

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 94	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2015 - * 012	Amendment No. (req. for Amendments *)
Filing by NASDAQ Stock Market Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule	
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934	
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>		Section 3C(b)(2) * <input type="checkbox"/>	
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="A proposed rule change to list and trade shares of the WisdomTree Western Unconstrained Bond Fund of the WisdomTree Trust under NASDAQ Rule 5735."/>				
Contact Information				
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.				
First Name *	<input type="text" value="Jonathan"/>	Last Name *	<input type="text" value="Cayne"/>	
Title *	<input type="text" value="Senior Associate General Counsel"/>			
E-mail *	<input type="text" value="jonathan.cayne@nasdaq.com"/>			
Telephone *	<input type="text" value="(301) 978-8493"/>	Fax	<input type="text" value="(301) 978-8472"/>	
Signature				
Pursuant to the requirements of the Securities Exchange Act of 1934,				
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.				
(Title *)				
Date	<input type="text" value="02/18/2015"/>	<input type="text" value="Executive Vice President and General Counsel"/>		
By	<input type="text" value="Edward S. Knight"/>	<input type="text" value="edward.knight@nasdaq.com"/>		
(Name *)				
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.				

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”), is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to list and trade shares of the WisdomTree Western Unconstrained Bond Fund (the “Fund”) of the WisdomTree Trust (the “Trust”) under NASDAQ Rule 5735 (“Managed Fund Shares”).³ The shares of the Fund are collectively referred to herein as the “Shares.”

(b) and (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on July 16, 2014. No other action by the Exchange will be necessary with respect to the rule change.

Questions regarding this rule filing may be directed to Jonathan F. Cayne, Senior Associate General Counsel, NASDAQ at (301) 978-8493 (telephone).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1)(the “1940 Act”) organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Index Fund Shares, listed and traded on the Exchange under NASDAQ Rule 5705, seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

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

a. Purpose

The Exchange proposes to list and trade Shares of the Fund under NASDAQ Rule 5735, which governs the listing and trading of Managed Fund Shares on the Exchange.⁴

The Fund will be an actively managed exchange traded fund ("ETF"). The Shares will be offered by the Trust, which was established as a Delaware statutory trust on December 15, 2005. The Trust is registered with the Commission as an investment company and has filed a registration statement on Form N-1A ("Registration Statement") with the Commission on behalf of the Fund.⁵

⁴ The Commission approved NASDAQ Rule 5735 in Securities Exchange Act Release No. 57962 (June 13, 2008) 73 FR 35175 (June 20, 2008) (SR-NASDAQ-2008-039). The Fund would not be the first actively-managed fund listed on the Exchange; see Securities Exchange Act Release No. 66175 (February 29, 2012), 77 FR 13379 (March 6, 2012) (SR-NASDAQ-2012-004) (order approving listing and trading of WisdomTree Emerging Markets Corporate Bond Fund). Additionally, the Commission has previously approved the listing and trading of a number of actively managed WisdomTree funds on NYSE Arca, Inc. pursuant to Rule 8.600 of that exchange. See, e.g., Securities Exchange Act Release No. 64643 (June 10, 2011), 76 FR 35062 (June 15, 2011) (SR-NYSEArca-2011-21) (order approving listing and trading of WisdomTree Global Real Return Fund). The Exchange believes the proposed rule change raises no significant issues not previously addressed in those prior Commission orders.

⁵ The Trust has filed an amendment to its Registration Statement on Form N-1A for the Fund, dated December 19, 2014, under the Securities Act of 1933 (15 U.S.C. 77a) ("Securities Act") and the 1940 Act (File Nos. 333-132380 and 811-21864). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement.

The Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 28171 (October 27, 2008) (File No. 812-13458) (the "Exemptive Relief"). In compliance with NASDAQ Rule 5735(b)(5), which applies to Managed Fund Shares based on an international or global portfolio, the Trust's application for exemptive relief under the 1940 Act states that the Fund will comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption

Description of the Shares and the Fund

WisdomTree Asset Management, Inc. (“WisdomTree Asset Management”) will be the investment adviser (“Adviser”) to the Fund.⁶ Western Asset Management Company will serve as sub-adviser for the Fund (“Sub-Adviser”).⁷ State Street Bank and Trust Company will serve as the administrator, custodian and transfer agent for the Trust (“Custodian” or “Transfer Agent,” as applicable). ALPS Distributors, Inc. (“Distributor”) will serve as the distributor for the Trust.

Paragraph (g) of Rule 5735 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a “fire wall” between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.⁸ In addition, paragraph (g) further

securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act.

⁶ WisdomTree Investments, Inc. (“WisdomTree Investments”) is the parent company of WisdomTree Asset Management.

⁷ The Sub-Adviser is responsible for day-to-day management of the Fund and, as such, typically makes all decisions with respect to portfolio holdings. The Adviser has ongoing oversight responsibility.

⁸ An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1) (the “Advisers Act”). As a result, the Adviser and Sub-Adviser and their related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act (17 CFR 275.204A-1). In addition, Rule 206(4)-7 under the Advisers Act (17 CFR 275.206(4)-7) makes it unlawful for an investment adviser to provide investment advice to

requires that personnel who make decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund's portfolio. Rule 5735(g) is similar to NASDAQ Rule 5705(b)(5)(A)(i), however, paragraph (g) in connection with the establishment of a "fire wall" between the investment adviser and the broker-dealer reflects the open-end fund's portfolio, not an underlying benchmark index, as is the case with index-based funds. Neither WisdomTree Asset Management nor Western Asset Management Company is registered as, or affiliated with any broker-dealer. In the event (a) the Adviser or the Sub-Adviser becomes newly registered as, or affiliated with, a broker-dealer or (b) any new adviser or sub-adviser is registered as or becomes affiliated with a broker-dealer, as applicable, it will implement a fire wall with respect to its relevant personnel or such affiliated broker-dealer regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

WisdomTree Western Unconstrained Bond Fund

Principal Investments

The Fund seeks to provide a high level of total return consisting of both income and capital appreciation. The Fund intends to achieve its investment objective through

clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

direct and indirect investments in Debt Instruments (as defined below). For these purposes, Debt Instruments will include: (i) fixed income securities,⁹ such as bonds and notes; and (ii) other debt obligations and certain derivatives and other instruments based on Debt Instruments or currency, each as described below. Under normal market conditions,¹⁰ the Fund intends to invest at least 80% of its net assets in Debt Instruments

⁹ Fixed income securities generally represent obligations of issuers to re-pay money borrowed. The issuer of the fixed income security usually pays a fixed, variable or floating rate of interest and repays the amount borrowed, usually at the maturity of the instrument. Some fixed income securities, such as zero coupon bonds, do not pay current interest, but are issued at a discount from their face values.

The Fund may invest in fixed income securities that have variable or floating interest rates which are readjusted on set dates (such as the last day of the month or calendar quarter) in the case of variable rates or whenever a specified interest rate change occurs in the case of a floating rate instrument. Variable or floating interest rates generally reduce changes in the market price of securities from their original purchase price because, upon readjustment, such rates approximate market rates. Accordingly, as interest rates decrease or increase, the potential for capital appreciation or depreciation is less for variable or floating rate securities than for fixed rate obligations

¹⁰ The term “under normal market conditions” includes, but is not limited to, the absence of extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance. In response to adverse market, economic, political, or other conditions the Fund reserves the right to invest in U.S. government securities, other Money Market Securities (as defined below), and cash, without limitation, as determined by the Adviser or Sub-Adviser.

“Money Market Securities” shall include: short-term, high quality securities issued or guaranteed by the U.S. government or non-U.S. governments, their agencies and instrumentalities; repurchase agreements backed by U.S. government securities and non-U.S. government securities; money market mutual funds; and deposit and other obligations of U.S. and non-U.S. banks and financial institutions. In the event the Fund engages in these temporary defensive strategies that are inconsistent with its investment strategies, the Fund’s ability to achieve its investment objectives may be limited.

(but not more than 35% of Fund assets in derivatives that are Debt Instruments). The Fund intends to invest in the following Debt Instruments:

- Instruments denominated in U.S. dollars or local currencies.
- Securities or other debt obligations issued by corporations or agencies that may receive financial support or backing from local government.
- Securities or other debt obligations issued by supranational organizations, such as the European Investment Bank, International Bank for Reconstructions and Development, the International Finance Corporation or other regional development banks.
- “Government securities” as defined in Section 3(a)(42) of the Act (“Government Securities”).¹¹
- Securities issued or guaranteed by non-U.S. governments, agencies and instrumentalities.
- Municipal securities (including taxable and tax-exempt municipal securities), as defined in Section 3(a)(29) of the Act.
- “Puttable” bonds (bonds that give the holder the right to sell the bond to the issuer prior to the bond’s maturity), when the put date is within a 24 month period; and “busted” convertible securities (a convertible security that is trading well below its conversion value minimizing the likelihood

¹¹ Government Securities include securities issued or guaranteed by the U.S. Treasury, agencies or instrumentalities of the U.S. government or government sponsored enterprises (“GSEs”). The Treasury securities in which the Fund may invest will include variable rate Treasury securities, whose rates are adjusted daily (or at such other increment as may later be determined by the Department of the Treasury) to correspond with the rate paid on one-month or three-month Treasury securities, as applicable.

that it will ever reach its convertible price prior to maturity).

- Loan participation notes (“LPNs”).¹²
- Zero-coupon securities and interest-only securities.¹³
- Debt securities linked to inflation rates of the U.S. and non-U.S. countries.
- Repurchase agreements backed by Government Securities and non-U.S. government securities.¹⁴
- Bank loans (including senior loans).¹⁵
- Money Market Securities.¹⁶
- Money market mutual funds.
- Mortgage-backed securities,¹⁷ including commercial mortgage-backed

¹² The Fund may invest in LPNs with a minimum outstanding principal amount of \$200 million that the Adviser or Sub-Adviser deems to be liquid.

¹³ A zero coupon bond is a debt security that is sold without interest and is therefore priced at a discount to the principal amount paid at maturity. An interest-only security is an investment in the interest portion only of that security (i.e., it does not include repayment of principal, which is separated and typically sold separately).

¹⁴ The Fund may enter into repurchase agreements with counterparties that are deemed to present acceptable credit risks, and may enter into reverse repurchase agreements, which involve the sale of securities held by the Fund subject to its agreement to repurchase the securities at an agreed upon date or upon demand and at a price reflecting a market rate of interest.

¹⁵ A senior loan is an advance commitment of funds made by one or more banks or financial institutions to one or more corporations, partnerships or other business entities and typically pays interest at a floating rate that is determined periodically at a designated premium above a base lending rate, most commonly the London-Interbank Offered Rate (“LIBOR”).

¹⁶ See note 10, supra.

¹⁷ Mortgage-backed securities are interests in pools of residential or commercial mortgage loans, including mortgage loans, made by savings and loans institutions, mortgage bankers, commercial banks and others. Pools of mortgage loans are

securities (“CMBSs”),¹⁸ collateralized mortgage obligations (“CMOs”),¹⁹ and adjustable rate mortgage back securities (“ARMBSs”),²⁰ and interest-only mortgage-backed securities,²¹ including in each case, agency mortgage-backed securities,²² GSE issued or guaranteed mortgage-backed

assembled as securities for sale to investors by various governmental, government-related and private organizations. Interests in pools of mortgage-backed securities differ from other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, mortgage-backed securities provide a monthly payment which consists of both principal and interest payments. In effect, these payments are a “pass-through” of the monthly payments made by the individual borrowers on their residential or commercial mortgage loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by repayments of principal resulting from the sale of the underlying property, refinancing or foreclosure, net of fees or costs which may be incurred.

¹⁸ CMBSs include securities that reflect an interest in, and are secured by, mortgage loans on commercial real property.

¹⁹ CMOs are debt obligations of a legal entity that are collateralized by mortgages and divided into classes. Similar to a bond, interest and prepaid principal is paid, in most cases on a monthly basis. CMOs may be collateralized by whole mortgage loans or private mortgage bonds, but are more typically collateralized by portfolios of mortgage pass-through securities guaranteed by Ginnie Mae, Fannie Mae, Freddie Mac, and their income streams.

²⁰ ARMBSs have interest rates that reset at periodic intervals. Acquiring ARMBSs permits the Fund to participate in increases in prevailing current interest rates through periodic adjustments in the coupons of mortgages underlying the pool on which ARMBSs are based. Such ARMBSs generally have higher current yield and lower price fluctuations than is the case with more traditional Debt Instruments of comparable rating and quality.

²¹ In an interest-only mortgage backed security, the cash flows to investors are provided from the cash flows from the underlying mortgage loans.

²² The principal U.S. government guarantor of mortgage-backed securities is Ginnie Mae, a wholly-owned corporation within the United States Department of Housing and Urban Development.

securities,²³ and privately issued mortgage-backed securities.

- Asset-backed securities (“ABSs”).²⁴

The Fund may invest up to 20% of its net assets, in the aggregate, in privately issued mortgage backed securities and privately-issued ABSs. Debt Instruments will also include debt securities which are secured with collateral consisting of mortgage-backed securities or ABSs.

The Fund may invest in the aggregate up to 35% of its assets in the following derivatives which are also Debt Instruments:

- Credit-linked notes.²⁵
- Listed futures contracts on Debt Instruments.²⁶

²³ GSE’s are private corporations created by the United States government, often to enhance the flow of credit to targeted sectors of the economy. The two largest GSEs for mortgage-backed securities are Fannie Mae and Freddie Mac.

²⁴ ABSs are bonds backed by pools of loans or other receivables. ABSs are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans. ABSs are issued through special purpose vehicles that are bankruptcy remote from the issuer or the collateral. The credit quality of an ABS transaction depends on the performance of the underlying assets. To protect ABS investors from the possibility that some borrowers could miss payments or even default on their loans, ABSs include various forms of credit enhancement.

²⁵ A credit-linked note is a type of structured note whose value is linked to an underlying reference asset or entity. Credit-linked notes typically provide periodic payments of interest as well as payment of principal upon maturity. The Fund will invest not more than 25% of its net assets in credit-linked notes.

²⁶ The Adviser has registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”) under the Commodity Exchange Act with regard to the Fund.

The exchange-listed futures contracts in which the Fund may invest will be listed on exchanges in the United States, Brazil, Chile, Germany, Hong Kong, Mexico, Singapore, South Korea, or the United Kingdom. Each of the futures exchange’s primary financial markets regulators are signatories to the International

- Non-deliverable forward currency contracts.²⁷
- Currency swaps.²⁸
- Interest rate swaps.²⁹
- Listed currency options.
- Listed options on futures contracts on Debt instruments.

