

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For fiscal year ended December 31, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 001-10932

WisdomTree Investments, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

245 Park Avenue, 35th Floor
New York, New York
(Address of principal executive offices)

13-3487784
(IRS Employer
Identification No.)

10167
(Zip Code)

212-801-2080
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:
Common Stock, \$0.01 par value

Name of each exchange on which registered:
The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At June 30, 2017, the aggregate market value of the registrant's Common Stock held by non-affiliates (computed by reference to the closing sale price of such shares on the NASDAQ Global Select Market on June 30, 2017) was \$1,163,237,847. At February 16, 2018, there were 137,731,285 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Report, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the Annual Meeting of Stockholders to be held in 2018, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

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WISDOMTREE INVESTMENTS, INC.
Form 10-K
For the Fiscal Year Ended December 31, 2017
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, or Report, contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect our results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed in the section entitled "Risk Factors" and elsewhere in this Report. If one or more of these or other risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this Report and the documents that we reference in this Report and have filed with the Securities and Exchange Commission, or the SEC, as exhibits to this Report, completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

In particular, forward-looking statements in this Report may include statements about:

- anticipated trends, conditions and investor sentiment in the global markets and exchange traded products, or ETPs;
- anticipated levels of inflows into and outflows out of our ETPs;
- our ability to deliver favorable rates of return to investors;
- our ability to develop new products and services;
- our ability to maintain current vendors or find new vendors to provide services to us at favorable costs;
- our ability to successfully expand our business into non-U.S. markets;
- competition in our business; and
- the effect of laws and regulations that apply to our business.

The forward-looking statements in this Report represent our views as of the date of this Report. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this Report.

PART I

ITEM 1. BUSINESS

Our Company

We are the only publicly-traded asset management company that focuses exclusively on ETPs, and are one of the leading ETP sponsors in the world based on assets under management, or AUM, with AUM of \$48.9 billion globally as of December 31, 2017. An ETP is a pooled investment vehicle that holds a basket of securities, financial instruments or other assets and generally seeks to track (index-based) or outperform (actively managed) the performance of a broad or specific equity, fixed income or alternatives market segment, commodity or currency (or an inverse or multiple thereof). ETPs are listed on an exchange with their shares traded in the secondary market at market prices, generally at approximately the same price as the net asset value of their underlying components. ETP is an umbrella term that includes exchange-traded funds, or ETFs, exchange-traded notes and exchange-traded commodities.

Our U.S. listed ETFs make up the vast majority of our global AUM. As of December 31, 2017, we were the seventh largest ETF sponsor in the U.S. by AUM. Our family of ETFs includes funds that track our own indexes, funds that track third-party indexes and actively managed funds. We distribute our ETFs through all major channels within the asset management industry, including brokerage firms, registered investment advisers and institutional investors.

We focus on creating ETFs for investors that offer thoughtful innovation, smart engineering and redefined investing. Most of our index-based funds employ a fundamentally weighted investment methodology, which weights securities on the basis of factors such as dividends or earnings, whereas most other ETF industry indexes use a capitalization weighted methodology. As of December 31, 2017, 27 of our U.S. listed ETFs had at least a 10-year track record, all of which employed a fundamentally weighted investment methodology and most of which outperformed their comparable benchmarks. We also offer actively managed ETFs, which are ETFs that are not based on a particular index but rather are actively managed with complete transparency into the ETF's portfolio on a daily basis. Our broad regulatory exemptive relief enables us to use our own indexes for certain of our ETFs and actively manage other ETFs.

Pending Acquisition of ETFS

On November 13, 2017, we entered into a Share Sale Agreement with ETF Securities Limited ("ETF Securities"), pursuant to which we agreed to acquire ETF Securities' European exchange-traded commodity, currency and short-and-leveraged business ("ETFS") by purchasing the entire issued share capital of a subsidiary into which ETF Securities will have transferred ETFS prior to completion of the acquisition. ETFS had \$17.8 billion of AUM as of December 31, 2017. The acquisition, which is expected to close late in the first quarter of 2018 (subject to regulatory approval and other customary closing conditions), will provide us immediate scale in Europe, an industry leading position in European-listed gold and commodity products, greater AUM diversification globally and profitability within our International Business segment.

Pursuant to the Share Sale Agreement, we will acquire ETFS for a purchase price, subject to customary adjustments for working capital, consisting of \$253.0 million in cash (including \$53.0 million from cash on hand), 15,250,000 shares of our common stock and 14,750 shares of a new class of Series A Non-Voting Convertible Preferred Stock that is convertible, subject to certain restrictions, into an aggregate of 14,750,000 shares of our common stock.

We have secured commitments for a three-year senior secured debt financing of \$250.0 million from Credit Suisse Securities (USA) LLC in support of the acquisition, which will be comprised of a \$50.0 million revolving credit facility and a \$200.0 million term loan facility. Entering into the credit agreement is subject to customary closing conditions, including, among others, completion of the acquisition.

Completion of the acquisition is subject to customary closing conditions, including, among others, obtaining regulatory approvals and we and ETF Securities entering into an Investor Rights Agreement, pursuant to which, among other things, ETF Securities will be subject to lock-up, standstill and voting restrictions, and will receive certain registration rights with respect to the common stock, including the common stock issuable upon conversion of the Series A Non-Voting Convertible Preferred Stock, it will receive in the transaction. The Share Sale Agreement will terminate if the conditions to complete the acquisition are not satisfied on or prior to May 13, 2018, unless the parties agree to extend such date.

Historical financial statements of ETFS and pro forma financial information will be made publicly available no later than 75 calendar days from completion of the transaction.

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Business Segments

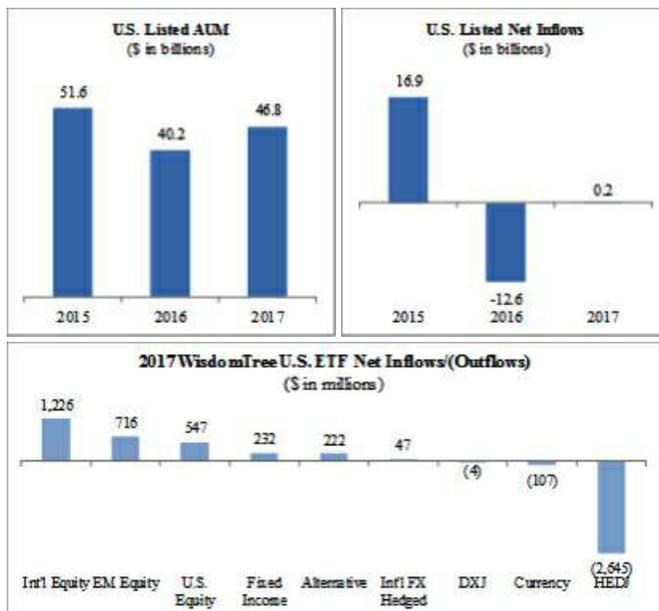
We operate as an ETP sponsor and asset manager providing investment advisory services in the U.S., Europe, Canada and Japan. These activities are reported in our U.S. Business and International Business segments, as follows:

- **U.S. Business segment:** Our U.S. business and Japan sales office, which primarily engages in selling our U.S. listed ETFs to Japanese institutional clients; and
- **International Business segment:** Our European business, which commenced in April 2014 in connection with our acquisition of U.K. based ETP sponsor Boost ETP, LLP, and our Canadian business, which launched its first six ETFs in July 2016. This segment will also include ETFs if the acquisition is completed.

Our Operating and Financial Results

U.S. Business Segment

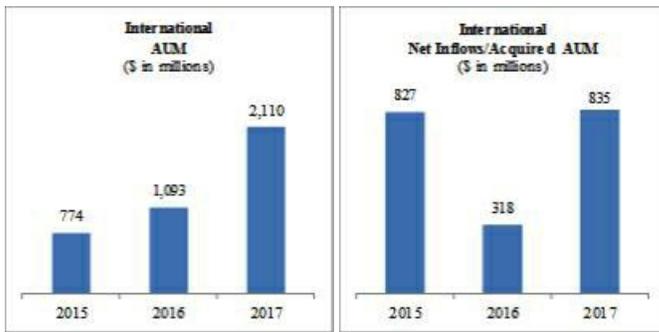
Our U.S. listed ETFs' AUM increased from \$40.2 billion as of December 31, 2016 to \$46.8 billion as of December 31, 2017 primarily due to market appreciation and net inflows into certain of our U.S. listed ETFs (including within our international equity, emerging markets, U.S. equity, fixed income and alternative strategy ETFs). These increases were partly offset by outflows primarily in our two largest ETFs, the WisdomTree Europe Hedged Equity Fund (HEDJ) and the WisdomTree Japan Hedged Equity Fund (DXJ).



