess of 130 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Japan Dividend Index's top three holdings were Toyota Motor Corp., NTT DoCoMo, Inc., and Nissan Motor Co.; the Index's top three industries were Consumer Cyclical, Industrials, and Financials; and Index components had a total market capitalization of approximately \$3.8 trillion. The average total market capitalization was approximately \$4.9 billion. The 10 largest constituents represented approximately 26.8% of the Index weight. The five highest weighted stocks, which represented 17.6% of the Index weight, had an average daily trading volume in excess of 5 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Japan High-Yielding Equity Index's top three holdings were NTT DoCoMo, Inc., Nissan Motor Co., and Takeda Pharmaceutical Co; the Index's top three industries were Utilities, Consumer Cyclical, and Consumer Non-cyclical; and Index components had a total market capitalization of approximately \$0.9 trillion. The average total market capitalization was approximately \$3.7 billion. The 10 largest constituents represented approximately 43.3% of the Index weight. The five highest weighted stocks, which represented 30.7% of the Index weight, had an average daily trading volume in excess of 5 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree DIEFA Index's top three holdings were HSBC Holdings PLC, BP PLC, and ENI S.p.A.; the Index's top three industries were Financials,

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

²⁶ June 14 Telephone Conference.

Consumer Non-cyclical, and Communications; and Index components had a total market capitalization of approximately \$14.7 trillion. The average total market capitalization was approximately \$ 6.6 billion. The 10 largest constituents represented approximately 15.7% of the Index weight. The five highest weighted stocks, which represented 10.1% of the Index weight, had an average daily trading volume in excess of 130 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree DIEFA High-Yielding Equity Index's top three holdings were HSBC Holdings PLC, BP PLC, and ENI S.p.A; the Index's top three industries were Financials, Communications, and Energy; and Index components had a total market capitalization of approximately \$5.4 trillion. The average total market capitalization was approximately \$8.5 billion. The 10 largest constituents represented approximately 26.0% of the Index weight. The five highest weighted stocks, which represented 16.7% of the Index weight, had an average daily trading volume in excess of 130 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Pacific ex-Japan Index's top three holdings were Commonwealth Bank of Australia, National Australia Bank, and China Mobile (Hong Kong); the Index's top three industries were Financials, Communications, and Industrials; and Index components had a total market capitalization of approximately \$1.3 trillion. The average total market capitalization was approximately \$3.5 billion. The 10 largest constituents represented approximately 34.8% of the index weight. The five highest weighted stocks, which represented 23.0% of the Index weight, had an average daily trading volume in excess of 15 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Pacific ex-Japan High-Yielding Equity Index's top three holdings were Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corp.; the Index's top three industries were Financials, Communications, and Industrials; and Index components had a total market capitalization of approximately \$274 billion. The average total market capitalization was approximately \$2.9 billion. The 10 largest constituents represented approximately 66.3% of the Index weight. The five highest weighted stocks, which represented 51.23% of the

Index weight, had an average daily trading volume in excess of 9 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International LargeCap Dividend Index's top three holdings were HSBC Holdings PLC, BP PLC, ENI S.p.A.; the Index's top three industries were Financials, Consumer Non-cyclical, and Communications; and Index components had a total market capitalization of approximately \$10.2 trillion. The average total market capitalization was approximately \$33.9 billion. The 10 largest constituents represented approximately 21.9% of the Index weight. The five highest weighted stocks, which represented 14.0% of the Index weight, had an average daily trading volume in excess of 130 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International MidCap Dividend Index's top three holdings were United Utilities PLC, Wesfarmers Limited, and Telecom Corp. of New Zealand; the Index's top three industries were Financials, Consumer Cyclical, and Industrials; and Index components had a total market capitalization of approximately \$3.4 trillion. The average total market capitalization was approximately \$4.9 billion. The 10 largest constituents represented approximately 8.1% of the Index weight. The five highest weighted stocks, which represented 4.7% of the Index weight, had an average daily trading volume in excess of 4.8 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International SmallCap Dividend Index's top three holdings were Neptune Orient Lines Ltd., Ascenda Real Estate Investment Trust, and CapitalMall Trust; the Index's top three industries were Industrials, Financials, and Consumer Cyclical; and Index components had a total market capitalization of approximately \$1.1 trillion. The average total market capitalization was approximately \$0.92 billion. The 10 largest constituents represented approximately 5.5% of the Index weight. The five highest weighted stocks, which represented 3.3% of the Index weight, had an average daily trading volume in excess of 2 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Dividend Top 100 Index's top three holdings were Telstra Corp. Ltd., Lloyds TSB Group PLC, and Commonwealth Bank of Australia; the Index's top three

industries were Financials, Communications, and Utilities; and Index components had a total market capitalization of approximately \$4.0 trillion. The average total market capitalization was approximately \$40.4 billion. The 10 largest constituents represented approximately 16.2% of the Index weight. The five highest weighted stocks, which represented 9.1% of the Index weight, had an average daily trading volume in excess of 25.7 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Europe Dividend Top 100 Index's top three holdings were United Utilities, Lloyds TSB Group, and ENEL SPA; and Index components had a total market capitalization of approximately \$3.7 trillion. The average total market capitalization was approximately \$37 billion. The 10 largest constituents represented approximately 14.5% of the Index weight. The five highest weighted stocks, which represented 7.97% of the Index weight, had an average daily trading volume in excess of 58.8 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Europe SmallCap Dividend Index's top three holdings were Compagnie Maritime Belge SA, Vastned Retail NV, and Brit Insurance Holdings PLC; and Index components had a total market capitalization of \$359.45 billion. The average total market capitalization was approximately \$0.78 billion. The 10 largest constituents represented approximately 9.12% of the Index weight. The five highest weighted stocks, which represented 5.07% of the Index weight, had an average daily trading volume in excess of 2.74 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Japan SmallCap Dividend Index's top three holdings were Bosch Corp., Yokohama Rubber Co. Ltd., and Toho Gas Co. Ltd.; and Index components had a total market capitalization of \$522.79 billion. The average total market capitalization was approximately \$1.10 billion. The 10 largest constituents represented approximately 5.84% of the Index weight. The five highest weighted stocks, which represented 3.14% of the Index weight, had an average daily trading volume in excess of 1.28 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Basic Materials Sector Index's top three holdings were BHP Billiton PLC, Anglo