Organization of Securities Commissions (“IOSCO”) Multilateral Memorandum of Understanding (“MMOU”), which is a multi-party information sharing arrangement among financial regulators. Both the Commission and the Commodity Futures Trading Commission are signatories to the IOSCO MMOU.

The exchange-listed futures contracts in which the Fund may invest in the United States, Germany, Hong Kong, Singapore, South Korea, or the United Kingdom will be listed on exchanges that are members of the Intermarket Surveillance Group (“ISG”) which include affiliates of LIFFE Administration and Management, Eurex Frankfurt, A.G., the Hong Kong Exchanges & Clearing Ltd., the Korea Exchange, the Singapore Exchange, Ltd., NASDAQ OMX BX and NASDAQ OMX PHLX LLC. At least 90% of Fund assets that are invested in exchange-traded derivative instruments will be invested in instruments that trade in markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

²⁷ A forward currency contract is an agreement to buy or sell a specific currency on a future date at a price set at the time of the contract. The Fund will invest only in currencies, and instruments that provide exposure to such currencies, that have significant foreign exchange turnover and are included in the Bank for International Settlements Triennial Central Bank Survey, December 2013 (the “BIS Survey”). The Fund may invest in currencies, and instruments that provide exposure to such currencies, selected from the top 40 currencies (as measured by percentage share of average daily turnover for the applicable month and year) included in the BIS Survey.

²⁸ A currency swap is a foreign exchange agreement between two parties to exchange aspects of a loan (i.e., the principal and interest payments) of a loan in one currency for equivalent aspects of an equal in net present value of a loan in another currency. See also note 27, supra, regarding foreign currencies in which the Fund may invest.

²⁹ An interest rate swap involves the exchange of a floating interest rate payment for a fixed interest rate payment.

The Fund may invest in combinations of investments that provide similar exposure to local currency debt, such as investment in U.S. dollar denominated bonds combined with forward currency positions or swaps.³⁰ Forward currency contracts and swap positions can be incorporated with bonds denominated in non-U.S. currencies to hedge bond exposures back into U.S. dollars. Conversely, forward currency contracts and swap positions can be implemented in combination with U.S. dollar denominated bonds to create local currency bond exposures. Additionally, the Fund's use of forward contracts and swaps may be combined with investments in short-term, high quality U.S. Money Market Securities in a manner designed to provide exposure to similar investments in local currency deposits.³¹

³⁰ To the extent practicable, the Fund will invest in swaps cleared through the facilities of a centralized clearing house. The Fund may also invest in Money Market Securities that would serve as collateral for the futures contracts and swap agreements.

³¹ The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser or the Sub-Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Adviser's or the Sub-Adviser's analysis will evaluate each approved counterparty using various methods of analysis and may consider such factors as the counterparty's liquidity, its reputation, the Adviser's or the Sub-Adviser's past experience with the counterparty, its known disciplinary history, and its share of market participation.

The Adviser or Sub-Adviser will also attempt to mitigate the Fund's respective credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty. The Adviser or Sub-Adviser will take various steps to limit counterparty credit risk. The Fund will enter into over-the-counter non-centrally cleared instruments only with financial institutions that meet certain credit quality standards and monitoring policies. The Fund may also use various techniques to minimize credit risk, including early termination or reset and payment, using different counterparties, and limiting the net amount due from any individual counterparty. The Fund generally will collateralize over-the-counter non-centrally cleared instruments with cash and/or certain securities. Such collateral will generally be

The Fund will use derivative instruments primarily to hedge interest rate risk and actively manage interest rate exposure and, as described below, to hedge foreign currency risk and actively manage foreign currency exposure. The Fund may also use derivative instruments to enhance returns, as a substitute for, or to gain exposure to, a position in an underlying asset, to reduce transaction costs, to maintain full market exposure (which means to adjust the characteristics of its investments to more closely approximate those of the markets in which it invests), to manage cash flows or to preserve capital. The Fund's use of derivative instruments will be collateralized by investments in Money Market Securities and other liquid Debt Instruments.³² Such investments will be consistent with the Fund's investment objective and will not be used to enhance leverage. For example, the Fund may engage in swap transactions that provide exposure to Debt Instruments or to interest rates. All Money Market Securities acquired by the Fund will be rated investment grade,³³ except that the Fund may invest in unrated Money Market Securities that are deemed by the Adviser or Sub-Adviser to be of comparable quality to Money Market Securities rated investment grade.³⁴

held for the benefit of the counterparty in a segregated tri-party account at the custodian to protect the counterparty against non-payment by the Fund. In the event of a default by the counterparty, and the Fund is owed money in the over-the-counter non-centrally cleared instruments transaction, the Fund will seek withdrawal of the collateral from the segregated account and may incur certain costs exercising its right with respect to the collateral.

³² See note 10, supra.

³³ The term "investment grade," for purposes of Money Market Securities only, is intended to mean securities rated A1 or A2 by one or more Nationally Recognized Statistical Rating Organizations ("NRSROs").

³⁴ The determination that an unrated security is of comparable quality to a rated security (including, as applicable, an investment grade security) by the Adviser or Sub-Adviser will be based on, among other factors, a comparison between the

The Fund will comply with the regulatory requirements of the Commission to maintain assets as “cover,” maintain segregate accounts, and make margin payments when it takes positions in derivative instruments involving obligations to third parties (i.e., instruments other than purchase options). With respect to certain kinds of derivative transactions entered into by the Fund that involve obligations to make future payments to third parties, including, but not limited to, futures and forward contracts, swap contracts, the purchase of securities on a when-issued or delayed delivery basis, or reverse repurchase agreements, the Fund, in accordance with applicable federal securities laws, rules, and interpretations thereof, will “set aside” liquid assets, or engage in other measures to “cover” open positions with respect to such transactions.³⁵

The Fund intends to provide exposure across geographic regions and countries, world-wide. The Fund intends to invest in Debt Instruments originating in the following regions/countries: North America, South America, Asia, Australia and New Zealand, Latin America, Europe, Africa and the Middle East. The Fund intends to invest primarily in developed and emerging markets countries.³⁶ The Fund’s credit exposure will be

unrated security and securities issued by similarly situated companies to determine where in the spectrum of credit quality the unrated security would fall. The Adviser or Sub-Adviser would also perform an analysis of the unrated security and its issuer similar, to the extent possible, to that performed by a NRSRO in rating similar securities and issuers. See Credit Analysis of Portfolio Securities, Commission No-Action Letter (May 8, 1990).

³⁵ See 15 U.S.C. 80a-18; Investment Company Act Release No. 10666 (April 18, 1979), 44 FR 25128 (April 27, 1979); Dreyfus Strategic Investing, Commission No-Action Letter (June 22, 1987); Merrill Lynch Asset Management, L.P., Commission No-Action Letter (July 2, 1996).

³⁶ The Fund may invest up to 50% of Fund assets in securities issued by issuers that are organized in or maintain their principal place of business in emerging market countries. According to the Adviser, while there is no universally accepted definition of what constitutes an “emerging market,” in general, emerging market

monitored on an ongoing basis from a risk perspective, and may be modified, reduced, or eliminated. The Fund's exposure to any single corporate issuer generally will be limited to 10% of the Fund's assets. The Fund's exposure to any single sovereign issuer generally will be limited to 25% of the Fund's assets (excluding exempted securities as defined in Section 3(a)(12) of the Act). The percentage of the Fund's assets in a specific region, country or issuer will change from time to time. The Fund's exposure to any one country (other than the United States) generally will be limited to 30% of the Fund's assets though this percentage may change from time to time in response to economic events and changes to the respective credit ratings of the Debt Instruments in such country.

The universe of Debt Instruments will include securities that are rated "investment grade" as well as "non-investment grade" (commonly referred to as 'junk

countries are characterized by developing commercial and financial infrastructure with significant potential for economic growth and increased capital market participation by foreign investors. The Adviser and Sub-Adviser look at a variety of commonly-used factors when determining whether a country is an "emerging" market. In general, the Adviser and Sub-Adviser consider a country to be an emerging market if:

(1) it is either (a) classified by the World Bank in the lower middle or upper middle income designation for one of the past 5 years (i.e., per capita gross national product of less than U.S. \$9,385), (b) has not been a member of the Organization for Economic Co-operation and Development ("OECD") for the past five years or (c) classified by the World Bank as high income and a member in OECD in each of the last five years, but with a currency that has been primarily traded on a non-delivered basis by offshore investors (e.g., Korea and Taiwan); and

(2) the country's debt market is considered relatively accessible by foreign investors in terms of capital flow and settlement considerations.

This definition could be expanded or exceptions made depending on the evolution of market and economic conditions.

bonds').³⁷ The Fund may invest in Debt Instruments of any credit quality, including unrated securities, and with effective or final maturities of any length.

Liquidity will be an important factor in the Fund's security selection process.³⁸ Under normal market conditions, at least 80% of the Fund's net assets that are invested in Debt Instruments will be invested in Debt Instruments that are issued by issuers with outstanding debt of at least \$200 million (or the foreign currency equivalent thereof).

The Fund will be actively-managed and will not be tied to an index. The Exchange notes, however, that the Fund's investment portfolio will meet the criteria for non-actively managed, index-based, fixed income ETFs contained in NASDAQ Rule 5705(a)(4)(A).³⁹

³⁷ According to the Adviser, "investment grade" (other than with respect to Money Market Securities) means securities rated in the Baa/BBB categories or above by one or more NRSROs. If a security is rated by multiple NRSROs and receives different ratings, the Fund will treat the security as being rated in the highest rating category received from an NRSRO. Rating categories may include sub-categories or gradations indicating relative standing.

³⁸ In reaching liquidity decisions, the Adviser or Sub-Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (*e.g.*, the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

³⁹ See Exchange Rule 5705(a)(4)(A). The Fund will meet the following requirements of Rule 5705(a)(4)(A): (i) the index or portfolio must consist of fixed income securities (which are generally defined to include Debt Instruments) (Rule 5705(a)(4)(A)(i)); (ii) components that in the aggregate account for at least 75% of the weight of the index or portfolio must each have a minimum original principal amount outstanding of \$100 million or more (Rule 5705(a)(4)(A)(ii)); (iii) a component may be a convertible security, however, once the convertible security converts to an underlying equity security, the component is removed from the index or portfolio (Rule 5705(a)(4)(A)(iii)); (iv) no component fixed-income security (excluding Treasury Securities) will represent more than 30% of the weight of the index or portfolio, and the five highest weighted component

Secondary Investments in Derivatives and Foreign Currencies

The Fund's investments in derivative instruments will be made in accordance with the 1940 Act and consistent with the Fund's investment objectives and policies. Derivative instruments are financial contracts whose values depend upon, or are derived from, the value of any underlying asset, reference rate or index, and may relate to, among other things, interest rates, currencies or currency exchange rates. Under normal market conditions, no more than 35% of the Fund's investments will be in derivative instruments (with no more than 20% of the Fund's investments in derivative instruments that are not within the definition of "Debt Instruments"). The Fund may invest in the following derivative instruments (in addition to Debt Instruments that are derivatives): listed futures contracts (other than on Debt Instruments),⁴⁰ total return swaps,⁴¹ credit default swaps,⁴² and listed options on futures contracts (other than on Debt Instruments).⁴³

fixed-income securities do not in the aggregate account for more than 65% of the weight of the index or portfolio (Rule 5705(a)(4)(A)(iv)); (v) an underlying index or portfolio (excluding exempted securities) must include securities from a minimum of 13 non-affiliated issuers (Rule 5705(a)(4)(A)(v)); and (vi) component securities that in the aggregate account for at least 90% of the weight of the index or portfolio must be from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more (Rule 5705(a)(4)(A)(vi)(c)).

⁴⁰ See note 26, supra.

⁴¹ A total return swap is an agreement between two parties in which one party agrees to make payments of the total return of a reference asset in return for payments equal to a rate of interest on another reference asset.

⁴² A credit default swap is a financial swap agreement that the seller of the credit default swap will compensate the buyer in the event of a loan default or other credit event.

⁴³ See note 30, supra.

As discussed above, the Fund's use of derivative instruments will be collateralized by investments in Money Market Securities and other liquid Debt Instruments.⁴⁴ Such investments will be consistent with the Fund's investment objective and will not be used to enhance leverage.

The Fund may engage in foreign currency transactions, and may invest directly in foreign currencies in the form of bank and financial institution deposits, and certificates of deposit denominated in a specified non-U.S. currency. The Fund may enter into forward currency contracts in order to "lock in" the exchange rate between the currency it will deliver and the currency it will receive for the duration of the contract.⁴⁵

Other Fund Investments

The Fund may invest up to 20% of its net assets in one or more of the following instruments. The Fund may invest in the securities of other investment companies (including exchange-traded products ("ETPs"), such as other ETFs.⁴⁶ The Fund may

⁴⁴ See note 10, supra.

⁴⁵ See note 30, supra.

⁴⁶ When used herein, ETPs may include, without limitation: Portfolio Depository Receipts and Index Fund Shares (as described in NASDAQ Rule 5705); Securities Linked to the Performance of Indexes and Commodities (as described in NASDAQ Rule 5710); Index-Linked Exchangeable Notes; Equity Gold Shares; Trust Certificates; Commodity-Based Trust Shares; Currency Trust Shares; Commodity Index Trust Shares; Commodity Futures Trust Shares; Partnership Units; Trust Units; Managed Trust Securities; and Currency Warrants (as described in NASDAQ Rule 5711); Alpha-Index Linked Securities (as described in NASDAQ Rule 5712); Equity-Linked Debt Securities (as described in NASDAQ Rule 5715); Trust Issued Receipts (as described in NASDAQ Rule 5720); Index Warrants (as described in NASDAQ Rule 5725); Securities Not Otherwise Specified (as described in NASDAQ Rule 5730); Managed Fund Shares (as described in NASDAQ Rule 5735); and closed-end funds. The ETPs in which the Fund may invest all will be listed and traded on U.S. registered exchanges. The Fund will invest in the securities of registered investment company ETPs consistent with the requirements of Section 12(d)(1) of the 1940

invest in debt instruments that do not fall within the meaning of “Debt Instruments” above, including bank loans; banker’s acceptances, which are short-term credit instruments used to finance commercial transactions; bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; commercial paper, which is short-term unsecured promissory notes,⁴⁷ and certificates of deposit issued against funds deposited in a bank or savings and loan association. The Fund may invest in U.S. and non-U.S. equity securities.⁴⁸ The Fund may also hold cash.