International Business Segment

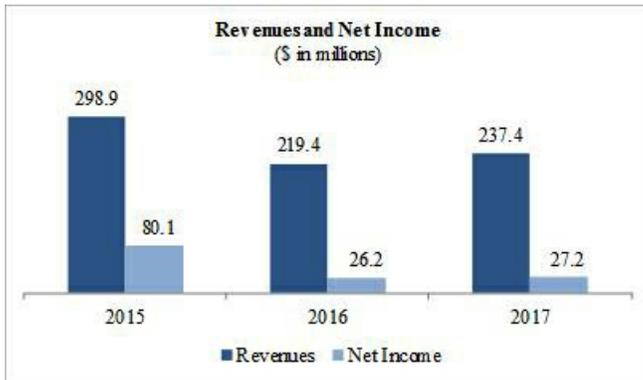
Our international ETFs had net inflows of \$834.9 million during the year ended December 31, 2017, including \$77.4 million of AUM we acquired from Questrade, Inc. This was a result of inflows of \$290.4 million into our European listed ETPs, \$340.1 million into our UCITS ETFs and \$204.4 million (including \$77.4 million of acquired AUM) into our Canadian listed ETFs. Our international AUM increased from \$1.1 billion as of December 31, 2016 to \$2.1 billion as of December 31, 2017 primarily due to net inflows, and to a lesser extent market appreciation.

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Consolidated Operating Results

Our revenues, expenses and net income are as follows:



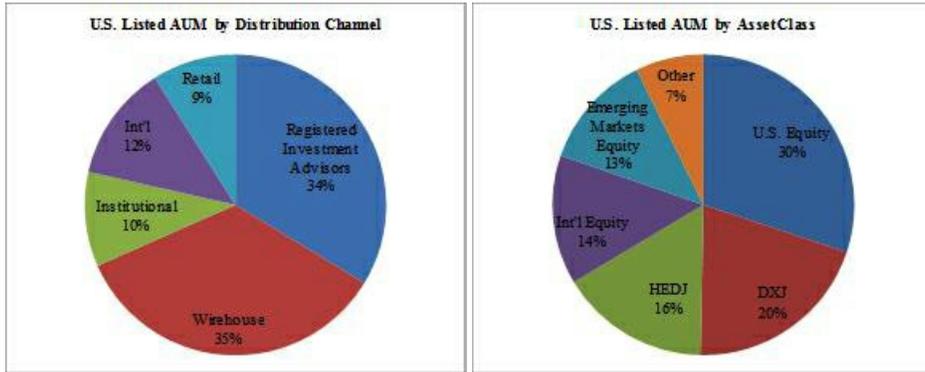
- *Revenues* – We recorded revenues of \$237.4 million during the year ended December 31, 2017, up 8.2% from the year ended December 31, 2016 primarily due to a settlement gain of \$6.9 million, higher advisory fees due to higher average global AUM and higher interest earned on our investments.
- *Expenses* – Total expenses increased 9.3% from the year ended December 31, 2016 to \$179.2 million primarily due to higher compensation expense partly offset by an acquisition payment expense of \$6.7 million and a goodwill impairment charge of \$1.7 million recorded in the prior year.
- *Net income* – Net income increased 4.0% from the year ended December 31, 2016 to \$27.2 million.

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Assets Under Management

WisdomTree U.S. Listed ETFs

The following charts reflect the distribution and asset mix of our U.S. listed ETFs, which make up the vast majority of our global AUM as of December 31, 2017:

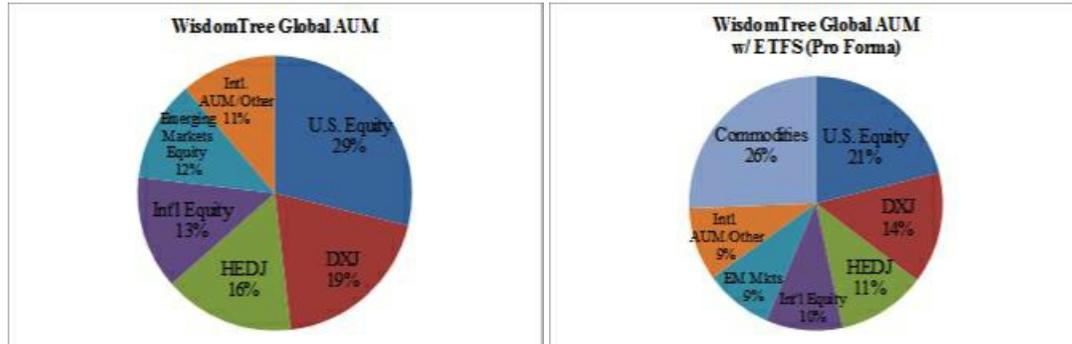


A significant portion of our AUM is held in ETFs that invest in foreign securities. Therefore, our AUM and revenues are affected by movements in global capital market levels and the strengthening or weakening of the U.S. dollar against other currencies. As the chart above reflects, as of December 31, 2017, approximately 36% of our U.S. AUM was concentrated in two products with similar strategies – HEDJ, our European equity ETF which hedges exposure to the Euro, and DXJ, our Japanese equity ETF which hedges exposure to the Yen. The strengthening of the Euro or Yen against the U.S. dollar, or the decline in European or Japanese equity markets, may have an adverse effect on our results.

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WisdomTree ETPs, including AUM of ETFS (Pro Forma)

The following charts compare the asset mix of our WisdomTree ETPs as of December 31, 2017 with the pro forma asset mix of our WisdomTree ETPs assuming the completion of the acquisition of ETFS at December 31, 2017.



As the charts above reflect, the addition of the AUM of ETFS would improve both fund and investment theme concentrations, resulting in a well-diversified mix with immediate scale in commodities and an industry leading position in European-listed gold products. Our concentrations in HEDJ and DXJ would be reduced by an aggregate of approximately 10 percentage points to 11% and 14%, respectively, and our client base would be further diversified with increased exposure to European domiciled investors, commodity focused investors and new-to-firm clients. In addition, our average global ETP advisory fees of approximately 0.50% are anticipated to decline by approximately 0.01% to 0.49% based upon the pro forma asset mix.

As mentioned above, a substantial portion of the AUM of ETFS are in products backed by gold. These products historically have been negatively correlated with our two largest ETFs, HEDJ and DXJ, and therefore we may experience improved stability of AUM and lower overall AUM volatility if the acquisition of ETFS is completed. However, we can provide no assurance that the negative historical correlation between the AUM of ETFS and the AUM of our two largest ETFs will continue in the future.

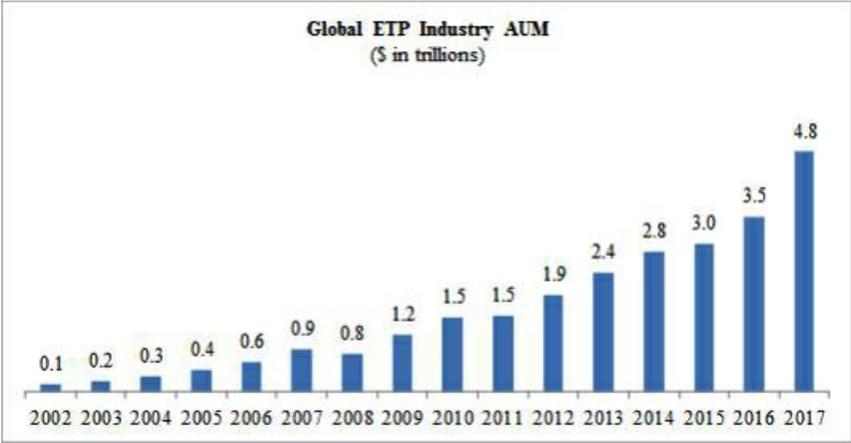
Our Industry

An ETF is an investment fund that holds securities such as equities or bonds and/or other assets such as derivatives or commodities, and generally trades at approximately the same price as the net asset value of its underlying components over the course of the trading day. ETFs offer exposure to a wide variety of asset classes and investment themes, including domestic, international and global equities, and fixed income securities, as well as securities in specific industries and countries. There are also ETFs that track certain specific investments, such as commodities, real estate or currencies.

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We believe ETPs, the vast majority of which are comprised of ETFs, have been one of the most innovative investment products to emerge in the last two decades in the asset management industry. As of December 31, 2017, there were approximately 2,100 ETPs in the U.S. with aggregate AUM of \$3.4 trillion.