American PLC, and BASF AG; and Index components had a total market capitalization of approximately \$915.2 billion. The average total market capitalization was approximately \$ 5.7 billion. The 10 largest constituents represented approximately 48.8% of the Index weight. The five highest weighted stocks, which represented 34.8% of the Index weight, had an average daily trading volume in excess of 12 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Communications Sector Index's top three holdings were Vodafone Group, Deutsche Telekom, and China Mobile (Hong Kong); and Index components had a total market capitalization of approximately \$1.5 trillion. The average total market capitalization was approximately \$10.8 billion. The 10 largest constituents represented approximately 55.8% of the Index weight. The five highest weighted stocks, which represented 36.3% of the Index weight, had an average daily trading volume in excess of 144 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Consumer Cyclical Sector Index's top three holdings were Toyota Motor Corp., DaimlerChrysler, and Nissan Motor Co Ltd. and Index components had a total market capitalization of approximately \$1.7 trillion. The average total market capitalization was approximately \$4.3 billion. The 10 largest constituents represented approximately 31.5% of the Index weight. The five highest weighted stocks, which represented 22.4% of the Index weight, had an average daily trading volume in excess of 7 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Consumer Noncyclical Sector Index's top three holdings were GlaxoSmithKline PLC, Nestle SA, and Novartis SG; and Index components had a total market capitalization of approximately \$2.2 trillion. The average total market capitalization was approximately \$6.5 billion. The 10 largest constituents represented approximately 46.5% of the Index weight. The five highest weighted stocks, which represented 30.5% of the Index weight, had an average daily trading volume in excess of 8 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Energy Sector Index's top three holdings were BP PLC, ENI S.p.A., and Total SA; and

Index components had a total market capitalization of approximately \$1.1 trillion. The average total market capitalization was approximately \$22.8 billion. The 10 largest constituents represented approximately 56.1% of the Index weight. The five highest weighted stocks, which represented 40.0% of the Index weight, had an average daily trading volume in excess of 25.3 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Financial Sector Index's top three holdings were HSBC Holdings PLC, Royal Bank of Scotland Group, and Lloyds TSB Group PLC; and Index components had a total market capitalization of approximately \$4.3 trillion. The average total market capitalization was approximately \$9.0 billion. The 10 largest constituents represented approximately 32.8% of the Index weight. The five highest weighted stocks, which represented 20.72% of the Index weight, had an average daily trading volume in excess of 42.9 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Healthcare Sector Index's top three holdings were GlaxoSmithKline PLC, Novartis SG, and Astrazeneca PLC; and Index components had a total market capitalization of approximately \$1.1 trillion. The average total market capitalization was approximately \$10.2 billion. The 10 largest constituents represented approximately 49.8% of the Index weight. The five highest weighted stocks, which represented 40.0% of the Index weight, had an average daily trading volume in excess of 8 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Industrial Sector Index's top three holdings were Siemens AG, Wesfarmers Ltd., and Deutsche Post AG; and Index components had a total market capitalization of approximately \$1.9 trillion. The average total market capitalization was approximately \$3.9 billion. The 10 largest constituents represented approximately 24.4% of the Index weight. The five highest weighted stocks, which represented 15.1% of the Index weight, had an average daily trading volume in excess of 9 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Technology Sector Index's top three holdings were Canon Inc., SAP AG, and Oracle Corp. Japan; and Index components had a total market capitalization of

approximately \$316.3 billion. The average total market capitalization was approximately \$3.9 billion. The 10 largest constituents represented approximately 60.1% of the Index weight. The five highest weighted stocks, which represented 46.0% of the Index weight, had an average daily trading volume in excess of 4 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree International Utilities Sector Index's top three holdings were Enel S.p.A., E.ON AG, and National Grid PLC; and Index components had a total market capitalization of approximately \$776.1 billion. The average total market capitalization was approximately \$12.5 billion. The 10 largest constituents represented approximately 53.9% of the Index weight. The five highest weighted stocks, which represented 35.3% of the Index weight, had an average daily trading volume in excess of 14.3 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the EMDI top three holdings were Taiwan Semiconductor, Manufacturing Company Ltd., Oil & Natural Gas Corp. Ltd., and Chunghwa Telecom Co. Ltd.; and Index components had a total market capitalization of approximately \$2.31 trillion. The average total market capitalization was approximately \$2.93 billion. The 10 largest constituents represented approximately 20.16% of the Index weight. The five highest weighted stocks, which represented 12.06% of the Index weight, had an average daily trading volume in excess of 11 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the EMDI HYE top three holdings were Taiwan Semiconductor Manufacturing Company Ltd., Oil & Natural Gas Corp. Ltd., and Chunghwa Telecom; and Index components had a total market capitalization of approximately \$522.6 billion. The average total market capitalization was approximately \$2.15 billion. The 10 largest constituents represented approximately 39.80% of the Index weight. The five highest weighted stocks, which represented 23.94% of the Index weight, had an average daily trading volume of in excess of 11 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the EMDI Top 100 top three holdings were S-Oil Corp, Entel Empresa Nacional de Telecom, and China Steel Corp; and Index components had a total market capitalization of approximately \$641.4

billion. The average total market capitalization was approximately \$6.55 billion. The 10 largest constituents represented approximately 22.05% of the Index weight. The five highest weighted stocks, which represented 14.09% of the Index weight, had an average daily trading volume in excess of 8 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the AEMDI top three holdings were Taiwan Semiconductor Manufacturing Company Ltd., Oil & Natural Gas Corp Ltd., and Chunghwa Telecom; and Index components had a total market capitalization of approximately \$1.7 trillion. The average total market capitalization was approximately \$2.68 billion. The 10 largest constituents represented approximately 26.26% of the Index weight. The five highest weighted stocks, which represented 15.87% of the Index weight, had an average daily trading volume in excess of 11 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the AEMDI HYE top three holdings were Taiwan Semiconductor Manufacturing Company Ltd., Chunghwa Telecom, and SK Telecom; and Index components had a total market capitalization of approximately \$382.1 billion. The average total market capitalization was approximately \$1.95 billion. The 10 largest constituents represented approximately 47.15% of the Index weight. The five highest weighted stocks, which represented 29.60% of the Index weight, had an average daily trading volume in excess of 18 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the LDI top three holdings were Companhia Siderurgica Nacional, Grupo Mexico-B, and Telefonos de Mexico-L; and Index components had a total market capitalization of approximately \$250.8 billion. The average total market capitalization was approximately \$4.11 billion. The 10 largest constituents represented approximately 58.90% of the Index weight. The five highest weighted stocks, which represented 42.17% of the Index weight, had an average daily trading volume in excess of 12 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree China Dividend Index top three holdings were Petrochina CO-H, China Petroleum & Chemical-H, and China Telecom Corp. Ltd.-H; and Index components had a total market capitalization of approximately \$73.6 billion. The average total market capitalization was approximately \$2.23