Investment Restrictions

Act or any rule, regulation or order of the Commission or interpretation thereof. The Fund will only make such investments in conformity with the requirements of Section 817 of the Internal Revenue Code of 1986. The ETPs in which the Fund may invest will primarily be indexed-based ETFs that hold substantially all of their assets in securities representing a specific index. While the Fund may invest in ETPs, the Fund will not invest in leveraged or inverse leveraged (e.g., 2X, -2X, 3X, or -3X) ETPs.

⁴⁷ Except for commercial paper that is included within the meaning of “Debt Instruments,” the Fund will only invest in commercial paper rated A-1 or higher by an NRSRO.

⁴⁸ The equity securities in which the Fund may invest will be limited to securities that trade on markets that are members of the ISG. See note 26, supra.

The Fund may invest in non-U.S. equity securities by means of American Depositary Receipts (“ADRs”), European Depositary Receipts (“EDRs”), and Global Depositary Receipts (“GDRs”). ADRs are receipts typically issued by an American Bank or trust company that evidence ownership of underlying securities issued by a foreign corporation. EDRs are receipts issued in Europe that evidence a similar ownership arrangement. GDRs are receipts issued throughout the world that evidence a similar ownership arrangement.

The Fund will invest only in corporate bonds that the Adviser or Sub-Adviser deems to be sufficiently liquid.⁴⁹ The Fund will only buy performing debt securities and not distressed debt. Generally, a corporate bond will be required to have \$150 million or more par amount outstanding and significant par value traded to be considered as an eligible investment. Economic and other conditions may, from time to time, lead to a decrease in the average par amount outstanding of bond issuances. Therefore, although the Fund does not intend to do so, it may invest up to 5% of its net assets in corporate bonds with less than \$150 million par amount outstanding if (1) the Adviser or Sub-Adviser deems such security to be sufficiently liquid based on its analysis of the market for such security (based on, for example, broker-dealer quotations or its analysis of the trading history of the security or the trading history of other securities issued by the issuer), (2) such investment is deemed by the Adviser or Sub-Adviser to be in the best interest of the Fund, and (3) such investment is deemed consistent with the Fund's goal of providing exposure to a broad range of countries and issuers.⁵⁰

The Fund may hold up to an aggregate of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or Sub-Adviser.⁵¹ The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to

⁴⁹ See note 38, supra, regarding the method by which the Adviser or the Sub-Adviser, as applicable, will determine liquidity of an instrument.

⁵⁰ See note 39, supra.

⁵¹ The Fund's Sub-Adviser is responsible for complying with the Fund's restrictions on investing in illiquid assets. See note 38, supra.

maintain adequate liquidity if through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid assets. Illiquid assets include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.⁵² The Fund's investments will be consistent with the Fund's investment objectives and will not be used to enhance leverage.⁵³

The Fund may invest in Debt Instruments with effective or final maturities of any length. The Fund will seek to keep the average effective duration of its portfolio between -5 and 10 years under normal market conditions. Effective duration is an indication of an investment's interest rate risk or how sensitive an investment or a fund is to changes in

⁵² The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act of 1933 (15 U.S.C. 77a).

⁵³ The Fund will include appropriate risk disclosure in its offering documents, including leveraging risk. Leveraging risk is the risk that certain transactions of a fund, including a fund's use of derivatives, may give rise to leverage, causing a fund to be more volatile than if it had not been leveraged. To mitigate leveraging risk, the Adviser will segregate or earmark liquid assets or otherwise cover the transactions that give rise to such risk. See 15 U.S.C. 80a-18; Investment Company Act Release No. 10666 (April 18, 1979), 44 FR 25128 (April 27, 1979); Dreyfus Strategic Investing, Commission No-Action Letter (June 22, 1987); Merrill Lynch Asset Management, L.P., Commission No-Action Letter (July 2, 1996).

interest rates. Generally, a fund or instrument with a longer effective duration is more sensitive to interest rate fluctuations, and, therefore, more volatile, than a similar fund with a shorter effective duration. To potentially protect the Fund against the impact of rising rates, the Adviser or Sub-Adviser may take the duration of the Fund below zero through strategic short positions in instruments such as U.S. Treasury futures (subject to the Fund's limits on investments in derivative instruments as described below). A negative duration suggests that the Fund may benefit from a rise in rates.⁵⁴ The Fund's actual portfolio duration may be longer or shorter depending on market conditions.

The Fund intends to invest in Debt Instruments of at least 13 non-affiliated issuers. The Fund will not concentrate 25% or more of the value of its total assets (taken at market value at the time of each investment) in any one industry, as that term is used in the 1940 Act (except that this restriction does not apply to obligations issued by the U.S. government or its respective agencies and instrumentalities or government-sponsored enterprises).⁵⁵

The Fund intends to qualify each year as a regulated investment company (a "RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended.⁵⁶ In addition to satisfying the above referenced RIC diversification requirements, no portfolio security held by the Fund (other than U.S. government securities) will represent more

⁵⁴ Negative duration would occur when the total duration of the Fund's liabilities (e.g., through short positions in U.S. government securities or related futures positions) is less than the total duration of the Fund's assets.

⁵⁵ See Form N-1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. See, e.g., Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

⁵⁶ 26 U.S.C. 851.

than 30% of the weight of the Fund's portfolio and the five highest weighted portfolio securities of the Fund (other than U.S. government securities) will not in the aggregate account for more than 65% of the weight of the Fund's portfolio. For these purposes, the Fund may treat repurchase agreements collateralized by U.S. government securities as U.S. government securities.⁵⁷

Creation and Redemption of Shares

The Fund will issue and redeem Shares on a continuous basis at net asset value ("NAV")⁵⁸ only in large blocks of Shares ("Creation Units") in transactions with Authorized Participants (as defined below). Creation Units generally will consist of 100,000 Shares, though this may change from time to time. Creation Units are not expected to consist of less than 50,000 Shares. According to the Registration Statement and consistent with the Exemptive Relief, the Fund will issue and redeem Creation Units in exchange for a portfolio of Debt Instruments and other instruments ("Deposit Securities") and/or an amount of U.S. cash representing one or more Deposit Securities ("Deposit Cash") providing exposure to the holdings of the Fund and cash.

Together, the Deposit Securities and/or Deposit Cash and the Cash Component (defined below) will constitute the "Fund Deposit," which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund. The "Cash Component" will be an amount equal to the difference between the NAV of the Shares

⁵⁷ Repurchase agreements will not be used by the Fund to enhance leverage.

⁵⁸ The NAV of the Fund's Shares generally is calculated once daily Monday through Friday as of the close of regular trading on the New York Stock Exchange, generally 4:00 p.m. Eastern time (the "NAV Calculation Time"). NAV per Share is calculated by dividing the Fund's net assets by the number of Fund Shares outstanding. For more information regarding the valuation of the Fund's investments in calculating the Fund's NAV, see the Registration Statement.

(per Creation Unit) and the market value of the Deposit Securities (e.g., if the NAV per Creation Unit is less than the market value of the Deposit Securities), the Cash Component will be a corresponding negative amount and the creator will be entitled to receive cash in an amount equal to the Cash Component. The Cash Component will serve the function of compensating for any differences between the NAV per Creation Unit and the market value of the Deposit Securities and/or Deposit Cash, as applicable.

To be eligible to place orders with respect to creations and redemptions of Creation Units, an entity must be (i) a “Participating Party,” i.e., a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation (“NSCC”); or (ii) a Depository Trust Company (“DTC”) participant. In addition, each Participating Party or DTC participant (each, an “Authorized Participant”) must execute an agreement that has been agreed to by the Distributor and the Transfer Agent, and that has been accepted by the Trust, with respect to purchases and redemptions of Creation Units. All standard orders to create Creation Units must be received by the Transfer Agent no later than the closing time of the regular trading session of the New York Stock Exchange (ordinarily 4:00 p.m., Eastern Time) (the “Closing Time”) in each case on the date such order is placed in order for the creation of Creation Units to be effected based on the NAV of Shares as next determined on such date after receipt of the order in proper form. Shares may be redeemed only in Creation Units at their NAV next determined after receipt not later than the Closing Time of a redemption request in proper form by the Fund through the Transfer Agent only on a business day.

The Custodian, through the NSCC, will make available on each business day, immediately prior to the opening of business on the Exchange's Core Trading Session (currently 9:30 a.m. E.T.), the list of names and the required number or amount of each Deposit Security and/or the amount of the Deposit Cash, to be included in the current Fund Deposit (based on information at the end of the previous business day) for the Fund. The Fund Deposit is subject to any applicable adjustments, in order to effect purchases of Creation Units of the Fund until such time as the next-announced composition of the Deposit Securities is made available.

With respect to the Fund, the Custodian, through the NSCC, will make available immediately prior to the opening of business on the Exchange (9:30 a.m. E.T.) on each business day, the list of the names and quantities of the Fund's portfolio securities ("Fund Securities") that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day. Fund Securities on redemption may not be identical to Deposit Securities. Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Fund through the Transfer Agent and only on a business day.

Redemption proceeds for a Creation Unit will be paid either in-kind or in cash or a combination thereof, as determined by the Trust. With respect to in-kind redemptions of the Fund, redemption proceeds will consist of Fund Securities as announced by the Custodian on the business day of the request for redemption received in proper form plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after receipt of a request in proper form, and the value of the Fund Securities (the "Cash Redemption Amount"), less a fixed redemption

transaction fee and any applicable variable charge as set forth in the Registration Statement. In the event the Fund Securities have a value greater than the NAV of the Shares, a compensating cash payment equal to the differential will be required to be made by or through an Authorized Participant by the redeeming shareholder. Notwithstanding the foregoing, at the Trust's discretion, an Authorized Participant may receive the corresponding cash value of the securities in lieu of the in-kind securities value representing one or more Fund Securities. Once created, Shares of the Fund will trade on the secondary market in amounts less than a Creation Unit.

Net Asset Value

The NAV of the Fund will be calculated by the Custodian and determined at the close of the regular trading session on the NASDAQ Stock Market (ordinarily 4:00 p.m. E.T.) on each day that the Exchange is open, provided that fixed-income assets may be valued as of the announced closing time for trading in fixed-income instruments on any day that the Securities Industry and Financial Markets Association (or the applicable exchange or market on which the Fund's investments are traded) announces an early closing time. The NAV per Share for the Fund will be computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding, rounded to the nearest cent. Expenses and fees, including the management fees, are accrued daily and taken into account for purposes of determining NAV.⁵⁹ Creation/redemption order cut-off times may also be earlier on such days.

⁵⁹ International Data Corporation ("IDC") is expected to be the primary price source for the Fund's assets. The Fund may also rely, however, on other recognized third-party pricing sources, including without limitation Bloomberg, WM Reuters,

In calculating the Fund's NAV per Share, the Fund's investment will generally be valued using market valuations. A market valuation generally means a valuation (i) obtained from an exchange, a pricing service, or a major market maker (or dealer), (ii) based on a price quotation or other equivalent indication of value supplied by an exchange, a pricing service, or a major market maker or dealer, or (iii) based on amortized cost, for securities with remaining maturities of 60 days or less. The Adviser may use various Pricing Services or discontinue the use of any Pricing Service, as approved by the Fund's board of trustees ("Board") from time to time. A price obtained from a Pricing Service based on such Pricing Service's valuation matrix may be considered a market valuation. Any assets or liabilities denominated in currencies other than the U.S. dollar will be converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more Pricing Service. Bank deposits held in U.S. dollars will be valued at their actual dollar amount; bank deposits held in foreign currencies will be converted into U.S. dollars and valued at their actual amounts in U.S. dollars.

According to the Adviser, debt instruments (including Money Market Securities), including without limitation, Debt Instruments, will generally be valued using prices received from independent Pricing Services as of the announced closing time for trading in fixed-income instruments in the respective market or exchange. In determining the value of a fixed-income investment, Pricing Services determine valuations for normal

JP Morgan, Markit and JJ Kenney, to provide prices for certain asset categories, including among others, currency swaps, forward currency contracts, spot currencies, and corporate securities, in each case as determined, from time to time, by the Fund's Board, as defined below. Each of these pricing sources is a "Pricing Service" for purposes of this proposed rule change.

institutional-size trading units of such securities using valuation models or matrix pricing, which incorporates yield and/or price with respect to bonds that are considered comparable in characteristics such as rating, interest rate and maturity date and quotations from securities dealers to determine current value.

Exchange traded assets (including without limitation, equity securities, listed futures contracts, listed currency options, listed options on futures, and ETPs) will be valued at the last reported sale price or the official closing price on that exchange where the security or other instrument is primarily traded on the day that the valuation is made. Shares of money market funds (including Money Market Securities that are money market funds) will be valued at their net asset values as reported on the applicable fund's website or to major market vendors.

With respect to derivative instruments, if, however, neither the last sales price nor the official closing price is available, each of these derivative instruments will be valued at either the last reported sale price or official closing price as of the close of regular trading of the principal market on which the instrument is listed consistent with the primary benchmark.

Spot currencies and non-exchange-traded derivatives, including non-deliverable forward currency contracts, currency swaps, interest rate swaps, total return swaps, credit default swaps, and credit-linked notes will normally be valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those assets. Prices from independent Pricing Services will also include prices based on valuation models or matrix pricing to determine current value. Prices obtained from independent Pricing Services typically use

information provided by market makers or bond dealers or estimates of market values obtained by reference to yield data relating to investments or securities with similar characteristics, including rating, interest rate, maturity date, option adjusted spread models, prepayment projections, interest rate spreads and yield surveys. Matrix pricing is an estimated price or value for a fixed income security. Matrix pricing is considered a form of fair value pricing, discussed below. In the event that current market valuations are not readily available or such valuations do not reflect current market value, the Trust's procedures require the Pricing Committee to determine an asset's fair value if a market price is not readily available in accordance with the 1940 Act.⁶⁰ In determining such value, the Trust's Pricing Committee may consider, among other things, (i) price comparisons among multiple sources, (ii) a review of corporate actions and news events, and (iii) a review of relevant financial indicators (e.g., movement in interest rates and market indices). In these cases a Fund's NAV may reflect certain portfolio assets' fair values rather than their market prices. Fair value pricing involves subjective judgments and it is possible that the fair value determination for a security is materially different than the value that could be realized upon the sale of the security.

Because foreign securities exchanges may be open on different days than the days during which an investor may purchase or sell Shares, the value of the Fund's securities may change on days when investors are not able to purchase or sell Shares. Assets

⁶⁰ The Trust's Board has established a Pricing Committee that is composed of officers of the Trust and investment management personnel of the Adviser. The Pricing Committee is responsible for the valuation and revaluation of any portfolio investments for which market quotations are not readily available. The Pricing Committee has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding valuation and revaluation of any portfolio investment.

denominated in foreign currencies will be converted into U.S. dollars at the exchange rate of such currencies against the U.S. dollar as provided by a Pricing Service. The value of assets denominated in foreign currencies will be converted into U.S. dollars at the exchange rates at the time of valuation.