The chart below reflects the AUM of the global ETP industry since 2002:



Source: BlackRock

As of December 31, 2017, we were the seventh largest ETF sponsor in the U.S. and the thirteenth largest ETP sponsor globally based on AUM. We estimate that we capture approximately 3% of total U.S. listed advisory fees. If we complete the acquisition of ETFs, we will become the ninth largest ETP sponsor globally and the largest global independent ETP provider based on AUM with significant scale and presence in the U.S. and Europe, the two largest ETP markets.

CURRENT RANKING (GLOBAL)			PROFORMA RANKING (WISDOMTREE/ETFS)		
Rank	ETP Sponsor	AUM (in billions)	Rank	ETP Sponsor	AUM (in billions)
1	iShares	\$1,770	1	iShares	\$1,770
2	Vanguard	\$910	2	Vanguard	\$910
3	State Street	\$671	3	State Street	\$671
4	Powershares	\$139	4	Powershares/Guggenheim/Source	\$196
5	Nomura Group	\$123	5	Nomura Group	\$123
6	Charles Schwab	\$99	6	Charles Schwab	\$99
7	Deutsche Bank	\$99	7	Deutsche Bank	\$99
8	Lynx/Soc Gen	\$77	8	Lynx/Soc Gen	\$77
9	UBS	\$59	9	WisdomTree/ETFS	\$67
10	First Trust	\$58	10	UBS	\$59
11	Nikko	\$57	11	First Trust	\$58
12	Daiwa	\$54	12	Nikko	\$57
13	WisdomTree	\$49	13	Daiwa	\$54

Sources: Morningstar

ETFs have become more popular among a broad range of investors as they come to understand the benefits of ETFs and use them for a variety of purposes and strategies, including low cost index investing and asset allocation, access to specific asset classes, protective hedging, income generation, arbitrage opportunities and diversification.

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While ETFs are similar to mutual funds in many respects, they have some important differences as well:

- **Transparency.** ETFs disclose the composition of their underlying portfolios on a daily basis, unlike mutual funds, which typically disclose their holdings every 90 days.
- **Intraday trading, hedging strategies and complex orders.** Like stocks, ETFs can be bought and sold on exchanges throughout the trading day at market prices. ETFs update the indicative values of their underlying portfolios every 15 seconds. As publicly-traded securities, ETF shares can be purchased on margin and sold short, enabling the use of hedging strategies, and traded using limit orders, allowing investors to specify the price points at which they are willing to trade.
- **Tax efficiency.** In the U.S., whenever a mutual fund or ETF realizes a capital gain that is not balanced by a realized loss, it must distribute the capital gain to its shareholders. These gains are taxable to all shareholders, even those who reinvest the gain distributions in additional shares of the fund. However, most ETFs typically redeem their shares through “in-kind” redemptions in which low-cost securities are transferred out of the ETF in exchange for fund shares in a non-taxable transaction. By using this process, ETFs avoid the transaction fees and tax impact incurred by mutual funds that sell securities to generate cash to pay out redemptions.
- **Uniform pricing.** From a cost perspective, ETFs are one of the most equitable investment products on the market. Investors in U.S. listed ETFs, regardless of their size, structure or sophistication, pay identical advisory fees. Unlike mutual funds, U.S. listed ETFs generally do not have different share classes or different expense structures for retail and institutional clients and ETFs typically are not sold with sales loads or 12b-1 fees. In many cases, ETFs offer lower expense ratios than comparable mutual funds.

ETFs are used in various ways by a range of investors, from conservative to speculative uses including:

- **Low cost index investing.** ETFs provide exposure to a variety of broad-based indexes across equities, fixed income, commodities and other asset classes and strategies, and can be used as both long-term portfolio holdings or short-term trading tools. ETFs offer an efficient and less costly method by which to gain exposure to indexes as compared to individual stock ownership.
- **Improved access to specific asset classes.** Investors often use ETFs to gain access to specific market sectors or regions around the world by investing in an ETF that holds a portfolio of securities in that region or segment rather than buying individual securities.
- **Asset allocation.** Investors seeking to invest in various asset classes to develop an asset allocation model in a cost-effective manner can do so easily with ETFs, which offer broad exposure to various asset classes in a single security.
- **Protective hedging.** Investors seeking to protect their portfolios may use ETFs as a hedge against unexpected declines in prices of securities arising from market movements and changes in currency and interest rates.
- **Income generation.** Investors seeking to obtain income from their portfolios may buy fixed income ETFs that typically distribute monthly income or dividend-paying ETFs that encompass a basket of dividend-paying stocks rather than buying individual stocks.
- **Speculative investing.** Investors with a specific directional opinion about a market sector may choose to buy or sell (long or short) an ETF covering or leveraging that market sector.
- **Arbitrage.** Sophisticated investors may use ETFs to exploit perceived value differences between the ETF and the value of the ETF’s underlying portfolio of securities.
- **Diversification.** By definition, ETFs represent a basket of securities and each fund may contain hundreds or even thousands of different individual securities. The “instant diversification” of ETFs provides investors with broad exposure to an asset class, market sector or geography.

ETFs are one of the fastest growing sectors of the asset management industry. According to the Investment Company Institute, from January 1, 2015 through December 31, 2017, equity ETFs have generated positive inflows of approximately \$709 billion while long-term equity mutual funds have experienced outflows of approximately \$492 billion. In addition, ETF fixed income flows are accelerating as a broader range of investors gravitate toward fixed income products in the ETF structure. We believe this trend is due to the inherent benefits of ETFs, that is: transparency, liquidity and tax efficiency.

We believe our growth, and the growth of the ETF industry in general, will continue to be driven by the following factors:

- **Education and greater investor awareness.** Over the last several years, ETFs have been taking a greater share of inflows and AUM from mutual funds. We believe investors have become more aware of some of the deficiencies of mutual funds and other financial products and are increasing their focus on important characteristics of their traditional investments—namely transparency, tradability, liquidity, tax efficiency and fees. Their attention and education focused on these important investment characteristics may be one of the drivers of the shift in inflows from traditional mutual funds to

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ETFs. We believe as investors continue to become more aware and educated about ETFs and their benefits, ETFs will continue to take market share from traditional mutual funds and other financial products or structures such as hedge funds, separate accounts and individual stocks.

- **Move to fee-based models.** In April 2016, the Department of Labor, or DOL, published its final rule to address conflicts of interest in retirement advice, commonly referred to as the Fiduciary Rule, and full compliance with the rule is required by July 1, 2019. In response to the Fiduciary Rule, many financial advisors over the last several years have changed the revenue model that they charge clients from one that is “transaction-based,” that is, based on commissions for trades or receiving sales loads, to a “fee-based” approach, where an overall fee is charged based on the value of AUM. This fee-based approach lends itself to the adviser selecting no-load, lower-fee financial products, and in our opinion, better aligns advisers with the interests of their clients. Since ETFs generally charge lower fees than mutual funds, we believe this model shift will benefit the ETF industry. As major brokerage firms and asset managers encourage their advisers to move towards fee-based models, we believe overall usage of ETFs likely will increase.
- **Innovative product offerings.** Historically, ETFs tracked traditional equity indexes, but the volume of ETF growth has led to significant innovation and product development. As demand has increased, the number of ETFs also has increased and today, ETFs are available for virtually every asset class including fixed income, commodities, alternative strategies, leveraged/inverse, real estate and currencies. However, we believe that there remain substantial areas for ETF sponsors to continue to innovate, including alternative- and investment theme-based strategies, hard and soft commodities, and actively managed strategies. We also believe the further expansion of ETFs will fuel additional growth and investments from investors who typically access these products through hedge funds, separate accounts, stock investments or the futures and commodity markets.
- **New distribution channels.** Online retail discount brokers now offer free trading and promotion of select ETFs. We believe the promotion of ETF trading by discount brokers and their marketing of ETFs and model portfolios to a wider retail channel, will contribute to the growth of ETFs. Additionally, digital wealth management is evolving and online tools and robo-advisors are gaining wider acceptance with retail investors to assist with investment decisions. These advisors are increasingly utilizing model portfolios, which we believe will also contribute to the growth of ETFs. Institutional investors such as pensions, endowments and even mutual funds are also increasing their use of ETFs as trading tools as well as core holdings.
- **Changing demographics.** As the “baby boomer” generation continues to mature and retire, we expect that there will be a greater demand for a broad range of investment solutions, with an emphasis on income generation and principal protection, and that more of these investors will seek advice from professional financial advisors. We believe these financial advisors will migrate more of their clients’ portfolios to ETFs due to their lower fees, better fit within fee-based models, and their ability to provide access to more diverse market sectors, improve multi-asset class allocation, and be used for different investment strategies, including income generation. Overall, we believe ETFs are well-suited to meet the needs of this large and important group of investors. In addition, since many younger investors and financial advisors have demonstrated a preference for the ETF structure over traditional product structures, we believe that wealth transfers from one generation to another will also have a positive effect on ETF industry growth.
- **International Markets.** We believe the growth of ETFs is a global phenomenon. While the U.S. currently represents the vast majority of global ETF assets, Europe, Canada, Asia and Latin America are growing. Many of the same growth drivers powering the U.S. ETF industry are taking hold in global markets. Additionally, there is an increasing trend of non-U.S. institutional investors investing in U.S.-listed ETFs.
- **U.S. Regulation.** In response to the Fiduciary Rule, which requires full compliance by July 1, 2019, the shift from commission- to fee-based advisory models has accelerated as several large asset management firms have announced and implemented changes to their platforms and policies that favor fee based account structures. Also, in response to the Fiduciary Rule, several fund sponsors have implemented further fee reductions which have occurred primarily in commoditized exposures based upon third-party indexes. We believe that ETFs’ competitiveness generally will increase as a result of the Fiduciary Rule due to the inherent benefits of ETFs – transparency and liquidity; and while we are not immune to fee pressure, we believe our proprietary approach and self-indexing differentiates us from the competition.