billion. The 10 largest constituents represented approximately 63.01% of the Index weight. The five highest weighted stocks, which represented 47.29% of the Index weight, had an average daily trading volume in excess of 89 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Hong Kong Dividend Index top three holdings were China Mobile, Hang Seng BK, and BOC Hong Kong Ho; and Index components had a total market capitalization of approximately \$490.21 billion. The average total market capitalization was approximately \$6.72 billion. The 10 largest constituents represented approximately 58.37% of the Index weight. The five highest weighted stocks, which represented 40.00% of the Index weight, had an average daily trading volume in excess of 16 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, the WisdomTree Singapore Dividend Index top three holdings were Singapore Telecommunications, DBS Group Hldgs, and United Overseas; and Index components had a total market capitalization of approximately \$185.55 billion. The average total market capitalization was approximately \$2.13 billion. The 10 largest constituents represented approximately 54.43% of the Index weight. The five highest weighted stocks, which represented 40.00% of the Index weight, had an average daily trading volume in excess of 10 million shares during the period January 1 through March 31, 2006.

As of March 31, 2006, 100% of the component stocks of all Indexes underlying the Funds traded at least 250,000 shares in each of the previous six months.

Purchases and Redemptions of Shares and Creation Units

The Funds will offer and sell Creation Units of Shares through the Distributor on a continuous basis at the NAV per share next determined after receipt of an order in proper form. The NAV of Shares will be determined as of the close of regular trading on the NYSE (the "NAV Calculation Time," currently expected to be 4 p.m. Eastern Time ("ET")) on each business day. It is anticipated that the price of a share of each Fund will range from \$25 to \$200, and that the price of one Creation Unit of such Shares will range from \$1million to \$10 million.

The Exchange believes that the price at which Shares trade will be disciplined by arbitrage opportunities created by the ability to purchase or

redeem Creation Units at NAV, which should similarly prevent Shares from trading at a material premium or discount in relation to NAV.

Placement of Orders To Purchase Creation Units

Purchases and redemptions of Creation Units will be made generally by means of an in-kind tender of specified securities ("Deposit Securities"), with any cash portion of the purchase price and redemption proceeds to be kept to a minimum, all in the manner described herein. The Deposit Securities disclosed each business day generally will be a pro rata reflection of a Fund's portfolio securities for the business day. However, as with current ETFs, in limited circumstances and only when doing so would be in the best interest of a Fund as determined by the Advisor or Subadvisor, each Fund may disclose and accept one or more basket(s) of Deposit Securities that may not be an exact pro-rata reflection of such Fund's portfolio securities. For example, a Fund might disclose and accept a non-pro rata basket of Deposit Securities if one or more portfolio securities were not readily available, or in order to facilitate or reduce the costs associated with a rebalancing of a Fund's portfolio in response to changed in its Underlying Index.

In some circumstances it may not be practicable or convenient to operate on an in-kind basis exclusively. In addition, over time, the Trust may conclude that operating on an exclusively in-kind basis for one or more funds may present operational problems for such Funds. Therefore, the Trust may permit, in its discretion, with respect to one or more Funds, under certain circumstances, an in-kind purchaser to substitute cash in lieu of depositing some or all of the requisite Deposit Securities. Substitution might be permitted or required, for example, in circumstances where one or more Deposit Securities may not be available in the quantity needed to make a Creation Deposit (defined below), or may not be eligible for trading by an Authorized Participant (defined below) or the investor on whose behalf the Authorized Participant is acting. One or more Deposit Securities may not be eligible for trading due to local trading restrictions, local restrictions on securities transfers or other similar circumstances. In order for the Trust to preserve maximum efficiency and flexibility, the Trust also reserves the right to determine in the future that Shares of one or more Funds may be

purchased in Creation Units on a cash-only basis.

Authorized participants ("Authorized Participants") must be (1) registered as a broker-dealer under the Exchange Act and regulated by the NASD, or else be exempt from being (or otherwise not required to be) so registered or regulated, and be qualified to act as a broker or dealer in the states or other jurisdictions where the nature of its business so requires, and (2) participants in the DTC.³⁰

The purchase of a Creation Unit for the Funds will operate as follows. Once a purchase order has been placed with the Distributor, the Distributor will inform the Advisor and the Fund's custodian. The custodian will then inform the appropriate sub-custodians. The Authorized Participant will deliver to the appropriate sub-custodians, on behalf of itself or the Beneficial Owner, the relevant Deposit Securities (or the cash value of all or a part of such securities, in the case of a permitted or required cash purchase or "cash in lieu" amount), with any appropriate adjustments as determined by the Fund. Deposit Securities must be delivered to the accounts maintained at the applicable sub-custodians. The subcustodians will confirm to the custodian that the required securities have been delivered, and the custodian will notify the Advisor and Distributor. The Distributor will then furnish the purchaser with a confirmation and Prospectus.

Timing and Transmission of Purchase Orders

All orders to purchase Creation Units must be received by the Distributor no later than the NAV Calculation Time, generally 4 p.m. ET on the date the order is placed (the "Transmittal Date") in order for the purchaser to receive the NAV determined on the Transmittal Date. The Distributor will maintain a record of Creation Unit purchases and will send out confirmations of such purchases.

The Distributor will transmit all purchase orders to the relevant Fund. The Fund may reject any order that is not in proper form. After a Fund has accepted a purchase order and received delivery of the Deposit Securities and any accompanying cash payment, NSCC or DTC, as the case may be, will instruct the Fund to initiate "delivery" of the appropriate number of Shares to the book-entry account specified by the purchaser.