The pre-established pricing methods and valuation policies and procedures outlined above may change, subject to review and approval of the Pricing Committee and the Board, as necessary.

Availability of Information

The Fund's website (www.wisdomtree.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day's reported NAV, mid-point of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),⁶¹ and a calculation of the premium and discount of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Regular Market Session⁶² on the Exchange,

⁶¹ The Bid/Ask Price of the Fund will be determined using the midpoint of the highest bid and the lowest offer on the Exchange as of the time of calculation of such Fund's NAV. The records relating to Bid/Ask Prices will be retained by the Fund and its service providers.

⁶² See NASDAQ Rule 4120(b)(4) (describing the three trading sessions on the Exchange: (1) Pre-Market Session from 4 a.m. to 9:30 a.m. Eastern time; (2) Regular Market Session from 9:30 a.m. to 4 p.m. or 4:15 p.m. Eastern time; and (3) Post-Market Session from 4 p.m. or 4:15 p.m. to 8 p.m. Eastern time).

the Trust will disclose on its website (www.wisdomtree.com) the identities and quantities of the portfolio of securities and other assets (the “Disclosed Portfolio” as defined in Nasdaq Rule 5732(c)(2)) held by the Fund that will form the basis for the Fund’s calculation of NAV at the end of the business day.⁶³ The Disclosed Portfolio will include, as applicable, the names, quantity, ticker symbol (if applicable), percentage weighting and market value of Debt Instruments, and other assets held by the Fund and the characteristics of such assets, as discussed below. The Fund’s disclosure of forward positions will include information regarding the underlying instruments for such positions that market participants can use to value these positions intraday, and this information may include ticker symbols or other identifiers, or the underlying index. The website and information will be publicly available at no charge.

A basket composition file, which will include the security names and quantities of securities and other assets required to be delivered in exchange for Fund Shares, together with estimates and actual cash components, will be publicly disseminated prior to the opening of the Exchange via the NSCC. The basket will represent one Creation Unit of the Fund. The NAV of the Fund will normally be determined as of the close of the regular trading session on the Exchange (ordinarily 4:00 pm. ET) on each business day.

Authorized Participants may refer to the basket composition file for information

⁶³ Under accounting procedures to be followed by the Fund, trades made on the prior business day (“T”) will be booked and reflected in NAV on the current business day (“T+1”). Notwithstanding the foregoing, portfolio trades that are executed prior to the opening of the Exchange on any business day may be booked and reflected in NAV on such business day. Accordingly, the Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

regarding Debt Instruments and any other instrument that may comprise the Fund's basket on a given day.

In addition, an estimated value, defined in Rule 5735 as the "Intraday Indicative Value" (as defined in Nasdaq Rule 5753(c)(3)), that reflects an estimated intraday value of the Fund's portfolio, will be disseminated. Moreover, the Intraday Indicative Value, available on the NASDAQ OMX Information LLC proprietary index data service,⁶⁴ will be based upon the current value for the components of the Disclosed Portfolio and will be updated and widely disseminated by one or more major market data vendors at least every 15 seconds during the Regular Market Session. In addition, during hours when the markets for local debt and other assets in the Fund's portfolio are closed, the Intraday Indicative Value will be updated at least every 15 seconds during the Regular Market Session to reflect currency exchange fluctuations.

The dissemination of the Intraday Indicative Value, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of the Fund on a daily basis and to provide a close estimate of that value throughout the trading day.

Investors can also obtain Trust's Statement of Additional Information ("SAI"), the Fund's Shareholder Reports, and its Form N-CSR and Form N-SAR, filed twice a year. The Trust's SAI and Shareholder Reports will be available free upon request from

⁶⁴ Currently, the NASDAQ OMX Global Index Data Service ("GIDS") is the NASDAQ OMX global index data feed service, offering real-time updates, daily summary messages, and access to widely followed indexes and ETFs. GIDS provides investment professionals with the daily and historical information needed to track or trade NASDAQ OMX indexes, listed ETFs or third-party partner indexes and ETFs.

the Trust, and those documents and the Form N-CSR may be viewed on screen or downloaded from the Commission's website at www.sec.gov.

Information regarding market price and volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. The previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information will be available via NASDAQ proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association ("CTA") plans for the Shares and any underlying ETPs.

Intra-day, executable price quotations on Debt Instruments, including fixed rate, variable rate and zero coupon securities, Money Market Securities that are Debt Instruments (i.e., other than money market mutual funds), LPNs, senior loans, ABSs, mortgage backed securities (including CMBSs, ARMBSs, CMOs and interest only securities), putable bonds, busted convertible bonds, credit-linked notes, inflation-linked securities, Government Securities, foreign sovereign debt securities, supranational debt securities, corporate debt securities, and municipal securities, as well as on other debt securities, and non-exchange traded derivative instruments, such as non-deliverable forward currency contracts, currency swaps, total return swaps, and credit default swaps, are available from major broker-dealer firms. Intra-day price information is available through subscription services, such as Bloomberg and Thomson Reuters, which can be accessed by Authorized Participants and other investors. Intra-day and closing price information regarding equity securities, ETPs and listed currency options traded on a national securities exchange, and regarding non-securities derivative instruments traded

on an exchange, including futures contracts and listed options on futures contracts will be available from the exchange on which such securities or other instruments are traded.

Price information regarding non-exchange listed derivative instruments, including swap agreements, credit-linked notes, and forward currency contracts and regarding spot currencies is available from major market vendors. Money market funds are typically priced once each business day and their prices are available through the applicable fund's website or from major market vendors. Intra-day and closing price information is available for bank deposits held in foreign currencies (*i.e.*, non-U.S. dollar accounts).

Additional information regarding the Fund and the Shares, including investment strategies, risks, creation and redemption procedures, fees, Fund holdings disclosure policies, distribution and taxes will be included in the Registration Statement.

Disclosed Portfolio

The Fund's disclosure of derivative positions in the Disclosed Portfolio will include information that market participants can use to value these positions intraday. On a daily basis, the Fund will disclose on the Fund's website the following information regarding each portfolio holding, as applicable to the type of holding: ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding); the identity of the security or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio.

Initial and Continued Listing

The Shares will be subject to Rule 5735, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares. The Exchange represents that, for initial and/or continued listing, the Fund must be in compliance with Rule 10A-3⁶⁵ under the Act. A minimum of 100,000 Shares for the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. NASDAQ will halt trading in the Shares under the conditions specified in NASDAQ Rules 4120 and 4121, including the trading pauses under NASDAQ Rules 4120(a)(11) and (12). Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 5735(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted.

Trading Rules

⁶⁵ See 17 CFR 240.10A-3.

NASDAQ deems the Shares to be equity securities, thus rendering trading in the Shares subject to NASDAQ's existing rules governing the trading of equity securities. NASDAQ will allow trading in the Shares from 4:00 a.m. until 8:00 p.m. Eastern time. The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NASDAQ Rule 5735(b)(3), the minimum price variation for quoting and entry of orders in Managed Fund Shares traded on the Exchange is \$0.01.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by both NASDAQ and also FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.⁶⁶ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. 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.

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and the U.S and non-U.S. equity securities, ETPs, listed options, and

⁶⁶ FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

listed futures contracts and other instruments held by the Fund with other markets and other entities that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.⁶⁷ FINRA may obtain trading information regarding trading in the Shares and the U.S. and non-U.S. equity securities, ETPs, listed options, listed futures contracts and other instruments held by the Fund from such markets and other entities. The Exchange also will communicate as needed regarding trading in the Shares and the U.S and non-U.S. equity securities, ETPs, listed options, and listed futures contracts and other instruments held by the Fund with other markets and other entities that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, the Exchange may obtain information regarding trading in the Shares and the exchange-traded securities and instruments held by the Fund from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. Moreover, FINRA, on behalf of the Exchange, is able to obtain trading information regarding certain Debt Instruments held by the Fund reported to FINRA's Trade Reporting and Compliance Engine ("TRACE"). At least 90% of the Fund's assets that are invested in exchange-traded derivative instruments will be invested in instruments that trade in markets that are members of ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. The ETPs and other equity securities in which the Fund will invest will be traded solely on ISG member exchanges.⁶⁸

⁶⁷ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

⁶⁸ See notes 26, 46, and 48, *supra*.

The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Information Circular

Prior to the commencement of trading of the Shares, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) NASDAQ Rule 2310, which imposes suitability obligations on NASDAQ members with respect to recommending transactions in the Shares to customers; (3) how and by whom information regarding the Intraday Indicative Value and Disclosed Portfolio are disseminated; (4) the risks involved in trading the Shares during the Pre-Market and Post-Market Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Fund. Members purchasing Shares from the Fund for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act.

Additionally, the Information Circular will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Information

Circular will also disclose the trading hours of the Shares of the Fund and the NAV Calculation Time for the Shares. The Information Circular will disclose that information about the Shares of the Fund will be publicly available on the Fund's website.

b. Statutory Basis

NASDAQ believes that the proposal is consistent with Section 6(b) of the Act⁶⁹ in general and Section 6(b)(5) of the Act⁷⁰ in particular in that it is 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, and to remove impediments to and perfect the mechanism of a free and open market and in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NASDAQ Rule 5735. The Exchange represents that trading in the Shares will be subject to the existing trading surveillances administered by both NASDAQ and FINRA on behalf of the Exchange, which are designed to detect violations of the Exchange rules and applicable federal securities laws. Neither the Adviser nor the Sub-Adviser is a broker-dealer or is affiliated with any broker-dealer. In the event (a) the Adviser or the Sub-Adviser becomes newly registered as a broker-dealer or affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a broker-dealer or becomes newly affiliated with a broker-dealer, as applicable, they will implement a fire wall with respect to its relevant personnel

⁶⁹ 15 U.S.C. 78f.

⁷⁰ 15 U.S.C. 78f(b)(5).

or such broker-dealer regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio as required by paragraph (g) of NASDAQ Rule 5735. The Exchange may obtain information regarding trading in the Shares and the other exchange traded securities and other instruments held by the Fund via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and the exchange-traded securities and other instruments held by the Fund with other markets and other entities that are members of the ISG.⁷¹ FINRA may obtain trading information regarding trading in the Shares and the exchange-traded securities and other instruments held by the Fund from markets and other entities that are members of ISG, which includes securities and futures exchanges, or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to obtain trading information regarding certain Debt Instruments through its TRACE serve. At least 90% of the Fund's net assets that are invested in exchange-traded derivative instruments will be invested in instruments that trade in markets that are members of ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

⁷¹ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The Fund's investments will be consistent with the Fund's investment objectives and will not be used to enhance leverage.⁷² Under normal circumstances, the Fund will invest at least 80% of its assets in Debt Instruments. The Fund's exposure to any single corporate issuer generally will be limited to 10% of the Fund's assets. The Fund's exposure to any single sovereign issuer (other than the United States government) will typically be limited to 25% of the Fund's assets. The Fund's exposure to any single country (other than the United States) generally will be limited to 30% of the Fund's assets. There is no limit on the amount of the Fund's assets that may be invested in non-investment grade and unrated securities. The Fund will invest only in corporate bonds that the Adviser or Sub-Adviser deems to be sufficiently liquid and, generally, a corporate bond will be required to have \$150 million or more par amount outstanding and significant par value traded to be considered as an eligible investment. The Fund intends to invest in Debt Instruments of at least 13 non-affiliated issuers. The Fund's investments in derivative instruments will be made in accordance with the 1940 Act and the Fund's investment objectives and policies. Under normal market conditions, no more than 35% of the value of the Fund's net assets will be invested in derivative instruments (and no more than 20% of the Fund's net assets will be invested in derivative instruments that are not Debt Instruments). Such investments will be consistent with the Fund's investment objective. The Fund will comply with the regulatory requirements of the Commission to maintain assets as "cover," maintain segregated accounts, and/or make margin payments when it takes positions in derivative instruments involving obligations to third parties (i.e., instruments other than purchase options). The Fund's investments in

⁷² See note 53, supra.

derivative instruments will not be used to seek to achieve a multiple or inverse multiple of an index or other benchmark. The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser or Sub-Adviser will also attempt to mitigate the Fund's respective credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty.

The Fund may invest up to 20% of its net assets, in the aggregate, in privately issued ABSs and privately issued mortgage-backed securities. The Fund may invest up to 25% of its net assets in credit-linked notes. The Fund may invest up to 20% of its net assets in both U.S. and non-U.S. equity securities, including ETPs. The Fund may also invest up to 20% of its net assets in debt instruments that do not fall within the meaning of "Debt Instrument."

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or the Sub-Adviser. Prior to the commencement of trading in the Shares of the Fund, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information is publicly

available regarding the Fund and the Shares, thereby promoting market transparency. Moreover, the Intraday Indicative Value, available on the NASDAQ OMX Information LLC proprietary index data service will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Regular Market Session. On each business day, before commencement of trading in Shares in the Regular Market Session on the Exchange, the Fund will disclose on its website the Disclosed Portfolio that will form the basis for the Fund's calculation of NAV at the end of the business day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via NASDAQ proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association plans for the Shares and any underlying exchange-traded products. Intra-day, executable price quotations on Debt Instruments as well as derivative instruments are available from major broker-dealer firms. Intra-day price information is available through subscription services, such as Bloomberg and Thomson Reuters, which can be accessed by Authorized Participants and other investors.

Quotation and last sale information for ETFs will be available via the CTA high-speed line, and will be available from the national securities exchange on which they are listed. Pricing information for ETFs and exchange-traded derivatives and other instruments will be available from the exchanges on which they trade and from major market vendors. Pricing information for Debt Instruments, forward currency contracts, spot currencies, and debt instruments that do not fall within the meaning of "Debt

Instruments,” in which the Fund may invest that are described under “Other Investments” will be available from major broker-dealer firms, major market data vendors or Pricing Services, as applicable. Money market funds are typically priced once each business day and their prices will be available through the applicable fund’s website or major market vendors.

The Fund’s website will include a form of prospectus for the fund and additional data relating to NAV and other applicable quantitative information. Trading in Shares of the Fund will be halted under the condition specified in Nasdaq Rules 4120 and 4121 or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to Nasdaq Rule 5735(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. In addition, as noted above, investors will have ready access to information regarding the Fund’s holdings, the Intraday Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange may obtain information regarding trading in the Shares and the other exchange traded securities and other instruments held by the Fund via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and the exchange-

traded securities and other instruments held by the Fund with other markets and other entities that are members of the ISG.⁷³ FINRA may obtain trading information regarding trading in the Shares and the exchange-traded securities and other instruments held by the Fund from markets and other entities that are members of ISG, which includes securities and futures exchanges, or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to obtain trading information regarding certain Debt Instruments through its TRACE serve. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the Intraday Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

For the above reasons, NASDAQ believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional actively-managed exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace.