Additionally, while the shift toward fee-based models continues to take hold in the U.S. market as described above, regulatory initiatives in international markets are accelerating this trend in new markets. We believe regulations that discourage a commission model and mandate transparency of fees are conducive for ETF growth.

Our Competitive Strengths

- **Well-positioned in large and growing markets.** We believe that ETFs are well positioned to grow significantly faster than the asset management industry as a whole, making our focus on ETFs a significant advantage versus other traditional asset management firms. At December 31, 2017, we were the seventh largest ETF sponsor in the U.S. by AUM. In the ETF

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industry, being a first mover, or one of the first providers of ETFs in a particular asset class, can be a significant advantage. We believe that our early leadership in a number of asset classes positions us well to maintain a leadership position.

- ***Strong performance.*** We create our own indexes, most of which weight companies in our equity ETFs by a measure of fundamental value and are rebalanced annually. By contrast, traditional indexes are market capitalization weighted and tend to track the momentum of the market. In addition, we also offer actively managed ETFs, as well as ETFs based on third-party indexes. In evaluating the performance of our U.S. listed equity, fixed income and alternative ETFs against actively managed and index based mutual funds and ETFs, 91.6% of the \$46.0 billion invested in our ETFs and 68.7% (46 of 67) of our ETFs covered by Morningstar as of December 31, 2017 outperformed their comparable Morningstar average since inception.
- ***Differentiated product set, powered by innovation.*** We have a broad and diverse product set. Our products span a variety of traditional and high growth asset classes, including equities, fixed income, currencies and alternatives, and include both passive and actively managed funds. Our innovations include launching the industry's first emerging markets small-cap equity ETF, the first actively managed currency ETFs, one of the first international local currency denominated fixed income ETFs, the first managed futures strategy ETF, the first currency hedged international equity ETFs in the U.S. and the first smart beta corporate bond suite.

Our product development strategy utilizes:

- ***Self-indexing.*** The majority of our ETFs are based on proprietary WisdomTree indexes which we believe gives us several advantages. First, it minimizes our third-party index licensing fees, which increases our profitability. Second, because we develop our own intellectual property, we are intimately familiar with our strategies and able to effectively communicate their value proposition in the market with research content and support. Third, it can enhance our speed to market and first mover advantage. Fourth, because these indexes are proprietary to WisdomTree, we may face similar competition, but we never face exact competition.
- ***Broad regulatory relief.*** Our broad exemptive relief also allows us to bring unique products to markets, including actively managed funds.

We believe that our expertise in product development combined with our self-indexing capabilities and regulatory exemptive relief provides a strategic advantage, enabling us to launch innovative ETFs.

- ***Extensive marketing, research and sales efforts.*** We have invested significant resources to establish the WisdomTree brand through targeted television, print and online advertising, social media, as well as through our public relations efforts. Close to half of our employees are dedicated to marketing, research and sales. Our sales professionals are the primary points of contact for financial advisors, independent advisory firms and institutional investors who use our ETFs. Their efforts are enhanced through value-added services provided by our research and marketing efforts. We have strong relationships with financial advisors at leading national brokerage firms, registered investment advisers and high net worth advisers. We believe that by strategically aligning these adviser relationships and marketing campaigns with targeted research and sales initiatives and products that align with market sentiment, we differentiate ourselves from our competitors.
- ***Efficient business model with lower risk profile.*** We have invested heavily in the internal development of our core competencies with respect to product development, marketing, research and sales of ETFs. We outsource to third parties those services that are not our core competencies or may be resource or risk intensive, such as the portfolio management responsibilities and fund accounting operations of our ETFs. In addition, since we create our own indexes for most of our ETFs, we usually do not incur many licensing costs.
- ***Strong, seasoned and creative management team.*** We have built a strong and dedicated senior leadership team. Most of our leadership team has significant ETF or financial services industry experience in fund operations, regulatory and compliance oversight, product development and management or marketing and communications. We believe our team, by developing an ETF sponsor from the ground up despite significant competitive, regulatory and operational barriers, has demonstrated an ability to innovate as well as recognize and respond to market opportunities and effectively execute our strategy.

Our Growth Strategies

Our goal is to become one of the top five ETF sponsors in the world. We believe our continued execution will enable us to increase trading volumes and build longer performance track records, which should allow us to attract additional investors and, in turn, further grow our AUM. We will seek to increase our market share and build additional scale by continuing to implement the following growth strategies:

- **Foster deeper relationships through technology-driven solutions.** We believe that the asset management industry is undergoing rapid change and technology is altering the way financial advisors conduct business. In October 2017, we launched our Advisor Solutions program, which is focused on providing technology-enabled solutions to help financial advisors address technology challenges and grow and scale their businesses.

The Advisor Solutions program includes:

- wealth investment research and ETF education;
 - portfolio construction services such as the Digital Portfolio Developer, or DPD, an enhanced portfolio construction tool that assists financial advisors in analyzing an existing investment portfolio by analyzing the data and providing alternative portfolio approaches to consider in seeking to improve outcomes based on different measures;
 - access to ETF model portfolios, which are currently available on several platforms. Our model portfolios are a natural extension of our research capabilities and provide advisors access to an open-architecture approach, a tenured team and a firm dedicated to innovation and value creation;
 - practice management resources, including access to thought leaders in retirement planning, leadership and behavioral finance; and
 - wealth management technology through AdvisorEngine Inc., a customizable end-to-end platform for financial advisors. AdvisorEngine offers an array of distinct product offerings that provide advisors with new client prospecting tools, online client onboarding, institutional grade analytics, trading, performance reporting and billing. Its technology is distinctive in that it provides these features from an advisor-centric point of view, allowing advisors to deepen their engagement with clients and demonstrate the value of the advisory relationship.
- **Increase penetration within existing distribution channels and expand into new distribution channels.** We believe there is an opportunity to increase our market share by further penetrating existing distribution channels, expanding into new distribution channels and cross-selling additional WisdomTree ETFs. We are working to achieve these objectives as follows:
 - **Enter into new distribution and other commercial arrangements.** In October 2017, 72 of our U.S. listed ETFs were added to TD Ameritrade’s expanded and enhanced commission-free ETF program, which allows for investors using the TD Ameritrade platform to purchase these ETFs without incurring the costs of trading commission fees. This commission-free access spans asset classes including equities, fixed income and alternatives, and includes a variety of investment categories in which we are a smart beta ETF provider. In January 2018, our commission-free ETF model portfolios became available on the TD Ameritrade Institutional Model Market Center, which offers financial advisors the ability to subscribe to third-party models and personalize portfolios according to their clients’ unique needs. We plan to continue to enter into new distribution and other commercial arrangements to deepen and broaden our distribution capabilities.
 - **Leverage data to serve and expand investor base and improve sales and marketing effectiveness.** During June 2017, we collaborated with IBM’s Advanced Analytics practice and global consulting agency Bluewolf, an IBM Company, to develop a cognitive customer-focused lead prioritization system leveraging IBM Watson to enhance our distribution efforts. The system evaluates data across structured and unstructured sources such as historical investment data, market data and investor activity history, extracting behavioral insights, and is designed to enable our sales and marketing teams to optimize outreach to our current and potential investor base.
 - **Grow our international business.** Our proposed acquisition of ETPs, which includes \$17.8 billion of AUM as of December 31, 2017, will provide us with immediate scale in Europe, an industry leading position in European-listed gold and commodity products, greater AUM diversification globally, and profitability within our International Business segment. In addition, we have taken the following steps over the past few years to broaden our reach around the world:
 - **Europe.** In April 2014, we acquired a majority stake in our European business and accelerated the buyout of the remaining minority interest in May 2016. Through this platform, we currently have listed 70 European listed ETPs and 17 WisdomTree branded UCITS ETFs, and for some have created additional currency-hedged share classes, on the London Stock Exchange, Borsa Italiana, Deutsche Börse and SIX Swiss Exchange, and we continue to manage and grow the Boost lineup of ETPs under the Boost brand.