Payment for Creation Units

Persons purchasing Creation Units from a Fund must make an in-kind deposit of Deposit Securities together with an amount of cash specified by the Advisor (the "Cash Requirement"), plus the applicable Transaction Fee. The Deposit Securities and the Cash Requirement collectively are referred to as the "Creation Deposit." The Cash Requirement is a cash payment designed to ensure that the NAV of a Creation Deposit is identical to the NAV of the Creation Unit it is used to purchase. The Cash Requirement will be the amount equal to the difference between the NAV of a Creation Unit and the market value of the Deposit Securities.

The Advisor or the Subadvisor will make available through NSCC or the Distributor on each business day, prior to the opening of trading on the NYSE, a list of names and the required number of shares of each Deposit Security to be included in the Creation Deposit for each Fund. That Creation Deposit will apply to all purchases of Creation Units until a new Creation Deposit composition is announced. The Advisor or Subadvisor also will make available on a daily basis information about the Creation Deposit.

Once a purchase order has been placed with the Distributor, the Distributor will inform the Subadvisor and the Fund's custodian. The Fund's custodian will then inform the appropriate sub-custodians. The Authorized Participant will deliver to the appropriate sub-custodians, on behalf of itself or the Beneficial Owner on whose behalf it is acting, the relevant Deposit Securities (or the cash value of all or a part of such securities, in the case of a permitted or required cash purchase or "cash in lieu" amount), with any appropriate adjustments as determined by the Fund. Deposit Securities must be delivered to the accounts maintained at the applicable sub-custodians.

Redemption of Creation Units

To redeem, an investor must accumulate enough Shares to constitute a Creation Unit. Redemption requests must be placed by or through an Authorized Participant. Redemption requests in good order will receive the NAV next determined after the request is received. Therefore, all redemption requests received by the Funds prior to the NAV Calculation Time will receive the NAV determined immediately thereafter, whereas all redemption requests received by the Funds after the NAV Calculation Time will receive the

NAV calculated on the immediately following business day. Procedures for redemptions are analogous (in reverse) to those for purchase of Creation Units, except that redemption requests are made directly to the Fund and are not made through the Distributor.

A redemption request for the Funds will not be made through DTC. Creation Units of each Fund will be redeemed principally in kind, except in certain circumstances. However, the Funds have the right to make redemption payments in cash, in kind, or a combination or each, provided that the value of its redemption payments equals to the NAV of the Shares tendered for redemption. The Funds may make redemptions partly or wholly in cash in lieu of transferring one or more of its portfolio securities to a redeeming investor if the Funds determine, in its discretion, that such alternative is warranted due to unusual circumstances. This could happen if the redeeming investor is unable, by law or policy, to own a particular security. For example, a foreign country's regulations may restrict or prohibit a redeeming investor from holding shares of a particular issuer located in that country. The Advisor may adjust the Transaction Fee imposed on a redemption wholly or partly in cash to take into account any additional brokerage or other transaction costs incurred by the Fund.

Shares in Creation Units will be redeemable on any business day for a specified basket securities ("Redemption Securities"), and the Redemption Securities received by a redeeming investor in most cases will be the same as the Deposit Securities required of investor purchasing Creation Units on the same day.

Availability of Information Regarding Shares and the Underlying Indexes

In addition to the list of names and amount of each security constituting the current Deposit Securities of the Portfolio Deposit, on each business day, the Cash Requirement effective as of the previous Business Day, per outstanding share of each Fund, will be made available. The NYSE will disseminate at least every 15 seconds during the NYSE's regular trading hours (normally 9:30 a.m. to 4:15 p.m., New York time), an amount per share representing the sum of the estimated Cash Amount effective through and including the previous business day, plus the current value of the Deposit Securities, on a per Share basis. This amount represents the estimated NAV of a Share (sometimes referred to as the Indicative Optimized Portfolio Value ("IOPV")), and reflects changes in the currency rates between

³⁰ June 14 Telephone Conference.

the U.S. dollar and the applicable home foreign currency. The IOPV for the Funds will be calculated by the Calculation Agent (Bloomberg L.P.).

While the IOPV disseminated by the Exchange at 9:30 a.m. E.T. is expected to be generally very close to the most recently calculated Fund NAV on a per-Fund-share basis, it is possible that the value of the portfolio of securities held by each Fund may diverge from the Deposit Securities values during any trading day. In such case, the IOPV will not precisely reflect the value of each Fund's portfolio. However, during the trading day, the IOPV can be expected to closely approximate the value per Fund share of the portfolio of securities for each Fund, except under unusual circumstances (e.g., in the case of extensive rebalancing of multiple securities in a Fund at the same time by the Advisor).

The Exchange believes that dissemination of the IOPV based on the Deposit Securities provides additional information regarding the Funds that is not otherwise available to the public and is useful to professionals and investors in connection with Fund shares trading on the Exchange or the creation or redemption of Fund shares.

Where there is an overlap in trading hours between the foreign and U.S. markets with respect to the Funds, the Calculation Agent will update the applicable IOPV every 15 seconds to reflect price changes in the applicable foreign market or markets and convert such prices into U.S. dollars based on the applicable currency exchange rate. When the foreign market or markets trading overlap but close during the U.S. market hours, the IOPV will be updated every 15 seconds to reflect changes in currency exchange rates after the foreign markets close. Where there is no overlap in trading hours between the foreign and U.S. markets, then the IOPV will be updated every 15 seconds to reflect change in currency exchange rates after the foreign markets close.

In addition, the following information will be disseminated: (i) Continuously throughout the regular trading hours on the NYSE last sale prices of Shares over the Consolidated Tape, and (ii) every 15 seconds throughout such regular trading hours, the IOPV (which estimate will include the previous day's Cash Requirement and is expected to be accurate to within a few basis points). Comparing these two figures allows an investor to determine whether, and to what extent, Shares are selling at a premium or a discount to NAV. The intra-day value of each Index, based on the market price of its Component Securities, will be updated and

disseminated at least every 15 seconds over the Consolidated Tape or through major market data vendors authorized by the Calculation Agent each business day.³¹

The Calculation Agent will also disseminate Index information through the Bloomberg Professional Service, which is available to subscribers. Index values on a total return basis will be disseminated on an end-of-day basis through the Bloomberg Professional Service. Price index values will be calculated by the Calculation Agent and disseminated at least every 15 seconds to the Securities Industry Automation Corporation ("SIAC"), so that such updated Index values can print to the Consolidated Tape at least every 15 seconds. A "total return Index value" reflects price appreciation (or depreciation) of the Underlying Securities plus reinvestment of dividends. A "price Index value" reflects only price appreciation (or depreciation) of the Underlying Securities. Information on the Indexes, including data on Index constituents and weightings, will be available on the Funds' Web site, as will a description of the Rules-Based Methodology.