5. 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.

⁷³ See note 71, *supra*.

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of any time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASDAQ-2015-012)

February __, 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Proposed Rule Change and Relating to the Listing and Trading of the Shares of the WisdomTree Western Unconstrained Bond Fund of the WisdomTree Trust

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 February 18, 2015, The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in in Items I, II, and III below, which Items have been prepared by NASDAQ. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASDAQ proposes to list and trade shares of the WisdomTree Western Unconstrained Bond Fund (the “Fund”) of the WisdomTree Trust (the “Trust”) under NASDAQ Rule 5735 (“Managed Fund Shares”).³ The shares of the Fund are collectively referred to herein as the “Shares.”

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1)(the “1940 Act”) organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end

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

In its filing with the Commission, NASDAQ 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 in Item IV below. NASDAQ 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade Shares of the Fund under NASDAQ Rule 5735, which governs the listing and trading of Managed Fund Shares on the Exchange.⁴ The Fund will be an actively managed exchange traded fund ("ETF"). The Shares will be offered by the Trust, which was established as a Delaware statutory trust on December

investment company that issues Index Fund Shares, listed and traded on the Exchange under NASDAQ Rule 5705, seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

⁴ The Commission approved NASDAQ Rule 5735 in Securities Exchange Act Release No. 57962 (June 13, 2008) 73 FR 35175 (June 20, 2008) (SR-NASDAQ-2008-039). The Fund would not be the first actively-managed fund listed on the Exchange; see Securities Exchange Act Release No. 66175 (February 29, 2012), 77 FR 13379 (March 6, 2012) (SR-NASDAQ-2012-004) (order approving listing and trading of WisdomTree Emerging Markets Corporate Bond Fund). Additionally, the Commission has previously approved the listing and trading of a number of actively managed WisdomTree funds on NYSE Arca, Inc. pursuant to Rule 8.600 of that exchange. See, e.g., Securities Exchange Act Release No. 64643 (June 10, 2011), 76 FR 35062 (June 15, 2011) (SR-NYSEArca-2011-21) (order approving listing and trading of WisdomTree Global Real Return Fund). The Exchange believes the proposed rule change raises no significant issues not previously addressed in those prior Commission orders.

15, 2005. The Trust is registered with the Commission as an investment company and has filed a registration statement on Form N-1A (“Registration Statement”) with the Commission on behalf of the Fund.⁵

Description of the Shares and the Fund

WisdomTree Asset Management, Inc. (“WisdomTree Asset Management”) will be the investment adviser (“Adviser”) to the Fund.⁶ Western Asset Management Company will serve as sub-adviser for the Fund (“Sub-Adviser”).⁷ State Street Bank and Trust Company will serve as the administrator, custodian and transfer agent for the Trust (“Custodian” or “Transfer Agent,” as applicable). ALPS Distributors, Inc. (“Distributor”) will serve as the distributor for the Trust.

⁵ The Trust has filed an amendment to its Registration Statement on Form N-1A for the Fund, dated December 19, 2014, under the Securities Act of 1933 (15 U.S.C. 77a) (“Securities Act”) and the 1940 Act (File Nos. 333-132380 and 811-21864). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement.

The Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 28171 (October 27, 2008) (File No. 812-13458) (the “Exemptive Relief”). In compliance with NASDAQ Rule 5735(b)(5), which applies to Managed Fund Shares based on an international or global portfolio, the Trust’s application for exemptive relief under the 1940 Act states that the Fund will comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act.

⁶ WisdomTree Investments, Inc. (“WisdomTree Investments”) is the parent company of WisdomTree Asset Management.

⁷ The Sub-Adviser is responsible for day-to-day management of the Fund and, as such, typically makes all decisions with respect to portfolio holdings. The Adviser has ongoing oversight responsibility.

Paragraph (g) of Rule 5735 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a “fire wall” between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.⁸ In addition, paragraph (g) further requires that personnel who make decisions on the open-end fund’s portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund’s portfolio. Rule 5735(g) is similar to NASDAQ Rule 5705(b)(5)(A)(i), however, paragraph (g) in connection with the establishment of a “fire wall” between the investment adviser and the broker-dealer reflects the open-end fund’s portfolio, not an underlying benchmark index, as is the case with index-based funds. Neither WisdomTree Asset Management nor Western Asset Management Company is registered as, or affiliated with any broker-dealer. In the event

⁸ An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1) (the “Advisers Act”). As a result, the Adviser and Sub-Adviser and their related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act (17 CFR 275.204A-1). In addition, Rule 206(4)-7 under the Advisers Act (17 CFR 275.206(4)-7) makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

(a) the Adviser or the Sub-Adviser becomes newly registered as, or affiliated with, a broker-dealer or (b) any new adviser or sub-adviser is registered as or becomes affiliated with a broker-dealer, as applicable, it will implement a fire wall with respect to its relevant personnel or such affiliated broker-dealer regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

WisdomTree Western Unconstrained Bond Fund

Principal Investments

The Fund seeks to provide a high level of total return consisting of both income and capital appreciation. The Fund intends to achieve its investment objective through direct and indirect investments in Debt Instruments (as defined below). For these purposes, Debt Instruments will include: (i) fixed income securities,⁹ such as bonds and notes; and (ii) other debt obligations and certain derivatives and other instruments based

⁹ Fixed income securities generally represent obligations of issuers to re-pay money borrowed. The issuer of the fixed income security usually pays a fixed, variable or floating rate of interest and repays the amount borrowed, usually at the maturity of the instrument. Some fixed income securities, such as zero coupon bonds, do not pay current interest, but are issued at a discount from their face values.

The Fund may invest in fixed income securities that have variable or floating interest rates which are readjusted on set dates (such as the last day of the month or calendar quarter) in the case of variable rates or whenever a specified interest rate change occurs in the case of a floating rate instrument. Variable or floating interest rates generally reduce changes in the market price of securities from their original purchase price because, upon readjustment, such rates approximate market rates. Accordingly, as interest rates decrease or increase, the potential for capital appreciation or depreciation is less for variable or floating rate securities than for fixed rate obligations

on Debt Instruments or currency, each as described below. Under normal market conditions,¹⁰ the Fund intends to invest at least 80% of its net assets in Debt Instruments (but not more than 35% of Fund assets in derivatives that are Debt Instruments). The Fund intends to invest in the following Debt Instruments:

- Instruments denominated in U.S. dollars or local currencies.
- Securities or other debt obligations issued by corporations or agencies that may receive financial support or backing from local government.
- Securities or other debt obligations issued by supranational organizations, such as the European Investment Bank, International Bank for Reconstructions and Development, the International Finance Corporation or other regional development banks.
- “Government securities” as defined in Section 3(a)(42) of the Act

¹⁰ The term “under normal market conditions” includes, but is not limited to, the absence of extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance. In response to adverse market, economic, political, or other conditions the Fund reserves the right to invest in U.S. government securities, other Money Market Securities (as defined below), and cash, without limitation, as determined by the Adviser or Sub-Adviser.

“Money Market Securities” shall include: short-term, high quality securities issued or guaranteed by the U.S. government or non-U.S. governments, their agencies and instrumentalities; repurchase agreements backed by U.S. government securities and non-U.S. government securities; money market mutual funds; and deposit and other obligations of U.S. and non-U.S. banks and financial institutions. In the event the Fund engages in these temporary defensive strategies that are inconsistent with its investment strategies, the Fund’s ability to achieve its investment objectives may be limited.

(“Government Securities”).¹¹

- Securities issued or guaranteed by non-U.S. governments, agencies and instrumentalities.
- Municipal securities (including taxable and tax-exempt municipal securities), as defined in Section 3(a)(29) of the Act.
- “Puttable” bonds (bonds that give the holder the right to sell the bond to the issuer prior to the bond’s maturity), when the put date is within a 24 month period; and “busted” convertible securities (a convertible security that is trading well below its conversion value minimizing the likelihood that it will ever reach its convertible price prior to maturity).
- Loan participation notes (“LPNs”).¹²
- Zero-coupon securities and interest-only securities.¹³
- Debt securities linked to inflation rates of the U.S. and non-U.S. countries.
- Repurchase agreements backed by Government Securities and non-U.S.

¹¹ Government Securities include securities issued or guaranteed by the U.S. Treasury, agencies or instrumentalities of the U.S. government or government sponsored enterprises (“GSEs”). The Treasury securities in which the Fund may invest will include variable rate Treasury securities, whose rates are adjusted daily (or at such other increment as may later be determined by the Department of the Treasury) to correspond with the rate paid on one-month or three-month Treasury securities, as applicable.

¹² The Fund may invest in LPNs with a minimum outstanding principal amount of \$200 million that the Adviser or Sub-Adviser deems to be liquid.

¹³ A zero coupon bond is a debt security that is sold without interest and is therefore priced at a discount to the principal amount paid at maturity. An interest-only security is an investment in the interest portion only of that security (i.e., it does not include repayment of principal, which is separated and typically sold separately).

government securities.¹⁴

- Bank loans (including senior loans).¹⁵
- Money Market Securities.¹⁶
- Money market mutual funds.
- Bank loans (including senior loans).
- Mortgage-backed securities,¹⁷ including commercial mortgage-backed securities (“CMBSs”),¹⁸ collateralized mortgage obligations (“CMOs”),¹⁹

¹⁴ The Fund may enter into repurchase agreements with counterparties that are deemed to present acceptable credit risks, and may enter into reverse repurchase agreements, which involve the sale of securities held by the Fund subject to its agreement to repurchase the securities at an agreed upon date or upon demand and at a price reflecting a market rate of interest.

¹⁵ A senior loan is an advance commitment of funds made by one or more banks or financial institutions to one or more corporations, partnerships or other business entities and typically pays interest at a floating rate that is determined periodically at a designated premium above a base lending rate, most commonly the London-Interbank Offered Rate (“LIBOR”).

¹⁶ See note 10, supra.

¹⁷ Mortgage-backed securities are interests in pools of residential or commercial mortgage loans, including mortgage loans, made by savings and loans institutions, mortgage bankers, commercial banks and others. Pools of mortgage loans are assembled as securities for sale to investors by various governmental, government-related and private organizations. Interests in pools of mortgage-backed securities differ from other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, mortgage-backed securities provide a monthly payment which consists of both principal and interest payments. In effect, these payments are a “pass-through” of the monthly payments made by the individual borrowers on their residential or commercial mortgage loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by repayments of principal resulting from the sale of the underlying property, refinancing or foreclosure, net of fees or costs which may be incurred.

¹⁸ CMBSs include securities that reflect an interest in, and are secured by, mortgage loans on commercial real property.

and adjustable rate mortgage back securities (“ARMBSs”),²⁰ and interest-only mortgage-backed securities,²¹ including in each case, agency mortgage-backed securities,²² GSE issued or guaranteed mortgage-backed securities,²³ and privately issued mortgage-backed securities.

- Asset-backed securities (“ABSs”).²⁴

The Fund may invest up to 20% of its net assets, in the aggregate, in

¹⁹ CMOs are debt obligations of a legal entity that are collateralized by mortgages and divided into classes. Similar to a bond, interest and prepaid principal is paid, in most cases on a monthly basis. CMOs may be collateralized by whole mortgage loans or private mortgage bonds, but are more typically collateralized by portfolios of mortgage pass-through securities guaranteed by Ginnie Mae, Fannie Mae, Freddie Mac, and their income streams.

²⁰ ARMBSs have interest rates that reset at periodic intervals. Acquiring ARMBSs permits the Fund to participate in increases in prevailing current interest rates through periodic adjustments in the coupons of mortgages underlying the pool on which ARMBSs are based. Such ARMBSs generally have higher current yield and lower price fluctuations than is the case with more traditional Debt Instruments of comparable rating and quality.

²¹ In an interest-only mortgage backed security, the cash flows to investors are provided from the cash flows from the underlying mortgage loans.

²² The principal U.S. government guarantor of mortgage-backed securities is Ginnie Mae, a wholly-owned corporation within the United States Department of Housing and Urban Development.

²³ GSE’s are private corporations created by the United States government, often to enhance the flow of credit to targeted sectors of the economy. The two largest GSEs for mortgage-backed securities are Fannie Mae and Freddie Mac.

²⁴ ABSs are bonds backed by pools of loans or other receivables. ABSs are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans. ABSs are issued through special purpose vehicles that are bankruptcy remote from the issuer or the collateral. The credit quality of an ABS transaction depends on the performance of the underlying assets. To protect ABS investors from the possibility that some borrowers could miss payments or even default on their loans, ABSs include various forms of credit enhancement.

privately issued mortgage backed securities and privately-issued ABSs. Debt Instruments will also include debt securities which are secured with collateral consisting of mortgage-backed securities or ABSs.

The Fund may invest in the aggregate up to 35% of its assets in the following derivatives which are also Debt Instruments:

- Credit-linked notes.²⁵
- Listed futures contracts on Debt Instruments.²⁶
- Non-deliverable forward currency contracts.²⁷

²⁵ A credit-linked note is a type of structured note whose value is linked to an underlying reference asset or entity. Credit-linked notes typically provide periodic payments of interest as well as payment of principal upon maturity. The Fund will invest not more than 25% of its net assets in credit-linked notes.

²⁶ The Adviser has registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”) under the Commodity Exchange Act with regard to the Fund.

The exchange-listed futures contracts in which the Fund may invest will be listed on exchanges in the United States, Brazil, Chile, Germany, Hong Kong, Mexico, Singapore, South Korea, or the United Kingdom. Each of the futures exchange’s primary financial markets regulators are signatories to the International Organization of Securities Commissions (“IOSCO”) Multilateral Memorandum of Understanding (“MMOU”), which is a multi-party information sharing arrangement among financial regulators. Both the Commission and the Commodity Futures Trading Commission are signatories to the IOSCO MMOU.

The exchange-listed futures contracts in which the Fund may invest in the United States, Germany, Hong Kong, Singapore, South Korea, or the United Kingdom will be listed on exchanges that are members of the Intermarket Surveillance Group (“ISG”) which include affiliates of LIFFE Administration and Management, Eurex Frankfurt, A.G., the Hong Kong Exchanges & Clearing Ltd., the Korea Exchange, the Singapore Exchange, Ltd., NASDAQ OMX BX and NASDAQ OMX PHLX LLC. At least 90% of Fund assets that are invested in exchange-traded derivative instruments will be invested in instruments that trade in markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

- Currency swaps.²⁸
- Interest rate swaps.²⁹
- Listed currency options.
- Listed options on futures contracts on Debt instruments.