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- *Canada.* The completion of our transaction with Questrade in November 2017 represented another milestone for the growth of our business in this key market and reflects our strong commitment to Canada. We first established an office in Toronto in April 2016 and began distributing a select range of locally listed ETFs in July 2016. We currently have listed 12 WisdomTree branded Canadian ETFs.
- *Latin America.* We have cross-listed many of our ETFs on the Mexican stock exchange, targeting institutional investors trading foreign securities in Mexico. A total of 42 WisdomTree strategies are currently listed on the Bolsa Mexicana de Valores, including 32 U.S. listed ETFs and 10 UCITS ETFs. We are also party to a marketing arrangement with the Compass Group to market WisdomTree ETFs in Latin America.
- *Israel.* In 2015, we entered into a marketing arrangement to market our U.S. listed ETFs in Israel.
- *Japan.* In February 2017, Monex Securities, a leading Japanese online securities firm, began providing WisdomTree ETFs through Japan's first commission-free program offered to individual investors. In February 2016, we began selling our U.S. listed ETFs to the institutional market through our sales office in Japan. Moreover, we have made regulatory filings in Japan which permit 30 of our U.S. listed ETFs to be marketed to retail investors in Japan. In addition, key personnel from our Japan office travel globally to market our Japan themed ETFs to institutional investors outside of Japan.
- *China.* In July 2016, we entered into a global product partnership with ICBC Credit Suisse Asset Management (International) Company Limited to launch, market and distribute ETFs that track the S&P China 500 Index. A Luxembourg UCITS ETF listed in Europe in July 2016 marked the first product in this collaboration.
- *Asian countries, excluding Japan.* In February 2018, we entered into an agreement with Premia Partners Company Limited in which Premia Partners will support us with respect to our U.S. listed ETFs on promotional, marketing, product consulting and general education activities in specific Asian countries, excluding Japan.

As ETFs are increasingly traded globally, we believe that international expansion of our marketing, communication and sales strategies will provide significant growth avenues to participate in new regional markets as well as increasing cross-border investments by non-U.S. institutional investors.

- **Launch innovative new products that diversify our product offerings and revenues.** We believe our track record demonstrates that we can create and sell innovative ETFs that meet market demand. For example, we have established a platform for offering collective investment funds under the WisdomTree Collective Investment Trust, or CIT, to target the retirement sector. The CIT is exempt from registration with the SEC as a bank-maintained collective investment fund established for employee benefit trusts. We believe that continued launches of new products will strengthen our business by allowing us to realize new inflows, maintain and grow our AUM and generate revenues across different market cycles as particular investment strategies move in and out of favor.
- **Selectively pursue acquisitions or other strategic transactions.** We may pursue acquisitions or other strategic transactions that will enable us to strengthen our current business, expand and diversify our product offering, increase our AUM or enter into new markets. We believe pursuing acquisitions or other strategic transactions is a cost-effective means of growing our business and AUM. For example, in November 2017, we agreed to acquire ETFs, which includes \$17.8 billion of AUM as of December 31, 2017. Also, in November 2017, we acquired a suite of eight Canadian listed ETFs from Questrade, which represented approximately \$77.4 million in AUM at closing. As part of the transaction, our Canadian subsidiary became a premier provider of ETFs available for purchase on a commission-free basis on Questrade's self-directed platform, including all of our Canadian listed ETFs.

Regulatory Framework of the ETF Industry

Not all ETPs are ETFs. ETFs are a distinct type of security with features that are different than other ETPs. ETFs are open-end investment companies or unit investment trusts regulated in the U.S. by the Investment Company Act of 1940, or the Investment Company Act. This regulatory structure is designed to provide investor protection within a pooled investment product. For example, the Investment Company Act requires that at least 40% of the Trustees for each ETF must not be affiliated persons of the fund's investment manager, or Independent Trustees. If the ETF seeks to rely on certain rules under the Investment Company Act, a majority of the Trustees for that ETF must be Independent Trustees. In addition, as discussed below, ETFs have received orders from the staff of the SEC which exempt them from certain provisions of the Investment Company Act; however, ETFs generally operate under regulations that prohibit affiliated transactions, are subject to standard pricing and valuation rules and have mandated compliance programs. ETPs can take a number of forms in addition to ETFs, including exchange traded notes, grantor trusts or limited partnerships. In the U.S. market, a key factor differentiating ETFs, grantor trusts and limited partnerships from exchange traded notes is that the former hold assets underlying the ETP. Exchange traded notes, on the other hand, are debt instruments issued by the exchange traded note sponsor. Also, each of these structures has implications for taxes, liquidity, tracking error and credit risk.

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Because ETFs do not fit into the regulatory provisions governing mutual funds, ETF sponsors need to obtain “exemptive relief” from the SEC from certain provisions of the Investment Company Act in order to operate ETFs. This exemptive relief allows the ETF sponsor to bring to market the specific products or structures for which the relief was requested and obtained. Applying for exemptive relief can be costly and take several months to several years depending on the type of exemptive relief sought. See “Business—Regulation” below.

Our U.S. Listed Products

As of December 31, 2017, we offered a comprehensive family of 89 ETFs.

International Hedged Equity ETFs

In June 2006, we launched DXJ, the U.S. industry’s first currency hedged equity ETF, and in December 2009 we launched HEDJ, our second currency hedged ETF, which together represent our two largest ETFs. We currently have 20 such ETFs in the market. These ETFs provide exposure to a specified international equity market while hedging the currency exposure of that market relative to the U.S. dollar. In 2016, we launched dynamic currency hedged ETFs, including the Dynamic Currency Hedged International Equity ETF (DDWM), which was the most successful ETF launched in the U.S. in 2016 based on total AUM. Our international hedged equity ETFs are sub-advised by Mellon Capital, a subsidiary of The Bank of New York Mellon Corporation, or BNY Mellon.

Equity ETFs

We offer equity ETFs that provide access to the securities of large, mid and small-cap companies located in the U.S., international developed markets and emerging markets, as well as particular market sectors and styles. Our equity ETFs track our own indexes, the majority of which are fundamentally weighted as opposed to market capitalization weighted indexes, which assign more weight to stocks with the highest market capitalizations. These fundamentally weighted indexes focus on securities of companies that pay regular cash dividends or on securities of companies that have generated positive cumulative earnings over a certain period. We believe weighting equity markets by dividends and income, rather than by market capitalization, can provide investors with better risk-adjusted returns over longer term periods in core equity exposures. Our equity ETFs are sub-advised by Mellon Capital. In 2016, we experienced a record year of net inflows of \$1.9 billion into our U.S. equity ETFs and had \$547.0 million of additional inflows in 2017. In addition, inflows into our international equity and emerging markets ETFs were \$1.2 billion and \$716.2 million, respectively.

Fixed Income ETFs

In 2010, we began launching international fixed income ETFs. Currently, these ETFs invest in emerging market countries, Asia Pacific-Japan countries or Australia and New Zealand. These ETFs are denominated in either local or U.S. currencies. We intend to launch additional fixed income bond funds and broaden our product offerings in this category. In December 2013, we launched a suite of rising rate bond ETFs based on leading fixed income benchmarks we license from third parties. In July 2015, we launched an ETF that seeks to track a yield-enhanced index of U.S. investment grade bonds and in 2016 we launched the industry’s first smart beta corporate bond suite. Our fixed income ETFs are sub-advised by either Mellon Capital or Voya Investment Management, a subsidiary of Voya Financial Inc.

Currency ETFs

We launched the industry’s first currency ETFs in May 2008 using our regulatory exemption for actively managed funds. We offer currency ETFs that provide investors with exposure to developed and emerging markets currencies, including the Chinese Yuan and the Brazilian Real. In December 2013, we launched a U.S. Dollar Bullish Fund licensing a new Bloomberg index. Currency ETFs invest in U.S. money market securities, forward currency contracts and swaps and seek to achieve the total returns reflective of both money market rates in selected countries available to foreign investors and changes to the value of these currencies relative to the U.S. dollar. Our currency ETFs are sub-advised by Mellon Capital.