The Calculation Agent will disseminate over the Consolidated Tape values for each Underlying Index once each trading day based on closing prices of the securities in each such Index. Each Fund will make available on a daily basis through NSCC the names and required number of Shares of each of the Deposit Securities in a Creation Unit, as well as information regarding the Cash Requirement. Each day, the NAV for each Fund will be calculated and disseminated at the same time to all market participants.³² The Funds' Web site, accessible to all investors at no charge, will publish the current version of the Prospectus and SAI, the Underlying Index for each Fund, as well as additional quantitative information that is updated on a daily basis, including daily trading volume, closing price and closing NAV for each Fund. The NYSE will disseminate a variety of data with respect to each Fund on a daily basis; information with respect to recent NAV, net accumulated dividend, final dividend amount to be paid,

³¹ All Index values will be disseminated only during U.S. market hours. As with international indexes underlying existing ETFs, the value of each Index will be updated and disseminated at least every 15 seconds each business day to reflect (i) changing market prices if there is any overlap between the normal market hours in the U.S. and the market(s) covered by such Index (otherwise closing or last-sale prices in the applicable non-U.S. market are used), and (ii) changing currency exchange rates.

³² See Amendment No. 1.

Shares outstanding, estimated cash amount and total cash amount per Creation Unit will be made available prior to the NYSE opening.

The Exchange states that the closing prices of the Funds' Deposit Securities are readily available from, as applicable, the relevant markets, automated quotation systems, published or other public sources or on-line information services such as Bloomberg or Reuters. The exchange rate information required to convert such information into U.S. dollars is also readily available in newspapers and other publications and from a variety of on-line services.³³

Dividends and Distributions

Beneficial owners of the Funds will receive all of the statements, notices, and reports required under the Investment Company Act and other applicable laws. They will receive, for example, annual and semi-annual reports, written statements accompanying dividend payments, proxy statements, annual notifications detailing the tax status of distributions, IRS Form 1099-DIVs, etc. Because the Trust's records reflect ownership of Shares by DTC only, the Trust will make available applicable statements, notices, and reports to the DTC Participants who, in turn, will be responsible for distributing them to the beneficial owners.

2. Other Issues

(a) *Criteria for Initial and Continued Listing.* The Funds are subject to the criteria for initial and continued listing of ICUs in Section 703.16 of the Manual. A minimum of 100,000 Shares of each Fund will be required to be outstanding at the start of trading. This minimum number of shares of each Fund required to be outstanding at the start of trading will be comparable to requirements that have been applied to previously traded series of ICUs.

The Exchange believes that the proposed minimum number of shares of each Fund outstanding at the start of trading is sufficient to provide market liquidity and to further the Funds' investment objective to seek to provide investment results that correspond generally to the price and yield performance of the Underlying Index.

(b) *Original and Annual Listing Fees.* The original listing fees applicable to the Funds for listing on the Exchange is \$5,000 for each Fund, and the continuing fees would be \$2,000 for each Fund.

³³ Telephone conference between Brian Trackman, Special Counsel, Division, Commission, and Michael Cavalier, Assistant General Counsel, NYSE, on May 25, 2006.

(c) *Stop and Stop Limit Orders.* Commentary .30 to Exchange Rule 13 provides that stop and stop limit orders in an ICU shall be elected by a quotation, but specifies that if the electing bid on an offer is more than 0.10 points away from the last sale and is for the specialist's dealer account, prior Floor Official approval is required for the election to be effective. This rule applies to ICUs generally.

(d) *Rule 460.10.* Rule 460.10 generally precludes certain business relationships between an issuer and the specialist or its affiliates in the issuer's securities.³⁴ Exceptions in the Rule permit specialists in Fund shares to enter into Creation Unit transactions through the Distributor to facilitate the maintenance of a fair and orderly market. A specialist Creation Unit transaction may only be effected on the same terms and conditions as any other investor, and only at the net asset value of the Fund shares. A specialist may acquire a position in excess of 10% of the outstanding issue of the Funds' shares, provided, however, that a specialist registered in a security issued by an investment company may purchase and redeem the ICU or securities that can be subdivided or converted into such unit, from the investment company as appropriate to facilitate the maintenance of a fair and orderly market in the subject security.

(e) *Prospectus Delivery.* The Trust has requested an exemption from certain prospectus delivery requirements under section 24(d) of the Investment Company Act.³⁵ Any product description used in reliance on a section 24(d) exemptive order will comply with all representations made therein and all conditions thereto. The Exchange, in an Information Memo to Exchange members and member organizations, will inform members and member organizations, prior to commencement of trading, of the prospectus or Product Description delivery requirements applicable to the Funds.

(f) *Information Memo.* The Exchange will distribute an Information Memo to its members in connection with the trading of the Funds. The Memo will discuss the special characteristics and risks of trading this type of security. Specifically, the Memo, among other things, will discuss what the Funds are, how the Funds' shares are created and redeemed, the requirement that members and member firms deliver a prospectus or Product Description to investors purchasing shares of the Funds prior to or concurrently with the

confirmation of a transaction, applicable Exchange rules, dissemination information, trading information and the applicability of suitability rules (including Exchange Rule 405). The memo will also discuss exemptive, no-action and interpretive relief granted by the Commission from certain rules under the Act.