The Fund may invest in combinations of investments that provide similar exposure to local currency debt, such as investment in U.S. dollar denominated bonds combined with forward currency positions or swaps.³⁰ Forward currency contracts and swap positions can be incorporated with bonds denominated in non-U.S. currencies to hedge bond exposures back into U.S. dollars. Conversely, forward currency contracts and swap positions can be implemented in combination with U.S. dollar denominated bonds to create local currency bond exposures. Additionally, the Fund's use of forward

²⁷ A forward currency contract is an agreement to buy or sell a specific currency on a future date at a price set at the time of the contract. The Fund will invest only in currencies, and instruments that provide exposure to such currencies, that have significant foreign exchange turnover and are included in the Bank for International Settlements Triennial Central Bank Survey, December 2013 (the "BIS Survey"). The Fund may invest in currencies, and instruments that provide exposure to such currencies, selected from the top 40 currencies (as measured by percentage share of average daily turnover for the applicable month and year) included in the BIS Survey.

²⁸ A currency swap is a foreign exchange agreement between two parties to exchange aspects of a loan (*i.e.*, the principal and interest payments) of a loan in one currency for equivalent aspects of an equal in net present value of a loan in another currency. See also note 27, *supra*, regarding foreign currencies in which the Fund may invest.

²⁹ An interest rate swap involves the exchange of a floating interest rate payment for a fixed interest rate payment.

³⁰ To the extent practicable, the Fund will invest in swaps cleared through the facilities of a centralized clearing house. The Fund may also invest in Money Market Securities that would serve as collateral for the futures contracts and swap agreements.

contracts and swaps may be combined with investments in short-term, high quality U.S. Money Market Securities in a manner designed to provide exposure to similar investments in local currency deposits.³¹

The Fund will use derivative instruments primarily to hedge interest rate risk and actively manage interest rate exposure and, as described below, to hedge foreign currency risk and actively manage foreign currency exposure. The Fund may also use derivative instruments to enhance returns, as a substitute for, or to gain exposure to, a position in an underlying asset, to reduce transaction costs, to maintain full market exposure (which means to adjust the characteristics of its investments to more closely approximate those

³¹ The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser or the Sub-Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Adviser's or the Sub-Adviser's analysis will evaluate each approved counterparty using various methods of analysis and may consider such factors as the counterparty's liquidity, its reputation, the Adviser's or the Sub-Adviser's past experience with the counterparty, its known disciplinary history, and its share of market participation.

The Adviser or Sub-Adviser will also attempt to mitigate the Fund's respective credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty. The Adviser or Sub-Adviser will take various steps to limit counterparty credit risk. The Fund will enter into over-the-counter non-centrally cleared instruments only with financial institutions that meet certain credit quality standards and monitoring policies. The Fund may also use various techniques to minimize credit risk, including early termination or reset and payment, using different counterparties, and limiting the net amount due from any individual counterparty. The Fund generally will collateralize over-the-counter non-centrally cleared instruments with cash and/or certain securities. Such collateral will generally be held for the benefit of the counterparty in a segregated tri-party account at the custodian to protect the counterparty against non-payment by the Fund. In the event of a default by the counterparty, and the Fund is owed money in the over-the-counter non-centrally cleared instruments transaction, the Fund will seek withdrawal of the collateral from the segregated account and may incur certain costs exercising its right with respect to the collateral.

of the markets in which it invests), to manage cash flows or to preserve capital. The Fund's use of derivative instruments will be collateralized by investments in Money Market Securities and other liquid Debt Instruments.³² Such investments will be consistent with the Fund's investment objective and will not be used to enhance leverage. For example, the Fund may engage in swap transactions that provide exposure to Debt Instruments or to interest rates. All Money Market Securities acquired by the Fund will be rated investment grade,³³ except that the Fund may invest in unrated Money Market Securities that are deemed by the Adviser or Sub-Adviser to be of comparable quality to Money Market Securities rated investment grade.³⁴

The Fund will comply with the regulatory requirements of the Commission to maintain assets as "cover," maintain segregate accounts, and make margin payments when it takes positions in derivative instruments involving obligations to third parties (i.e., instruments other than purchase options). With respect to certain kinds of derivative transactions entered into by the Fund that involve obligations to make future payments to third parties, including, but not limited to, futures and forward contracts, swap contracts,

³² See note 10, supra.

³³ The term "investment grade," for purposes of Money Market Securities only, is intended to mean securities rated A1 or A2 by one or more Nationally Recognized Statistical Rating Organizations ("NRSROs").

³⁴ The determination that an unrated security is of comparable quality to a rated security (including, as applicable, an investment grade security) by the Adviser or Sub-Adviser will be based on, among other factors, a comparison between the unrated security and securities issued by similarly situated companies to determine where in the spectrum of credit quality the unrated security would fall. The Adviser or Sub-Adviser would also perform an analysis of the unrated security and its issuer similar, to the extent possible, to that performed by a NRSRO in rating similar securities and issuers. See Credit Analysis of Portfolio Securities, Commission No-Action Letter (May 8, 1990).

the purchase of securities on a when-issued or delayed delivery basis, or reverse repurchase agreements, the Fund, in accordance with applicable federal securities laws, rules, and interpretations thereof, will “set aside” liquid assets, or engage in other measures to “cover” open positions with respect to such transactions.³⁵

The Fund intends to provide exposure across geographic regions and countries, world-wide. The Fund intends to invest in Debt Instruments originating in the following regions/countries: North America, South America, Asia, Australia and New Zealand, Latin America, Europe, Africa and the Middle East. The Fund intends to invest primarily in developed and emerging markets countries.³⁶ The Fund’s credit exposure will be

³⁵ See 15 U.S.C. 80a-18; Investment Company Act Release No. 10666 (April 18, 1979), 44 FR 25128 (April 27, 1979); Dreyfus Strategic Investing, Commission No-Action Letter (June 22, 1987); Merrill Lynch Asset Management, L.P., Commission No-Action Letter (July 2, 1996).

³⁶ The Fund may invest up to 50% of Fund assets in securities issued by issuers that are organized in or maintain their principal place of business in emerging market countries. According to the Adviser, while there is no universally accepted definition of what constitutes an “emerging market,” in general, emerging market countries are characterized by developing commercial and financial infrastructure with significant potential for economic growth and increased capital market participation by foreign investors. The Adviser and Sub-Adviser look at a variety of commonly-used factors when determining whether a country is an “emerging” market. In general, the Adviser and Sub-Adviser consider a country to be an emerging market if:

(1) it is either (a) classified by the World Bank in the lower middle or upper middle income designation for one of the past 5 years (i.e., per capita gross national product of less than U.S. \$9,385), (b) has not been a member of the Organization for Economic Co-operation and Development (“OECD”) for the past five years or (c) classified by the World Bank as high income and a member in OECD in each of the last five years, but with a currency that has been primarily traded on a non-delivered basis by offshore investors (e.g., Korea and Taiwan); and

(2) the country’s debt market is considered relatively accessible by foreign investors in terms of capital flow and settlement considerations.

monitored on an ongoing basis from a risk perspective, and may be modified, reduced, or eliminated. The Fund's exposure to any single corporate issuer generally will be limited to 10% of the Fund's assets. The Fund's exposure to any single sovereign issuer generally will be limited to 25% of the Fund's assets (excluding exempted securities as defined in Section 3(a)(12) of the Act). The percentage of the Fund's assets in a specific region, country or issuer will change from time to time. The Fund's exposure to any one country (other than the United States) generally will be limited to 30% of the Fund's assets though this percentage may change from time to time in response to economic events and changes to the respective credit ratings of the Debt Instruments in such country.

The universe of Debt Instruments will include securities that are rated "investment grade" as well as "non-investment grade" (commonly referred to as 'junk bonds').³⁷ The Fund may invest in Debt Instruments of any credit quality, including unrated securities, and with effective or final maturities of any length.

Liquidity will be an important factor in the Fund's security selection process.³⁸ Under normal market conditions, at least 80% of the Fund's net assets that are invested in

This definition could be expanded or exceptions made depending on the evolution of market and economic conditions.

³⁷ According to the Adviser, "investment grade" (other than with respect to Money Market Securities) means securities rated in the Baa/BBB categories or above by one or more NRSROs. If a security is rated by multiple NRSROs and receives different ratings, the Fund will treat the security as being rated in the highest rating category received from an NRSRO. Rating categories may include sub-categories or gradations indicating relative standing.

³⁸ In reaching liquidity decisions, the Adviser or Sub-Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other

Debt Instruments will be invested in Debt Instruments that are issued by issuers with outstanding debt of at least \$200 million (or the foreign currency equivalent thereof).

The Fund will be actively-managed and will not be tied to an index. The Exchange notes, however, that the Fund's investment portfolio will meet the criteria for non-actively managed, index-based, fixed income ETFs contained in NASDAQ Rule 5705(a)(4)(A).³⁹

Secondary Investments in Derivatives and Foreign Currencies

The Fund's investments in derivative instruments will be made in accordance with the 1940 Act and consistent with the Fund's investment objectives and policies.

Derivative instruments are financial contracts whose values depend upon, or are derived

potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

³⁹ See Exchange Rule 5705(a)(4)(A). The Fund will meet the following requirements of Rule 5705(a)(4)(A): (i) the index or portfolio must consist of fixed income securities (which are generally defined to include Debt Instruments) (Rule 5705(a)(4)(A)(i)); (ii) components that in the aggregate account for at least 75% of the weight of the index or portfolio must each have a minimum original principal amount outstanding of \$100 million or more (Rule 5705(a)(4)(A)(ii)); (iii) a component may be a convertible security, however, once the convertible security converts to an underlying equity security, the component is removed from the index or portfolio (Rule 5705(a)(4)(A)(iii)); (iv) no component fixed-income security (excluding Treasury Securities) will represent more than 30% of the weight of the index or portfolio, and the five highest weighted component fixed-income securities do not in the aggregate account for more than 65% of the weight of the index or portfolio (Rule 5705(a)(4)(A)(iv)); (v) an underlying index or portfolio (excluding exempted securities) must include securities from a minimum of 13 non-affiliated issuers (Rule 5705(a)(4)(A)(v)); and (vi) component securities that in the aggregate account for at least 90% of the weight of the index or portfolio must be from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more (Rule 5705(a)(4)(A)(vi)(c)).

from, the value of any underlying asset, reference rate or index, and may relate to, among other things, interest rates, currencies or currency exchange rates. Under normal market conditions, no more than 35% of the Fund's investments will be in derivative instruments (with no more than 20% of the Fund's investments in derivative instruments that are not within the definition of "Debt Instruments"). The Fund may invest in the following derivative instruments (in addition to Debt Instruments that are derivatives): listed futures contracts (other than on Debt Instruments),⁴⁰ total return swaps,⁴¹ credit default swaps,⁴² and listed options on futures contracts (other than on Debt Instruments).⁴³

As discussed above, the Fund's use of derivative instruments will be collateralized by investments in Money Market Securities and other liquid Debt Instruments.⁴⁴ Such investments will be consistent with the Fund's investment objective and will not be used to enhance leverage.

The Fund may engage in foreign currency transactions, and may invest directly in foreign currencies in the form of bank and financial institution deposits, and certificates of deposit denominated in a specified non-U.S. currency. The Fund may enter into

⁴⁰ See note 26, supra.

⁴¹ A total return swap is an agreement between two parties in which one party agrees to make payments of the total return of a reference asset in return for payments equal to a rate of interest on another reference asset.

⁴² A credit default swap is a financial swap agreement that the seller of the credit default swap will compensate the buyer in the event of a loan default or other credit event.

⁴³ See note 30, supra.

⁴⁴ See note 10, supra.

forward currency contracts in order to “lock in” the exchange rate between the currency it will deliver and the currency it will receive for the duration of the contract.⁴⁵

Other Fund Investments

The Fund may invest up to 20% of its net assets in one or more of the following instruments. The Fund may invest in the securities of other investment companies (including exchange-traded products (“ETPs”), such as other ETFs.⁴⁶ The Fund may invest in debt instruments that do not fall within the meaning of “Debt Instruments” above, including bank loans; banker’s acceptances, which are short-term credit instruments used to finance commercial transactions; bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of

⁴⁵ See note 30, *supra*.

⁴⁶ When used herein, ETPs may include, without limitation: Portfolio Depository Receipts and Index Fund Shares (as described in NASDAQ Rule 5705); Securities Linked to the Performance of Indexes and Commodities (as described in NASDAQ Rule 5710); Index-Linked Exchangeable Notes; Equity Gold Shares; Trust Certificates; Commodity-Based Trust Shares; Currency Trust Shares; Commodity Index Trust Shares; Commodity Futures Trust Shares; Partnership Units; Trust Units; Managed Trust Securities; and Currency Warrants (as described in NASDAQ Rule 5711); Alpha-Index Linked Securities (as described in NASDAQ Rule 5712); Equity-Linked Debt Securities (as described in NASDAQ Rule 5715); Trust Issued Receipts (as described in NASDAQ Rule 5720); Index Warrants (as described in NASDAQ Rule 5725); Securities Not Otherwise Specified (as described in NASDAQ Rule 5730); Managed Fund Shares (as described in NASDAQ Rule 5735); and closed-end funds. The ETPs in which the Fund may invest all will be listed and traded on U.S. registered exchanges. The Fund will invest in the securities of registered investment company ETPs consistent with the requirements of Section 12(d)(1) of the 1940 Act or any rule, regulation or order of the Commission or interpretation thereof. The Fund will only make such investments in conformity with the requirements of Section 817 of the Internal Revenue Code of 1986. The ETPs in which the Fund may invest will primarily be indexed-based ETFs that hold substantially all of their assets in securities representing a specific index. While the Fund may invest in ETPs, the Fund will not invest in leveraged or inverse leveraged (e.g., 2X, -2X, 3X, or -3X) ETPs.

time at a fixed rate of interest; commercial paper, which is short-term unsecured promissory notes,⁴⁷ and certificates of deposit issued against funds deposited in a bank or savings and loan association. The Fund may invest in U.S. and non-U.S. equity securities.⁴⁸ The Fund may also hold cash.

Investment Restrictions

The Fund will invest only in corporate bonds that the Adviser or Sub-Adviser deems to be sufficiently liquid.⁴⁹ The Fund will only buy performing debt securities and not distressed debt. Generally, a corporate bond will be required to have \$150 million or more par amount outstanding and significant par value traded to be considered as an eligible investment. Economic and other conditions may, from time to time, lead to a decrease in the average par amount outstanding of bond issuances. Therefore, although the Fund does not intend to do so, it may invest up to 5% of its net assets in corporate bonds with less than \$150 million par amount outstanding if (1) the Adviser or Sub-Adviser deems such security to be sufficiently liquid based on its analysis of the market

⁴⁷ Except for commercial paper that is included within the meaning of “Debt Instruments,” the Fund will only invest in commercial paper rated A-1 or higher by an NRSRO.