Alternative Strategy ETFs

In 2011, we launched the industry’s first managed futures strategy ETF and a global real return ETF. In 2015, we launched a dynamic long/short U.S. equity ETF and a dynamic bearish U.S. equity ETF. In 2016, we launched a collateralized put write strategy ETF on the S&P 500 index. We also intend to explore additional alternative strategy products in the future. Our managed futures strategy ETF and dynamic long/short and bearish U.S. equity ETFs are sub-advised by Mellon Capital.

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Commodity ETFs

In January 2016, we acquired the managing owner of the GreenHaven Continuous Commodity Index Fund, which has been renamed the WisdomTree Continuous Commodity Index Fund (NYSE Arca: GCC).

Our International Listed Products

WisdomTree UCITS ETFs

In connection with the acquisition of our current European business in April 2014 and its subsequent build out, we have launched 17 UCITS ETFs, and for some have created additional currency-hedged share classes, on the London Stock Exchange, Borsa Italiana, Deutsche Börse and SIX Swiss Exchange, providing exposure to large and small-cap U.S., European and emerging markets equities, as well as a diversified commodities strategy.

Boost ETPs

As part of the acquisition of our current European business in April 2014, we acquired Boost's equity, commodity, fixed income and currency ETPs, which are listed in Europe. As of December 31, 2017, there were 70 ETPs on the European platform.

Canadian ETFs

In April 2016, we established an office in Toronto and in July 2016 began distributing a select range of locally listed ETFs. In November 2017, we acquired a suite of eight Canadian listed ETFs from Questrade which represented approximately \$77.4 million in AUM at closing. Most of these ETFs were merged into our existing Canadian listed ETFs. We currently have listed 12 WisdomTree branded Canadian ETFs.

ETFS Products

If we complete the acquisition of ETFS, we will have acquired a suite of European exchange-traded commodity, currency and short-and-leveraged products with AUM of \$17.8 billion as of December 31, 2017.

Sales, Marketing and Research

We distribute our ETFs through all major channels within the asset management industry, including brokerage firms, registered investment advisers and institutional investors. Our primary sales efforts are not directed towards the retail segment but rather are directed towards the financial or investment adviser who acts as the intermediary between the end-client and us. We do not pay commissions nor do we offer 12b-1 fees to financial advisors to use or recommend the use of our ETFs.

We have developed an extensive network and relationships with financial advisors and we believe our ETFs and related research are well structured to meet their needs and those of their clients. We have taken steps to enhance and form new relationships through our Advisor Solutions program which focuses on providing technology-enabled solutions to help financial advisors grow and scale their businesses. Our sales professionals act in a consultative role to provide financial advisors with value-added services. We seek to consistently grow our network of financial advisors and we opportunistically seek to introduce new products and services that best deliver our investment strategies to investors through these distribution channels. We have our own team of approximately 74 sales professionals globally as of December 31, 2017. If we complete the acquisition of ETFS, we estimate that the number of our sales professionals globally will be 77 when taking into consideration the realization of synergies. We have restructured our U.S. sales force to enhance our interactions with financial advisors and plan to continue to invest in sales-related resources over the course of 2018 to further penetrate existing sales channels, and to better service new emerging distribution channels.

In addition, we have agreements with third parties to serve as the external marketing agents for the WisdomTree ETFs in Latin America, Australia, New Zealand, Israel and specific Asian countries, excluding Japan, as well as with certain brokerage firms to allow certain of our ETFs to trade commission free on their brokerage platforms in exchange for a percentage of our advisory fee revenues from certain AUM. We believe these arrangements expand our distribution capabilities in a cost-effective manner and we may continue to enter into such arrangements in the future.

Our marketing efforts are focused on three objectives: generating new clients and inflows to our ETFs; retaining existing clients, with a focus on cross-selling additional WisdomTree ETFs; and building brand awareness. We pursue these objectives through a multi-faceted marketing strategy targeted at financial advisors. We utilize the following strategies:

- **Targeted advertising.** We create highly targeted multi-media advertising campaigns limited to established core financial media. For example, our television advertising runs exclusively on the cable networks CNBC, Fox Business and Bloomberg Television; online advertising runs on investing or ETF-specific web sites, such as www.seekingalpha.com and www.etfdbase.com; and advertising runs in core financial publications, including *Barron's*, *Pensions & Investments* and *Investor's Business Daily*.
- **Media relations.** We have a full time public relations team who has established relationships with the major financial media outlets including *The Wall Street Journal*, *Barron's*, *Financial Times*, *Bloomberg*, *Reuters*, *New York Times* and *USA Today*. We utilize these relationships to help create awareness of the WisdomTree ETFs and the ETF industry in general. Several members of our management team and multiple members of our research team are frequent market commentators and conference panelists.

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- **Direct marketing.** We have a database of financial advisors to which we regularly market through targeted and segmented communications, such as on-demand research presentations, ETF-specific or educational events and presentations, quarterly newsletters and market commentary from our senior investment strategy adviser, Professor Jeremy Siegel.
- **Social media.** We have implemented a social media strategy that allows us to connect directly with financial advisors and investors by offering timely access to our research material and more general market commentary. Our social media strategy allows us to continue to enhance our brand reputation of expertise and thought leadership in the ETF industry. For example, we have an established presence on LinkedIn, Twitter and YouTube, and our blog content is syndicated across multiple business-oriented websites.
- **Sales support.** We create comprehensive materials to support our sales process including whitepapers, research reports, webinars, blogs, podcasts, videos and performance data for our ETFs.

We will continue to evolve our marketing and communication efforts in response to changes in the ETF industry, market conditions and marketing trends.

Our research team has three core functions: index development and oversight, investment research and sales support. In its index development and oversight role, the research group is responsible for creating the investment methodologies and overseeing the maintenance of our indexes that the WisdomTree ETFs are designed to track. The team also provides a variety of investment research around these indexes and market segments. Our research is typically academic-type research to support our products, including white papers on the strategies underlying our indexes and ETFs, investment insights on current market trends, and types of investment strategies that drive long-term performance. We distribute our research through our sales professionals, online through our website and blog, targeted emails to financial advisors, or through financial media outlets. On some occasions, our research has been included in "op-ed" articles appearing in *The Wall Street Journal*. Shorter research notes are also developed to promote our ideas, which are distributed online through social media channels. Finally, the research team supports our sales professionals in meetings as market experts and through custom analysis on client portfolio holdings. In addition, we consult with our senior investment strategy adviser, Professor Jeremy Siegel, on product development ideas and market commentaries.

Product Development

We are focused on driving continued growth through innovative product development. Due to our broad based regulatory exemptive relief, proprietary index development capabilities and a strategic focus on product development at the senior management level, we have demonstrated an ability to launch innovative and differentiated ETFs. When developing new funds, we seek to introduce product that can be first to market, offer improvement in structure or strategy relative to an incumbent product or offer some other key distinction relative to an incumbent product. In short, we want to add choice in the market and seek to introduce thoughtful investment solutions by avoiding commoditized products. Lastly, when launching new products, we seek to expand and diversify our overall product line.

Competition

The asset management industry is highly competitive and we face substantial competition in virtually all aspects of our business. Factors affecting our business include fees for our products, investment performance, brand recognition, business reputation, quality of service and the continuity of our financial advisor relationships. We compete directly with other ETF sponsors and mutual fund companies and indirectly against other investment management firms, insurance companies, banks, brokerage firms and other financial institutions that offer products that have similar features and investment objectives to those offered by us. The vast majority of the firms we compete with are subsidiaries of large diversified financial companies and many others are much larger in terms of AUM, years in operations and revenues and, accordingly, have much larger sales organizations and budgets. In addition, these larger competitors may attract business through means that are not available to us, including retail bank offices, investment banking, insurance agencies and broker-dealers.

The ETF industry is becoming significantly more competitive. There has been increased price competition in not only commoditized product categories such as traditional, market capitalization weighted index exposures, but also in fundamental or other non-market cap weighted or factor-based exposures. Certain ETF sponsors have been reducing fees, which has been a trend over the last few years that accelerated meaningfully in 2017. Funds are being offered with fees of 20 bps or less, which attracted approximately 70% of the net flows into U.S. listed ETFs during the year ended December 31, 2017. In addition, existing players have broadened their suite of products offering strategies that are, in some cases, similar to ours. Large traditional asset managers are also launching ETFs, some with similar strategies as well.