(g) *Trading Halts.* In order to halt the trading of the Funds, the Exchange may consider, among other things, factors such as the extent to which trading is not occurring in underlying security(s) and whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in the Funds' shares is subject to trading halts caused by extraordinary market volatility pursuant to Exchange Rule 80B. The Exchange will halt trading in a Fund if the Index value or IOPV applicable to such Fund is no longer calculated or disseminated. In such event, the Exchange would immediately contact the Commission to discuss appropriate measures that may be appropriate under the circumstances. The Advisor for the WisdomTree Funds (WisdomTree Asset Management, Inc.) has informed the Exchange that the Funds will make the NAV for the Funds available to all market participants at the same time. If the NAV is not disseminated to all market participants at the same time, the Exchange will halt trading in the Shares of the Funds.³⁶

(h) *Due Diligence.* The Exchange represents that the Information Memo to members will note, for example, Exchange responsibilities including that before an Exchange member, member organization, or employee thereof recommends a transaction in the Funds, a determination must be made that the recommendation is in compliance with all applicable Exchange and Federal rules and regulations, including due diligence obligations under Exchange Rule 405.

(i) *Purchases and Redemptions in Creation Unit Size.* In the Memo referenced above, members and member organizations will be informed that procedures for purchases and redemptions of shares of the Funds in Creation Unit Size are described in the Funds' Prospectus and SAI, and that shares of the Funds are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

³⁶ If the NAV is not disseminated to all market participants at the same time, the Exchange will immediately contact the Commission staff to discuss measures that may be appropriate under the circumstances.

(j) *Surveillance.* Exchange surveillance procedures applicable to trading in Shares are comparable to those applicable to other ICUs currently trading on the Exchange. The Exchange's surveillance procedures are adequate to properly monitor the trading of the Funds. The Exchange's current trading surveillances focus on detecting securities trading outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations. In addition, the Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG.

(k) *Hours of Trading/Minimum Price Variation.* The Funds will trade on the Exchange until 4:15 p.m. (E.T.). The minimum price variation for quoting will be \$.01.

2. Statutory Basis

The Exchange believes that the basis under the Act for this proposed rule change is the requirement under section 6(b)(5)³⁷ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments were neither solicited nor received.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

³⁷ 15 U.S.C. 78f(b)(5).

³⁴ *Id.*

³⁵ See Application, note 7, *supra*.

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-NYSE-2006-41 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-NYSE-2006-41. 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 inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the NYSE. 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 available publicly. All submissions should refer to File Number SR-NYSE-2006-41 and should be submitted on or before July 13, 2006.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder, applicable to a national securities exchange.³⁸ In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act³⁹ and will promote just and equitable principles of trade,

³⁸In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

³⁹15 U.S.C. 78f(b)(5).

and facilitate transactions in securities, and, in general, protect investors and the public interest.

The Commission believes that the NYSE's proposal should advance the public interest by providing investors with increased flexibility in satisfying their investment needs and by allowing them to purchase and sell Fund shares at negotiated prices throughout the business day that generally track the price and yield performance of the targeted Underlying Index.⁴⁰

Furthermore, the Commission believes that the proposed rule change raises no issues that have not been previously considered by the Commission. The Fund is similar in structure and operation to exchange-traded index funds that the Commission has previously approved for listing and trading on national securities exchanges under section 19(b)(2) of the Act.⁴¹

A. Fund Characteristics

Similar to other previously-approved, exchange-listed index fund shares, the Commission believes that the proposed Funds are reasonably designed to provide investors with an investment vehicle that substantially reflects in value the performance of the respective Underlying Index and will provide investors with a vehicle to hold a security representing the performance of a portfolio of foreign stocks. In addition, investors will be able to trade shares in the Fund continuously throughout the business day in secondary market transactions at negotiated prices. Accordingly, the proposed Fund will allow investors to: (1) Respond quickly to market changes through intra-day trading opportunities; (2) engage in hedging strategies similar to those used by institutional investors; and (3) reduce transaction costs for trading a portfolio of securities.

The Commission notes that the thirty-four Funds (i) will generally invest at least 95% of their assets in Component Securities of their respective Underlying Index and in Depository Receipts (defined above) representing such securities and (ii) may invest up to 5% of their assets in futures contracts,

⁴⁰The Commission notes that, as is the case with similar previously approved exchange traded funds, investors in the Fund can redeem shares in Creation-Unit-size aggregations only. See, e.g., Securities Exchange Act Release Nos. 43679 (December 5, 2000), 65 FR 77949 (December 13, 2000) (File No. SR-NYSE-00-46); 50505 (October 8, 2004), 69 FR 61280 (October 15, 2004) (File No. SR-NYSE-2004-55); 50189 (August 12, 2004), 69 FR 51723 (August 20, 2004) (File No. SR-Amex-2004-05); 52178 (July 29, 2005), 70 FR 46244 (August 9, 2005) (File No. SR-NYSE-2005-41); and 52826 (November 22, 2005), 70 FR 71874 (November 30, 2005) (File No. SR-NYSE-2005-67).

⁴¹15 U.S.C. 78s(b)(2).

options on futures contracts, options, and swaps, as well as cash and cash equivalents, and other investment companies that are not represented in their Underlying Index but which the Advisor believes will help the Funds track their Underlying Index.⁴² It is expected that the Funds will have a tracking error relative to the performance of their Underlying Index of no more than 5%. As described above, the Indexes are modified capitalization weighted indexes as developed by WTI to define the dividend-paying segments of the European, Japanese and other national and regional stock markets and to serve as Indexes for equity income investors.

Given the market capitalization and liquidity of the Underlying Indexes and Funds' Component Securities, the Commission does not believe that the Fund shares should be susceptible to manipulation.⁴³

The Exchange further represents that each Fund will not concentrate its investments in any particular industry or group of industries, except to the extent that the Underlying Index concentrates in the stocks of a particular industry or industries. Because each Fund's Underlying Index is broad-based and well diversified, the Commission does not believe that the Fund will be so highly concentrated such that it becomes a surrogate for trading unregistered foreign securities on the Exchange.

While the Commission believes that these requirements should help to reduce concerns that the Fund could become a surrogate for trading in a single or a few unregistered stocks, if a Fund's characteristics changed materially from the characteristics described herein, the Fund would not be in compliance with the listing and trading standards approved herein, and the Commission would expect the NYSE to file a proposed rule change pursuant to Rule 19b-4 of the Act.

B. Disclosure

The Exchange represents that it will circulate an information memo detailing

⁴²The Commission notes that the Funds may invest in sponsored ADRs and other Depository Receipts, but will not invest in any unlisted depository receipts or any listed depository receipts that the Advisor deems to be illiquid or for which pricing information is not readily available. See note 15 *supra*.