⁴⁸ The equity securities in which the Fund may invest will be limited to securities that trade on markets that are members of the ISG. See note 26, supra.

The Fund may invest in non-U.S. equity securities by means of American Depository Receipts (“ADRs”), European Depository Receipts (“EDRs”), and Global Depository Receipts (“GDRs”). ADRs are receipts typically issued by an American Bank or trust company that evidence ownership of underlying securities issued by a foreign corporation. EDRs are receipts issued in Europe that evidence a similar ownership arrangement. GDRs are receipts issued throughout the world that evidence a similar ownership arrangement.

⁴⁹ See note 38, supra, regarding the method by which the Adviser or the Sub-Adviser, as applicable, will determine liquidity of an instrument.

for such security (based on, for example, broker-dealer quotations or its analysis of the trading history of the security or the trading history of other securities issued by the issuer), (2) such investment is deemed by the Adviser or Sub-Adviser to be in the best interest of the Fund, and (3) such investment is deemed consistent with the Fund's goal of providing exposure to a broad range of countries and issuers.⁵⁰

The Fund may hold up to an aggregate of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or Sub-Adviser.⁵¹ The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid assets. Illiquid assets include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.⁵² The Fund's investments will be consistent with the Fund's investment objectives and will not be used to enhance leverage.⁵³

⁵⁰ See note 39, supra.

⁵¹ The Fund's Sub-Adviser is responsible for complying with the Fund's restrictions on investing in illiquid assets. See note 38, supra.

⁵² The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is

The Fund may invest in Debt Instruments with effective or final maturities of any length. The Fund will seek to keep the average effective duration of its portfolio between -5 and 10 years under normal market conditions. Effective duration is an indication of an investment's interest rate risk or how sensitive an investment or a fund is to changes in interest rates. Generally, a fund or instrument with a longer effective duration is more sensitive to interest rate fluctuations, and, therefore, more volatile, than a similar fund with a shorter effective duration. To potentially protect the Fund against the impact of rising rates, the Adviser or Sub-Adviser may take the duration of the Fund below zero through strategic short positions in instruments such as U.S. Treasury futures (subject to the Fund's limits on investments in derivative instruments as described below). A negative duration suggests that the Fund may benefit from a rise in rates.⁵⁴ The Fund's actual portfolio duration may be longer or shorter depending on market conditions.

illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act of 1933 (15 U.S.C. 77a).

⁵³ The Fund will include appropriate risk disclosure in its offering documents, including leveraging risk. Leveraging risk is the risk that certain transactions of a fund, including a fund's use of derivatives, may give rise to leverage, causing a fund to be more volatile than if it had not been leveraged. To mitigate leveraging risk, the Adviser will segregate or earmark liquid assets or otherwise cover the transactions that give rise to such risk. See 15 U.S.C. 80a-18; Investment Company Act Release No. 10666 (April 18, 1979), 44 FR 25128 (April 27, 1979); Dreyfus Strategic Investing, Commission No-Action Letter (June 22, 1987); Merrill Lynch Asset Management, L.P., Commission No-Action Letter (July 2, 1996).

⁵⁴ Negative duration would occur when the total duration of the Fund's liabilities (e.g., through short positions in U.S. government securities or related futures positions) is less than the total duration of the Fund's assets.

The Fund intends to invest in Debt Instruments of at least 13 non-affiliated issuers. The Fund will not concentrate 25% or more of the value of its total assets (taken at market value at the time of each investment) in any one industry, as that term is used in the 1940 Act (except that this restriction does not apply to obligations issued by the U.S. government or its respective agencies and instrumentalities or government-sponsored enterprises).⁵⁵

The Fund intends to qualify each year as a regulated investment company (a “RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended.⁵⁶ In addition to satisfying the above referenced RIC diversification requirements, no portfolio security held by the Fund (other than U.S. government securities) will represent more than 30% of the weight of the Fund’s portfolio and the five highest weighted portfolio securities of the Fund (other than U.S. government securities) will not in the aggregate account for more than 65% of the weight of the Fund’s portfolio. For these purposes, the Fund may treat repurchase agreements collateralized by U.S. government securities as U.S. government securities.⁵⁷

Creation and Redemption of Shares

⁵⁵ See Form N-1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. See, e.g., Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

⁵⁶ 26 U.S.C. 851.

⁵⁷ Repurchase agreements will not be used by the Fund to enhance leverage.

The Fund will issue and redeem Shares on a continuous basis at net asset value (“NAV”)⁵⁸ only in large blocks of Shares (“Creation Units”) in transactions with Authorized Participants (as defined below). Creation Units generally will consist of 100,000 Shares, though this may change from time to time. Creation Units are not expected to consist of less than 50,000 Shares. According to the Registration Statement and consistent with the Exemptive Relief, the Fund will issue and redeem Creation Units in exchange for a portfolio of Debt Instruments and other instruments (“Deposit Securities”) and/or an amount of U.S. cash representing one or more Deposit Securities (“Deposit Cash”) providing exposure to the holdings of the Fund and cash.

Together, the Deposit Securities and/or Deposit Cash and the Cash Component (defined below) will constitute the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund. The “Cash Component” will be an amount equal to the difference between the NAV of the Shares (per Creation Unit) and the market value of the Deposit Securities (e.g., if the NAV per Creation Unit is less than the market value of the Deposit Securities), the Cash Component will be a corresponding negative amount and the creator will be entitled to receive cash in an amount equal to the Cash Component. The Cash Component will serve the function of compensating for any differences between the NAV per Creation Unit and the market value of the Deposit Securities and/or Deposit Cash, as applicable.

⁵⁸ The NAV of the Fund’s Shares generally is calculated once daily Monday through Friday as of the close of regular trading on the New York Stock Exchange, generally 4:00 p.m. Eastern time (the “NAV Calculation Time”). NAV per Share is calculated by dividing the Fund’s net assets by the number of Fund Shares outstanding. For more information regarding the valuation of the Fund’s investments in calculating the Fund’s NAV, see the Registration Statement.

To be eligible to place orders with respect to creations and redemptions of Creation Units, an entity must be (i) a “Participating Party,” i.e., a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation (“NSCC”); or (ii) a Depository Trust Company (“DTC”) participant. In addition, each Participating Party or DTC participant (each, an “Authorized Participant”) must execute an agreement that has been agreed to by the Distributor and the Transfer Agent, and that has been accepted by the Trust, with respect to purchases and redemptions of Creation Units. All standard orders to create Creation Units must be received by the Transfer Agent no later than the closing time of the regular trading session of the New York Stock Exchange (ordinarily 4:00 p.m., Eastern Time) (the “Closing Time”) in each case on the date such order is placed in order for the creation of Creation Units to be effected based on the NAV of Shares as next determined on such date after receipt of the order in proper form. Shares may be redeemed only in Creation Units at their NAV next determined after receipt not later than the Closing Time of a redemption request in proper form by the Fund through the Transfer Agent only on a business day.

The Custodian, through the NSCC, will make available on each business day, immediately prior to the opening of business on the Exchange’s Core Trading Session (currently 9:30 a.m. E.T.), the list of names and the required number or amount of each Deposit Security and/or the amount of the Deposit Cash, to be included in the current Fund Deposit (based on information at the end of the previous business day) for the Fund. The Fund Deposit is subject to any applicable adjustments, in order to effect purchases of

Creation Units of the Fund until such time as the next-announced composition of the Deposit Securities is made available.

With respect to the Fund, the Custodian, through the NSCC, will make available immediately prior to the opening of business on the Exchange (9:30 a.m. E.T.) on each business day, the list of the names and quantities of the Fund's portfolio securities ("Fund Securities") that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day. Fund Securities on redemption may not be identical to Deposit Securities. Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Fund through the Transfer Agent and only on a business day.

Redemption proceeds for a Creation Unit will be paid either in-kind or in cash or a combination thereof, as determined by the Trust. With respect to in-kind redemptions of the Fund, redemption proceeds will consist of Fund Securities as announced by the Custodian on the business day of the request for redemption received in proper form plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after receipt of a request in proper form, and the value of the Fund Securities (the "Cash Redemption Amount"), less a fixed redemption transaction fee and any applicable variable charge as set forth in the Registration Statement. In the event the Fund Securities have a value greater than the NAV of the Shares, a compensating cash payment equal to the differential will be required to be made by or through an Authorized Participant by the redeeming shareholder. Notwithstanding the foregoing, at the Trust's discretion, an Authorized Participant may receive the corresponding cash value of the securities in lieu of the in-kind securities value

representing one or more Fund Securities. Once created, Shares of the Fund will trade on the secondary market in amounts less than a Creation Unit.

Net Asset Value

The NAV of the Fund will be calculated by the Custodian and determined at the close of the regular trading session on the NASDAQ Stock Market (ordinarily 4:00 p.m. E.T.) on each day that the Exchange is open, provided that fixed-income assets may be valued as of the announced closing time for trading in fixed-income instruments on any day that the Securities Industry and Financial Markets Association (or the applicable exchange or market on which the Fund's investments are traded) announces an early closing time. The NAV per Share for the Fund will be computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding, rounded to the nearest cent. Expenses and fees, including the management fees, are accrued daily and taken into account for purposes of determining NAV.⁵⁹ Creation/redemption order cut-off times may also be earlier on such days.

In calculating the Fund's NAV per Share, the Fund's investment will generally be valued using market valuations. A market valuation generally means a valuation (i) obtained from an exchange, a pricing service, or a major market maker (or dealer), (ii)

⁵⁹ International Data Corporation ("IDC") is expected to be the primary price source for the Fund's assets. The Fund may also rely, however, on other recognized third-party pricing sources, including without limitation Bloomberg, WM Reuters, JP Morgan, Markit and JJ Kenney, to provide prices for certain asset categories, including among others, currency swaps, forward currency contracts, spot currencies, and corporate securities, in each case as determined, from time to time, by the Fund's Board, as defined below. Each of these pricing sources is a "Pricing Service" for purposes of this proposed rule change.

based on a price quotation or other equivalent indication of value supplied by an exchange, a pricing service, or a major market maker or dealer, or (iii) based on amortized cost, for securities with remaining maturities of 60 days or less. The Adviser may use various Pricing Services or discontinue the use of any Pricing Service, as approved by the Fund's board of trustees ("Board") from time to time. A price obtained from a Pricing Service based on such Pricing Service's valuation matrix may be considered a market valuation. Any assets or liabilities denominated in currencies other than the U.S. dollar will be converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more Pricing Service. Bank deposits held in U.S. dollars will be valued at their actual dollar amount; bank deposits held in foreign currencies will be converted into U.S. dollars and valued at their actual amounts in U.S. dollars.

According to the Adviser, debt instruments (including Money Market Securities), including without limitation, Debt Instruments, will generally be valued using prices received from independent Pricing Services as of the announced closing time for trading in fixed-income instruments in the respective market or exchange. In determining the value of a fixed-income investment, Pricing Services determine valuations for normal institutional-size trading units of such securities using valuation models or matrix pricing, which incorporates yield and/or price with respect to bonds that are considered comparable in characteristics such as rating, interest rate and maturity date and quotations from securities dealers to determine current value.

Exchange traded assets (including without limitation, equity securities, listed futures contracts, listed currency options, listed options on futures, and ETPs) will be

valued at the last reported sale price or the official closing price on that exchange where the security or other instrument is primarily traded on the day that the valuation is made. Shares of money market funds (including Money Market Securities that are money market funds) will be valued at their net asset values as reported on the applicable fund's website or to major market vendors.

With respect to derivative instruments, if, however, neither the last sales price nor the official closing price is available, each of these derivative instruments will be valued at either the last reported sale price or official closing price as of the close of regular trading of the principal market on which the instrument is listed consistent with the primary benchmark.

Spot currencies and non-exchange-traded derivatives, including non-deliverable forward currency contracts, currency swaps, interest rate swaps, total return swaps, credit default swaps, and credit-linked notes will normally be valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those assets. Prices from independent Pricing Services will also include prices based on valuation models or matrix pricing to determine current value. Prices obtained from independent Pricing Services typically use information provided by market makers or bond dealers or estimates of market values obtained by reference to yield data relating to investments or securities with similar characteristics, including rating, interest rate, maturity date, option adjusted spread models, prepayment projections, interest rate spreads and yield surveys. Matrix pricing is an estimated price or value for a fixed income security. Matrix pricing is considered a form of fair value pricing, discussed below. In the event that current market valuations

are not readily available or such valuations do not reflect current market value, the Trust's procedures require the Pricing Committee to determine an asset's fair value if a market price is not readily available in accordance with the 1940 Act.⁶⁰ In determining such value, the Trust's Pricing Committee may consider, among other things, (i) price comparisons among multiple sources, (ii) a review of corporate actions and news events, and (iii) a review of relevant financial indicators (e.g., movement in interest rates and market indices). In these cases a Fund's NAV may reflect certain portfolio assets' fair values rather than their market prices. Fair value pricing involves subjective judgments and it is possible that the fair value determination for a security is materially different than the value that could be realized upon the sale of the security.

Because foreign securities exchanges may be open on different days than the days during which an investor may purchase or sell Shares, the value of the Fund's securities may change on days when investors are not able to purchase or sell Shares. Assets denominated in foreign currencies will be converted into U.S. dollars at the exchange rate of such currencies against the U.S. dollar as provided by a Pricing Service. The value of assets denominated in foreign currencies will be converted into U.S. dollars at the exchange rates at the time of valuation.

⁶⁰ The Trust's Board has established a Pricing Committee that is composed of officers of the Trust and investment management personnel of the Adviser. The Pricing Committee is responsible for the valuation and revaluation of any portfolio investments for which market quotations are not readily available. The Pricing Committee has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding valuation and revaluation of any portfolio investment.

The pre-established pricing methods and valuation policies and procedures outlined above may change, subject to review and approval of the Pricing Committee and the Board, as necessary.

Availability of Information

The Fund's website (www.wisdomtree.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day's reported NAV, mid-point of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),⁶¹ and a calculation of the premium and discount of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Regular Market Session⁶² on the Exchange, the Trust will disclose on its website (www.wisdomtree.com) the identities and quantities of the portfolio of securities and other assets (the "Disclosed Portfolio" as defined in Nasdaq Rule 5732(c)(2)) held by the Fund that will form the basis for the Fund's

⁶¹ The Bid/Ask Price of the Fund will be determined using the midpoint of the highest bid and the lowest offer on the Exchange as of the time of calculation of such Fund's NAV. The records relating to Bid/Ask Prices will be retained by the Fund and its service providers.