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While low cost ETFs have accumulated a significant amount of AUM recently, these same funds have captured only 34% of the revenues associated with the net flows into U.S. listed ETFs during 2017. In addition, in the ETF industry, being a first mover, or one of the first providers of ETFs in a particular asset class, can also be a significant advantage, as the first ETF in a category to attract scale in AUM and trading liquidity is generally viewed as the most attractive ETF. We believe that our early launch of ETFs in a number of asset classes or strategies, including fundamental weighting and currency hedging, positions us well to maintain our position as one of the leaders of the ETF industry. Additionally, we believe our affiliated indexing or “self-indexing” model enables us to launch proprietary products which do not have exact competition.

We believe our ability to successfully compete will depend largely on our competitive product offerings and our ability to offer exposure to compelling investment strategies, develop distribution relationships, create new investment products, build trading volume, AUM and outperforming track records in existing funds, offer a diverse platform of investment choices, build upon our brand and attract and retain talented sales professionals and other employees.

U.S. Regulation

The investment management industry is subject to extensive regulation and virtually all aspects of our business are subject to various federal and state laws and regulations. These laws and regulations are primarily intended to protect investment advisory clients and shareholders of registered investment companies. These laws generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of our business and to impose sanctions for failure to comply with these laws and regulations. Further, such laws and regulations may provide the basis for examination, inquiry, investigation, enforcement action and/or litigation that may also result in significant costs to us.

We are primarily subject to the following laws and regulations, among others. The costs of complying with such laws and regulations have increased and will continue to contribute to the costs of doing business:

- ***The Investment Advisers Act of 1940 (Investment Advisers Act)***. The SEC is the federal agency generally responsible for administering the U.S. federal securities laws. WisdomTree Asset Management, Inc., or WTAM, one of our subsidiaries, is registered as an investment adviser under the Investment Advisers Act and, as such, is regulated by the SEC. The Investment Advisers Act requires registered investment advisers to comply with numerous and broad obligations, including, among others, recordkeeping requirements, operational procedures, registration and reporting and disclosure obligations.
- ***The Investment Company Act of 1940 (ICA)***. Nearly all of our WisdomTree ETFs are registered with the SEC pursuant to the Investment Company Act. These WisdomTree ETFs must comply with the requirements of the Investment Company Act and other regulations related to publicly offering and listing shares, as well as conditions imposed in the exemptive orders received by the ETFs, including, among others, requirements relating to operations, fees charged, sales, accounting, recordkeeping, disclosure and governance. In addition, the SEC has proposed, and is expected to continue to propose, new and/or revised provisions under the ICA that may impact current and future ETF investments and/or operations.
- ***Broker-Dealer Regulations***. Although we are not registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934, as amended, or Exchange Act, nor are we a member firm of the Financial Industry Regulatory Authority, or FINRA, many of our employees, including all of our salespersons, are licensed with FINRA and are registered as associated persons of the distributor of the WisdomTree ETFs and, as such, are subject to the regulations of FINRA that relate to licensing, continuing education requirements and sales practices. FINRA also regulates the content of our marketing and sales material.
- ***Internal Revenue Code***. The WisdomTree Trust generally has obligations with respect to the qualification of the registered investment company for pass-through tax treatment under the Internal Revenue Code.
- ***U.S. Commodity Futures Trading Commission (CFTC) and National Futures Association (NFA)***. In 2012, the CFTC adopted regulations that have required us to become a member of the NFA and register as a commodity pool operator for a select number of our ETFs. In addition, in January 2016, we acquired the ownership interest in two commodity pool operators (one of which has since been dissolved) to ETFs that are not registered under the ICA and are thereby subject to additional requirements imposed by the CFTC and NFA. Each commodity pool operator is required to comply with numerous CFTC and NFA requirements.
- ***Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010***. This comprehensive overhaul of the financial services regulatory environment requires federal agencies to implement numerous new rules, which, as they are adopted, may impose additional regulatory burdens and expenses on our business, and also may negatively impact WisdomTree ETFs.
- ***Employee Retirement Income Security Act of 1974 (ERISA)***. As investment adviser to the CIT, WTAM will be subject to the fiduciary responsibility standards and prohibited transaction restrictions of ERISA and will be required to comply with certain requirements under ERISA to satisfy those standards and avoid liability. Further, the DOL issued its Fiduciary Rule in 2016, which expanded the “investment advice fiduciary” definition under ERISA and could subject WTAM to certain aspects of this rule.

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With respect to ETFs registered under the ICA, because such ETFs do not fit into the regulatory provisions governing mutual funds, ETF sponsors need to obtain from the SEC exemptive relief from certain provisions of the ICA in order to operate ETFs. This exemptive relief allows the ETF sponsor to bring products to market for the specific products or structures for which the relief was requested and obtained. Applying for exemptive relief can be costly and take several months to several years depending on the type of exemptive relief sought. In addition, each WisdomTree ETF is listed on a secondary market, (each, an Exchange) and any new WisdomTree ETF will seek listing on an Exchange. While the SEC has already approved rules for Exchanges to allow index-based ETFs and active ETFs to list that meet prescribed requirements (e.g., minimum number, market value and trading volume of securities in the new ETF's benchmark index or in its portfolio, as applicable), these rules do not allow ETFs that do not meet the prescribed requirements without specific SEC approval. The SEC approval process has historically taken months to complete and, in some cases, years. The SEC may ultimately determine not to allow such potential new WisdomTree ETFs or may require strategy modifications prior to approval.

FINRA rules and guidance may affect how WisdomTree ETFs are sold by member firms. Although we currently do not offer so-called leveraged ETFs in the U.S., which may include within their holdings derivative instruments such as options, futures or swaps to obtain leveraged exposures, recent FINRA guidance on margin requirements and suitability determinations with respect to customers trading in leveraged ETFs may influence how member firms effect sales of certain WisdomTree ETFs, such as our currency ETFs, which also use some forms of derivatives, including forward currency contracts and swaps, our international hedged equity ETFs, which use currency forwards, and our rising rates bond ETFs and alternative strategy ETFs, which use futures or options. In September 2015, FINRA issued an investor alert to help investors better understand "smart beta" products, or products that are linked to and seek to track the performance of alternatively weighted indices. FINRA also recently requested comment on potential changes to a rule related to payments to market makers and the potential consequences with respect to any changes to such rule are unclear.

Finally, our common stock is traded on the NASDAQ Global Select Market and we are therefore also subject to its rules including corporate governance listing standards, as well as federal and state securities laws. In addition, the WisdomTree ETFs are listed on NYSE Arca, the NASDAQ Market and the BATS Exchange, and accordingly are subject to the listing requirements of those exchanges.

International Regulation

Our operations outside the U.S. are subject to the laws and regulations of various non-U.S. jurisdictions and non-U.S. regulatory agencies and bodies. As we have expanded our international presence, a number of our subsidiaries and international operations have become subject to regulatory systems, in various jurisdictions, comparable to those covering our operations in the U.S. Regulators in these non-U.S. jurisdictions may have broad authority with respect to the regulation of financial services including, among other things, the authority to grant or cancel required licenses or registrations.

European Regulation

We are subject to European regulation of our WisdomTree UCITS and Boost ETPs. If we complete the ETFS acquisition, we will also be subject to Jersey and European regulation of ETFS. The applicable regulations are described as follows:

WisdomTree UCITS ETFs

The investment management industry in Ireland is subject to both Irish domestic law and European Union law. The Central Bank of Ireland, or the Central Bank, is responsible for the authorization and supervision of collective investment schemes, or CIS, in Ireland. CIS's are also commonly known as funds/schemes. There are two main categories of funds authorized by the Central Bank, Undertakings for Collective Investment in Transferable Securities (UCITS) and funds that are not UCITS known as alternative investment funds. ETFs form part of the Irish and European regulatory frameworks that govern UCITS, with ETFs having been the subject of specific consideration at the European level, which is then repeated and/or interpreted by the Central Bank in guidance notes issued by the Central Bank.

One of our subsidiaries, WisdomTree Management Limited, is an Ireland based management company providing investment and other management services to WTI and WisdomTree UCITS ETFs. The WisdomTree UCITS ETFs are issued by WTI. WTI, a non-consolidated third-party, is a public limited company organized in Ireland and is authorized as a UCITS by the Central Bank. All UCITS have their basis in EU legislation and once authorized in one European Economic Area, or EEA, Member State, may be marketed throughout the EU, without further authorization. This is described as an EU passport.

WTI is established and operated as a public limited company with segregated liability between its sub-funds. The sub-funds are segregated portfolios, each with their own investment objective and policies and assets. Each sub-fund has a separate authorization from the Central Bank, and each is authorized as an ETF. Each sub-fund tracks a different index. The index must comply with regulatory criteria that govern, among others, the eligibility and diversification of its constituents, and the availability of information

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on the index such as the frequency of calculation of the index, the index's transparency, its methodology and frequency of calculation. Each sub-fund is listed on the Irish Stock Exchange and has shares admitted to trading on the London Stock Exchange and, typically, on various European stock exchanges and, accordingly, is subject to the listing requirements of those exchanges.