⁴³The Exchange states that as of March 31, 2006, the ten largest constituents represented a range of approximately 5.5% to 63.01% of the index weight for the thirty-four Funds. The 5 highest weighted stocks, which represented a range of 3.14% to 51.23% of the Funds' respective weight, had an average daily trading volume in excess of between 1.28 million shares and 144 million during the period January 1 through March 31, 2006.

applicable prospectus and product description delivery requirements. The memo will also discuss exemptive, no-action and interpretive relief granted by the Commission from certain rules under the Act. The memo also will address NYSE members' responsibility to deliver a prospectus or product description to all investors (in accordance with NYSE Rule 1100(b)) and highlight the characteristics of the Funds. The memo will also remind members of their suitability obligations, including NYSE Rule 405 (Diligence as to Accounts).⁴⁴ For example, the information memo will also inform members and member organizations that Fund shares are not individually redeemable, but are redeemable only in Creation-Unit-size aggregations or multiples thereof as set forth in the Fund Prospectus and SAI.⁴⁵ The Commission believes that the disclosure included in the information memo is appropriate and consistent with the Act.

C. Dissemination of Fund Information

With respect to pricing, once each day, the NAV for the Fund will be calculated and disseminated by the Calculation Agent, to various sources, including the NYSE, and made available on <http://www.wisdomtree.com>, and the Consolidated Tape. The NAV will be disseminated to all market participants at the same time. Also, during the Exchange's regular trading hours, the Calculation Agent will determine and disseminate every 15 seconds the IOPV for each Fund. The IOPV will reflect price changes in the applicable foreign market or markets and changes in currency exchange rates.

The Commission notes that a variety of additional information about each Fund will be readily available. Information with respect to recent NAV, net accumulated dividend, final dividend amount to be paid, Shares outstanding, estimated cash amount and total cash amount per Creation Unit will be made available prior to the NYSE opening. In addition, the Web site for the Trust, <http://www.wisdomtree.com>, which will be publicly accessible at no charge, will contain the following information for each Fund: (1) The securities in each Fund's portfolio and their respective weightings; (2) each Fund's per share NAV; and (3) the prior

⁴⁴ NYSE Rule 405 generally requires that members use due diligence to learn the essential facts relative to every customer, order or account accepted.

⁴⁵ See discussion under Section II.A.1(1) "Operation of Fund," above. The Exchange has represented that the information memo will also discuss exemptive, no-action, and interpretive relief granted by the Commission from certain rules under the Act.

business day's NAV and the mid-point of the bid-ask price⁴⁶ at the time of calculation of such NAV ("Bid/Ask Price"). Also, the closing prices of the Fund's Deposit Securities are available from, as applicable, the relevant exchanges, automated quotation systems, published or other public sources in the relevant country, or on-line information services such as Bloomberg or Reuters. The exchange rate information required to convert such information into U.S. dollars is also readily available in newspapers and other publications and from a variety of online services.

Based on the representations made in the NYSE proposal, the Commission believes that pricing and other important information about the Fund is consistent with the Act.

D. Listing and Trading

The Commission finds that adequate rules and procedures exist to govern the listing and trading of the Fund's shares. Fund shares will be deemed equity securities subject to NYSE rules governing the trading of equity securities, including, among others, rules governing trading halts,⁴⁷ responsibilities of the specialist, account opening and customer suitability requirements, and the election of stop and stop limit orders.

In addition, the Exchange states that Shares are subject to the criteria for initial and continued listing of ICUs in Section 703.16 of the NYSE Manual. The Commission believes that the listing and delisting criteria for Fund shares should help to ensure that a minimum level of liquidity will exist in the Fund to allow for the maintenance of fair and orderly markets. The NYSE will require that a minimum of one Creation Units (at least 100,000 Shares) will be required to be outstanding at the start of trading.⁴⁸

E. Surveillance

The Commission finds that NYSE's surveillance procedures are reasonably

⁴⁶ The Bid-Ask Price of the Fund is determined using the highest bid and lowest offer on the Exchange as of the time of calculation of the Fund's NAV.

⁴⁷ In order to halt the trading of the Fund, the Exchange may consider, among others, factors including: (i) The extent to which trading is not occurring in stocks underlying the index; or (ii) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in Fund shares is subject to trading halts caused by extraordinary market volatility pursuant to NYSE Rule 80B.

⁴⁸ This minimum number of shares required to be outstanding at the start of trading is comparable to requirements that have been applied to previously listed series of ICUs. June 14 Telephone Conference.

designed to monitor the trading of the proposed iShares, including concerns with specialists purchasing and redeeming Creation Units. The NYSE represents that its surveillance procedures applicable to trading in the proposed Shares are comparable to those applicable to other ICUs currently trading on the Exchange. The Exchange also represents that its surveillance procedures are adequate to properly monitor the trading of the Funds. The Exchange is also able to obtain information regarding trading in both the Fund shares and the Component Securities by its members on any relevant market; in addition, the Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG.

As stated, when a fund advisor or broker-dealer, or its affiliate, is involved in the development and maintenance of a stock index upon which a product is based, the advisor or broker-dealer or its affiliate should have procedures designed specifically to address the improper sharing of information. The Commission notes that WTI and WTA each have adopted policies and procedures, including firewalls, to prevent the misuse of material, non-public information regarding changes to component stocks in the Funds.

F. Accelerated Approval

The Commission finds good cause, pursuant to section 19(b)(2) of the Act,⁴⁹ for approving the proposed rule change, as amended, prior to the thirtieth day after the date of publication of notice in the **Federal Register**. The Commission notes that the proposal is consistent with the listing and trading standards in NYSE Rule 703.16 (ICUs), and the Commission has previously approved similar products based on foreign indices.⁵⁰ Consequently, the Commission believes that it is appropriate to permit investors to benefit from the flexibility afforded by trading these products as soon as possible.

Accordingly, the Commission finds that there is good cause, consistent with section 6(b)(5) of the Act,⁵¹ to approve the proposal on an accelerated basis.

⁴⁹ 15 U.S.C. 78s(b)(2).