⁶² See NASDAQ Rule 4120(b)(4) (describing the three trading sessions on the Exchange: (1) Pre-Market Session from 4 a.m. to 9:30 a.m. Eastern time; (2) Regular Market Session from 9:30 a.m. to 4 p.m. or 4:15 p.m. Eastern time; and (3) Post-Market Session from 4 p.m. or 4:15 p.m. to 8 p.m. Eastern time).

calculation of NAV at the end of the business day.⁶³ The Disclosed Portfolio will include, as applicable, the names, quantity, ticker symbol (if applicable), percentage weighting and market value of Debt Instruments, and other assets held by the Fund and the characteristics of such assets, as discussed below. The Fund's disclosure of forward positions will include information regarding the underlying instruments for such positions that market participants can use to value these positions intraday, and this information may include ticker symbols or other identifiers, or the underlying index. The website and information will be publicly available at no charge.

A basket composition file, which will include the security names and quantities of securities and other assets required to be delivered in exchange for Fund Shares, together with estimates and actual cash components, will be publicly disseminated prior to the opening of the Exchange via the NSCC. The basket will represent one Creation Unit of the Fund. The NAV of the Fund will normally be determined as of the close of the regular trading session on the Exchange (ordinarily 4:00 pm. ET) on each business day. Authorized Participants may refer to the basket composition file for information regarding Debt Instruments and any other instrument that may comprise the Fund's basket on a given day.

In addition, an estimated value, defined in Rule 5735 as the "Intraday Indicative Value" (as defined in Nasdaq Rule 5753(c)(3)), that reflects an estimated intraday value

⁶³ Under accounting procedures to be followed by the Fund, trades made on the prior business day ("T") will be booked and reflected in NAV on the current business day ("T+1"). Notwithstanding the foregoing, portfolio trades that are executed prior to the opening of the Exchange on any business day may be booked and reflected in NAV on such business day. Accordingly, the Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

of the Fund's portfolio, will be disseminated. Moreover, the Intraday Indicative Value, available on the NASDAQ OMX Information LLC proprietary index data service,⁶⁴ will be based upon the current value for the components of the Disclosed Portfolio and will be updated and widely disseminated by one or more major market data vendors at least every 15 seconds during the Regular Market Session. In addition, during hours when the markets for local debt and other assets in the Fund's portfolio are closed, the Intraday Indicative Value will be updated at least every 15 seconds during the Regular Market Session to reflect currency exchange fluctuations.

The dissemination of the Intraday Indicative Value, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of the Fund on a daily basis and to provide a close estimate of that value throughout the trading day.

Investors can also obtain Trust's Statement of Additional Information ("SAI"), the Fund's Shareholder Reports, and its Form N-CSR and Form N-SAR, filed twice a year. The Trust's SAI and Shareholder Reports will be available free upon request from the Trust, and those documents and the Form N-CSR may be viewed on screen or downloaded from the Commission's website at www.sec.gov.

Information regarding market price and volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other

⁶⁴ Currently, the NASDAQ OMX Global Index Data Service ("GIDS") is the NASDAQ OMX global index data feed service, offering real-time updates, daily summary messages, and access to widely followed indexes and ETFs. GIDS provides investment professionals with the daily and historical information needed to track or trade NASDAQ OMX indexes, listed ETFs or third-party partner indexes and ETFs.

electronic services. The previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information will be available via NASDAQ proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association ("CTA") plans for the Shares and any underlying ETPs.

Intra-day, executable price quotations on Debt Instruments, including fixed rate, variable rate and zero coupon securities, Money Market Securities that are Debt Instruments (i.e., other than money market mutual funds), LPNs, senior loans, ABSs, mortgage backed securities (including CMBSs, ARMBSSs, CMOs and interest only securities), putable bonds, busted convertible bonds, credit-linked notes, inflation-linked securities, Government Securities, foreign sovereign debt securities, supranational debt securities, corporate debt securities, and municipal securities, as well as on other debt securities, and non-exchange traded derivative instruments, such as non-deliverable forward currency contracts, currency swaps, total return swaps, and credit default swaps, are available from major broker-dealer firms. Intra-day price information is available through subscription services, such as Bloomberg and Thomson Reuters, which can be accessed by Authorized Participants and other investors. Intra-day and closing price information regarding equity securities, ETPs and listed currency options traded on a national securities exchange, and regarding non-securities derivative instruments traded on an exchange, including futures contracts and listed options on futures contracts will be available from the exchange on which such securities or other instruments are traded. Price information regarding non-exchange listed derivative instruments, including swap agreements, credit-linked notes, and forward currency contracts and regarding spot

currencies is available from major market vendors. Money market funds are typically priced once each business day and their prices are available through the applicable fund's website or from major market vendors. Intra-day and closing price information is available for bank deposits held in foreign currencies (i.e., non-U.S. dollar accounts).

Additional information regarding the Fund and the Shares, including investment strategies, risks, creation and redemption procedures, fees, Fund holdings disclosure policies, distribution and taxes will be included in the Registration Statement.

Disclosed Portfolio

The Fund's disclosure of derivative positions in the Disclosed Portfolio will include information that market participants can use to value these positions intraday. On a daily basis, the Fund will disclose on the Fund's website the following information regarding each portfolio holding, as applicable to the type of holding: ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding); the identity of the security or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio.

Initial and Continued Listing

The Shares will be subject to Rule 5735, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares. The Exchange represents that, for

initial and/or continued listing, the Fund must be in compliance with Rule 10A-3⁶⁵ under the Act. A minimum of 100,000 Shares for the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. NASDAQ will halt trading in the Shares under the conditions specified in NASDAQ Rules 4120 and 4121, including the trading pauses under NASDAQ Rules 4120(a)(11) and (12). Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 5735(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted.

Trading Rules

NASDAQ deems the Shares to be equity securities, thus rendering trading in the Shares subject to NASDAQ's existing rules governing the trading of equity securities. NASDAQ will allow trading in the Shares from 4:00 a.m. until 8:00 p.m. Eastern time.

⁶⁵ See 17 CFR 240.10A-3.

The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NASDAQ Rule 5735(b)(3), the minimum price variation for quoting and entry of orders in Managed Fund Shares traded on the Exchange is \$0.01.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by both NASDAQ and also FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.⁶⁶ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. 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.

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and the U.S and non-U.S. equity securities, ETPs, listed options, and listed futures contracts and other instruments held by the Fund with other markets and other entities that are members of the ISG or with which the Exchange has in place a

⁶⁶ FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

comprehensive surveillance sharing agreement.⁶⁷ FINRA may obtain trading information regarding trading in the Shares and the U.S. and non-U.S. equity securities, ETPs, listed options, listed futures contracts and other instruments held by the Fund from such markets and other entities. The Exchange also will communicate as needed regarding trading in the Shares and the U.S and non-U.S. equity securities, ETPs, listed options, and listed futures contracts and other instruments held by the Fund with other markets and other entities that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, the Exchange may obtain information regarding trading in the Shares and the exchange-traded securities and instruments held by the Fund from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. Moreover, FINRA, on behalf of the Exchange, is able to obtain trading information regarding certain Debt Instruments held by the Fund reported to FINRA's Trade Reporting and Compliance Engine ("TRACE"). At least 90% of the Fund's assets that are invested in exchange-traded derivative instruments will be invested in instruments that trade in markets that are members of ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. The ETPs and other equity securities in which the Fund will invest will be traded solely on ISG member exchanges.⁶⁸

⁶⁷ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

⁶⁸ See notes 26, 46, and 48, *supra*.

The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Information Circular

Prior to the commencement of trading of the Shares, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) NASDAQ Rule 2310, which imposes suitability obligations on NASDAQ members with respect to recommending transactions in the Shares to customers; (3) how and by whom information regarding the Intraday Indicative Value and Disclosed Portfolio are disseminated; (4) the risks involved in trading the Shares during the Pre-Market and Post-Market Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Fund. Members purchasing Shares from the Fund for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act.

Additionally, the Information Circular will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Information

Circular will also disclose the trading hours of the Shares of the Fund and the NAV Calculation Time for the Shares. The Information Circular will disclose that information about the Shares of the Fund will be publicly available on the Fund's website.

2. Statutory Basis

NASDAQ believes that the proposal is consistent with Section 6(b) of the Act⁶⁹ in general and Section 6(b)(5) of the Act⁷⁰ in particular in that it is 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, and to remove impediments to and perfect the mechanism of a free and open market and in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NASDAQ Rule 5735. The Exchange represents that trading in the Shares will be subject to the existing trading surveillances administered by both NASDAQ and FINRA on behalf of the Exchange, which are designed to detect violations of the Exchange rules and applicable federal securities laws. Neither the Adviser nor the Sub-Adviser is a broker-dealer or is affiliated with any broker-dealer. In the event (a) the Adviser or the Sub-Adviser becomes newly registered as a broker-dealer or affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a broker-dealer or becomes newly affiliated with a broker-dealer, as applicable, they will implement a fire wall with respect to its relevant personnel

⁶⁹ 15 U.S.C. 78f.

⁷⁰ 15 U.S.C. 78f(b)(5).

or such broker-dealer regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio as required by paragraph (g) of NASDAQ Rule 5735. The Exchange may obtain information regarding trading in the Shares and the other exchange traded securities and other instruments held by the Fund via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and the exchange-traded securities and other instruments held by the Fund with other markets and other entities that are members of the ISG.⁷¹ FINRA may obtain trading information regarding trading in the Shares and the exchange-traded securities and other instruments held by the Fund from markets and other entities that are members of ISG, which includes securities and futures exchanges, or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to obtain trading information regarding certain Debt Instruments through its TRACE serve. At least 90% of the Fund's net assets that are invested in exchange-traded derivative instruments will be invested in instruments that trade in markets that are members of ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

⁷¹ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The Fund's investments will be consistent with the Fund's investment objectives and will not be used to enhance leverage.⁷² Under normal circumstances, the Fund will invest at least 80% of its assets in Debt Instruments. The Fund's exposure to any single corporate issuer generally will be limited to 10% of the Fund's assets. The Fund's exposure to any single sovereign issuer (other than the United States government) will typically be limited to 25% of the Fund's assets. The Fund's exposure to any single country (other than the United States) generally will be limited to 30% of the Fund's assets. There is no limit on the amount of the Fund's assets that may be invested in non-investment grade and unrated securities. The Fund will invest only in corporate bonds that the Adviser or Sub-Adviser deems to be sufficiently liquid and, generally, a corporate bond will be required to have \$150 million or more par amount outstanding and significant par value traded to be considered as an eligible investment. The Fund intends to invest in Debt Instruments of at least 13 non-affiliated issuers. The Fund's investments in derivative instruments will be made in accordance with the 1940 Act and the Fund's investment objectives and policies. Under normal market conditions, no more than 35% of the value of the Fund's net assets will be invested in derivative instruments (and no more than 20% of the Fund's net assets will be invested in derivative instruments that are not Debt Instruments). Such investments will be consistent with the Fund's investment objective. The Fund will comply with the regulatory requirements of the Commission to maintain assets as "cover," maintain segregated accounts, and/or make margin payments when it takes positions in derivative instruments involving obligations to third parties (i.e., instruments other than purchase options). The Fund's investments in

⁷² See note 53, supra.

derivative instruments will not be used to seek to achieve a multiple or inverse multiple of an index or other benchmark. The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser or Sub-Adviser will also attempt to mitigate the Fund's respective credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty.

The Fund may invest up to 20% of its net assets, in the aggregate, in privately issued ABSs and privately issued mortgage-backed securities. The Fund may invest up to 25% of its net assets in credit-linked notes. The Fund may invest up to 20% of its net assets in both U.S. and non-U.S. equity securities, including ETPs. The Fund may also invest up to 20% of its net assets in debt instruments that do not fall within the meaning of "Debt Instrument."

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or the Sub-Adviser. Prior to the commencement of trading in the Shares of the Fund, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information is publicly

available regarding the Fund and the Shares, thereby promoting market transparency. Moreover, the Intraday Indicative Value, available on the NASDAQ OMX Information LLC proprietary index data service will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Regular Market Session. On each business day, before commencement of trading in Shares in the Regular Market Session on the Exchange, the Fund will disclose on its website the Disclosed Portfolio that will form the basis for the Fund's calculation of NAV at the end of the business day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via NASDAQ proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association plans for the Shares and any underlying exchange-traded products. Intra-day, executable price quotations on Debt Instruments as well as derivative instruments are available from major broker-dealer firms. Intra-day price information is available through subscription services, such as Bloomberg and Thomson Reuters, which can be accessed by Authorized Participants and other investors.

Quotation and last sale information for ETFs will be available via the CTA high-speed line, and will be available from the national securities exchange on which they are listed. Pricing information for ETFs and exchange-traded derivatives and other instruments will be available from the exchanges on which they trade and from major market vendors. Pricing information for Debt Instruments, forward currency contracts, spot currencies, and debt instruments that do not fall within the meaning of "Debt

Instruments,” in which the Fund may invest that are described under “Other Investments” will be available from major broker-dealer firms, major market data vendors or Pricing Services, as applicable. Money market funds are typically priced once each business day and their prices will be available through the applicable fund’s website or major market vendors.

The Fund’s website will include a form of prospectus for the fund and additional data relating to NAV and other applicable quantitative information. Trading in Shares of the Fund will be halted under the condition specified in Nasdaq Rules 4120 and 4121 or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to Nasdaq Rule 5735(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. In addition, as noted above, investors will have ready access to information regarding the Fund’s holdings, the Intraday Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange may obtain information regarding trading in the Shares and the other exchange traded securities and other instruments held by the Fund via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and the exchange-

traded securities and other instruments held by the Fund with other markets and other entities that are members of the ISG.⁷³ FINRA may obtain trading information regarding trading in the Shares and the exchange-traded securities and other instruments held by the Fund from markets and other entities that are members of ISG, which includes securities and futures exchanges, or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to obtain trading information regarding certain Debt Instruments through its TRACE serve. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the Intraday Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

For the above reasons, NASDAQ believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional actively-managed exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace.

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.

⁷³ See note 71, supra.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. 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:

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-NASDAQ-2015-012 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File Number SR-NASDAQ-2015-012. 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 website

<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of NASDAQ. 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-NASDAQ-2015-012 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷⁴

Kevin M. O'Neill
Deputy Secretary

⁷⁴ 17 CFR 200.30-3(a)(12).