⁵⁰ See *supra* note 40. See also, e.g., Securities Exchange Act Release Nos. 44990 (October 25, 2001), 66 FR 56869 (November 13, 2001) (SR-Amex-2001-45); 42748 (May 2, 2000), 65 FR 30155 (May 10, 2000) (SR-Amex-98-49); and 36947 (March 8, 1996), 61 FR 10606 (March 14, 1996) (SR-Amex-95-43).

⁵¹ 15 U.S.C. 78s(b)(5).

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁵² that the proposed rule change (SR-NYSE-2006-41), as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵³

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53999; File No. SR-NYSEArca-2006-30]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to the Trading of WisdomTree Exchange Traded Funds Pursuant to Unlisted Trading Privileges

June 15, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 15, 2006, NYSE Arca, Inc. (the “Exchange”), through its wholly owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and is approving the proposal on an accelerated basis.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Pursuant to NYSE Arca Equities Rule 5.2(j)(3), the Exchange proposes to trade, pursuant to unlisted trading privileges (“UTP”), shares (“Shares”) of the following thirty-four (34) exchange traded funds (“ETFs”), which are Investment Company Units under the Rule: (1) WisdomTree Europe Total Dividend Fund; (2) WisdomTree Europe High-Yielding Equity Fund; (3) WisdomTree Japan Total Dividend Fund; (4) WisdomTree Japan High-

Yielding Equity Fund; (5) WisdomTree DIEFA Fund; (6) WisdomTree DIEFA High Yielding Equity Fund; (7) WisdomTree Pacific ex-Japan Total Dividend Fund; (8) WisdomTree Pacific ex-Japan High-Yielding Equity Fund; (9) WisdomTree International LargeCap Dividend Fund; (10) WisdomTree International MidCap Dividend Fund; (11) WisdomTree International SmallCap Dividend Fund; (12) WisdomTree International Dividend Top 100 Fund; (13) WisdomTree Europe Dividend Top 100 Fund; (14) WisdomTree Europe SmallCap Dividend Fund; (15) WisdomTree Japan SmallCap Dividend Fund; (16) WisdomTree International Consumer Non-Cyclical Sector Fund; (17) WisdomTree International Basic Materials Sector Fund; (18) WisdomTree International Communications Sector Fund; (19) WisdomTree International Consumer Cyclical Sector Fund; (20) WisdomTree International Energy Sector Fund; (21) WisdomTree International Financial Sector Fund; (22) WisdomTree International Healthcare Sector Fund; (23) WisdomTree International Industrial Sector Fund; (24) WisdomTree International Technology Sector Fund; (25) WisdomTree International Utilities Sector Fund; (26) WisdomTree Emerging Markets Total Dividend Fund; (27) WisdomTree Emerging Markets High-Yielding Equity Fund; (28) WisdomTree Emerging Markets Dividend Top 100 Fund; (29) WisdomTree Latin America Dividend Fund; (30) WisdomTree Asia Emerging Markets Total Dividend Fund; (31) WisdomTree Asia Emerging Markets High-Yielding Equity Fund; (32) WisdomTree China Dividend Fund; (33) WisdomTree Hong Kong Dividend Fund; and (34) WisdomTree Singapore Dividend Fund (collectively, the “Funds”).³

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item III below, and is set forth in Sections A, B, and C below.

³ “WisdomTree,” “High-Yielding Equity,” “Dividend Top 100,” “WisdomTree DIEFA,” “International Dividend Top 100,” and “Dividend Stream” are servicemarks of WisdomTree Investments, Inc.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Pursuant to NYSE Arca Equities Rule 5.2(j)(3), the Exchange proposes to trade, pursuant to UTP, Shares of the Funds. The Funds are separate investment portfolios of the WisdomTree Trust (the “Trust”).⁴ A rule proposal for the original listing and trading of the Shares was filed with the Commission by the New York Stock Exchange, LLC (“NYSE”) ⁵ and was approved on June 15, 2006.⁶ The Shares are Investment Company Units under NYSE Arca Equities Rule 5.2(j)(3).

The Funds will hold certain securities (“Component Securities”) selected to correspond generally to the performance of the following indexes, respectively (the “Indexes,” “Underlying Indexes” or “International Indexes”): (1) WisdomTree Europe Dividend Index; (2) WisdomTree Europe High-Yielding Equity Index; (3) WisdomTree Japan Dividend Index; (4) WisdomTree Japan High-Yielding Equity Index; (5) WisdomTree Dividend Index of Europe, Far East Asia and Australasia (referred to as the “WisdomTree DIEFA Index”); (6) WisdomTree DIEFA High-Yielding Equity Index; (7) WisdomTree Dividend Index of the Pacific Region (referred to as the “WisdomTree Pacific ex-Japan Index”); (8) WisdomTree Pacific ex-Japan High-Yielding Equity Index; (9) WisdomTree International LargeCap

⁴ The Trust will be registered under the Investment Company Act of 1940 (15 U.S.C. 80a), (the “Investment Company Act”). The Trust filed with the Commission a Registration Statement for certain Funds (specifically, numbers 1 to 15 of the Funds specified above) on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a), and under the Investment Company Act relating to the Funds (File Nos. 333-132380 and 811-21864) on March 13, 2006, and filed an amendment thereto on June 5, 2006, (“Registration Statement”). In the June 5, 2006, amendment to the Registration Statement, the Trust changed the names of the WisdomTree DIPR Fund and WisdomTree DIPR High-Yielding Equity Fund to the WisdomTree Pacific ex-Japan Total Dividend Fund and WisdomTree Pacific ex-Japan High-Yielding Equity Fund, respectively. In contrast to the Funds, which each invest in dividend-paying non-U.S. equity securities, the Trust also consists of six funds that invest in indexes comprised of dividend-paying U.S. equity securities, as described in the Registration Statement, that are not included in this rule proposal.

On April 19, 2006, the Trust filed with the Commission an Application for Orders under Sections 6(c) and 17(b) of the Investment Company Act for the purpose of exempting all of the Funds from various provisions of the Investment Company Act and the rules thereunder (“Application”).

⁵ See File No. SR-NYSE-2006-41. (“NYSE Proposal”).

⁶ See Securities Exchange Act Release No. 53998 (File No. SR-NYSE-2006-41) (“NYSE Order”).

⁵² 15 U.S.C. 78s(b)(2).

⁵³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.