WTI is primarily subject to the following legislation and regulatory requirements:

- **European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) ("UCITS Regulations").** The UCITS Regulations, which transpose Council Directive 2009/65/EC, Commission Directive 2010/43/EC and Commission Directive 2010/44/EC into Irish law, are effective from July 1, 2011. UCITS established in Ireland are authorized under the UCITS Regulations.
- **Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 ("Central Bank UCITS Regulations") (as amended) ("Central Bank Acts").** The Central Bank UCITS Regulations were adopted in November 2015 and, together with the UCITS Regulations, any guidance notes produced by the Central Bank, and the Central Bank forms, form the basis for all the requirements that the Central Bank imposes on UCITS, UCITS management companies and depositaries of UCITS.
- **Central Bank Guidance Notes.** The Central Bank has also produced guidance notes which provide direction on issues relating to the funds industry, certain of which set forth conditions not contained in the UCITS Regulations or the Central Bank Acts with which UCITS must conform.
- **The Companies Acts 2014 ("Companies Act").** WTI is incorporated as a public limited company under the Companies Act. Therefore, WTI is required to comply with various obligations under the Companies Act such as, but not limited to, convening general meetings and keeping proper books and records. The segregation of liability between sub-funds means there cannot be, as a matter of Irish law, cross-contamination of liability as between sub-funds so that the insolvency of one sub-fund affects another sub-fund.
- **Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, known as the European Market Infrastructure Regulation ("EMIR").** EMIR, which became effective on August 16, 2012, provides for certain over-the-counter, or OTC, derivative contracts to be submitted to central clearing and imposes, *inter alia*, margin posting and other risk mitigation techniques, reporting and record keeping requirements. WTI uses OTC derivatives instruments to hedge the currency risk of some of its sub-funds, which are subject to EMIR. WTI has adhered to the 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol published by the International Swaps and Derivatives Association, Inc. The Central Bank has been designated as the competent authority for EMIR.
- **Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 ("BMR").** The BMR was published on June 30, 2016 and the majority of its provisions became effective on January 1, 2018. It is directly applicable law across the EU and applies to certain "administrators," "contributors" and "users" of benchmarks with the aim of reducing the risk of benchmark manipulation and promoting confidence in their integrity and that of the financial markets which they support. Since WTI issues financial instruments that reference a benchmark, it will be required to comply with applicable obligations as set out under the BMR. In addition, non-EU administrators of benchmarks are required to satisfy a number of requirements to enable the benchmarks they provide to be used in the EU. To ensure investor protection, the BMR provides equivalence, recognition and endorsement conditions under which third country benchmarks may be used by supervised entities in the EU. Since we control the provision of benchmarks, we are required to comply with applicable obligations within the timeframes set out under the BMR.

Boost ETPs

One of our subsidiaries, Boost Management Limited, is a Jersey based management company providing investment and other management services to Boost Issuer PLC, or BI, and the Boost ETPs. The Boost ETPs are issued by BI. BI, a non-consolidated third-party, is a public limited company incorporated in the laws of Ireland. It was established as a special purpose vehicle for the purposes of issuing collateralized exchange traded securities, or ETP Securities, under the Collateralized ETP Securities Programme described in its Base Prospectus. BI is a 'qualifying company' within the meaning of section 110 of the Taxes Consolidation Act 1997 (as amended), of Ireland. BI is not authorized or regulated by the Central Bank by virtue of issuing Boost ETPs.

The Central Bank, as competent authority under Directive 2003/71/EC (as amended by Directive 2010/73/EU), or the Prospectus Directive, has approved the Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to ETP Securities which are to be admitted to trading on a regulated market for the purpose of the Markets in Financial Instruments Directive (recast)—Directive 2014/65/EU of the European Parliament and of the Council ("MiFID II") and/or which are to be offered to the public in any EEA Member State.

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The Central Bank has, at the request of BI, notified the approval of the Base Prospectus in accordance with Article 18 of the Prospectus Directive to the U.K. Listing Authority, or UKLA (the United Kingdom financial supervisory authority), the Commissione Nazionale per la Società e la Borsa (the Italian financial supervisory authority), the Bundesanstalt für Finanzdienstleistungsaufsicht (the German Federal financial supervisory authority) and the Financial Market Authority of Austria, by providing them, *inter alia*, with certificates of approval attesting that the Base Prospectus has been prepared in accordance with the Prospectus Directive. BI may request the Central Bank to provide competent authorities in other EEA Member States with such certificates whether for the purposes of making a public offer in such Member States or for admission to trading of all or any ETP Securities on a regulated market therein or both.

BI is primarily subject to the following legislation and regulatory requirements:

- **The Companies Act.** BI is incorporated as a public limited liability company under the Companies Act. Therefore, BI is required to comply with various obligations under the Companies Act such as, but not limited to, convening general meetings, keeping proper books and records and filing financial statements.
- **The Prospectus Directive.** The Base Prospectus has been drafted, and any offer of ETP Securities in any EEA Member State that has implemented the Prospectus Directive is made in compliance with the Prospectus Directive and any relevant implementing measure in such Member States.
- **EMIR.** BI hedges its payment obligations in respect of the ETP Securities by entering into swap transactions with swap providers, which are subject to EMIR. The Central Bank has been designated as the competent authority for EMIR and, to assess compliance with EMIR, requests that BI submits annually an EMIR Regulatory Return.
- **BMR.** Since BI issues financial instruments that reference a benchmark, it also will be required to comply with applicable obligations under the BMR.
- **Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (the “Regulation”) and Directive 2014/57/EU of the European Parliament and of the Council on criminal sanctions for market abuse (the “Directive” and, together with the Regulation, “MAD”).** MAD, which became effective on July 3, 2016 as a regulation under EU law, has a direct effect in Ireland and strengthens the legal framework underpinning the function of detecting, sanctioning and deterring market abuse. Broadly, MAD applies to any financial instrument admitted to, or for which a request for admission has been made to, trading on a regulated market in at least one member state of the EU or in an EEA Member State. Obligations imposed on BI under MAD include the requirement to publish inside information in a public and timely manner, to draw up and maintain a list of insiders and to refrain from market manipulation.

ETFS

ETFS is comprised of Jersey-domiciled issuers of exchange-traded commodities, or ETC issuers, each of which were established as a special purpose vehicle to issue exchange traded securities. All ETCs other than those issued by Swiss Commodity Securities Limited (“SCSL”) are listed and marketed across the EU under the Prospectus Directive. The UKLA approves all ETC Base Prospectuses as meeting the requirements imposed under U.K. and EU law pursuant to the Prospectus Directive. Such approval relates only to those securities to be admitted to trading on a regulated market for the purpose of MiFID II and/or which are to be offered to the public in any EEA Member State. Each prospectus is prepared, and a copy of it is sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2010. Each ETC issuer has obtained a certificate under the Collective Investment Funds (Jersey) Law 1988, as amended, to enable it to undertake its functions in relation to the ETCs. The UKLA has, at the request of the relevant ETC issuer, notified the approval of the Base Prospectus in accordance with Article 18 of the Prospectus Directive to other EU listing authorities, including Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Spain, Sweden and the U.K., by providing them with certificates of approval attesting that the Base Prospectus has been prepared in accordance with the Prospectus Directive. Each issuer may request the UKLA to provide competent authorities in other EEA Member States with such certificates for the purposes of making a public offer in such Member States and/or for admission to trading of all or any securities on a regulated market.

The ETCs issued by SCSL are only offered and admitted to trading within Switzerland. A copy of the base prospectus of SCSL is delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002.

The ETC issuers are primarily subject to the following legislation and regulatory requirements:

- **The Prospectus Directive.** The Base Prospectus of each ETC issuer other than SCSL has been drafted, and any offer of ETCs in any EEA Member State that has implemented the Prospectus Directive is made in compliance with the Prospectus Directive and any relevant implementing measure in such Member States.
- **EMIR.** EMIR provides for certain over-the-counter derivative contracts to be submitted to central clearing and imposes margin posting and other risk mitigation techniques, reporting and record keeping requirements. The clearing obligations under EMIR are still under discussion, and currently there are no mandatory clearing obligations in relation to equity, FX

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or commodity derivatives. The clearing obligation only applies to EU-based financial counterparties (defined as those authorized under MiFID, CRR, AIFMD, UCITS or insurance regulations) or those non-financial entities that have a rolling three-month notional exposure above a certain amount (between €1 and €3 billion, depending on asset class), which means that the ETC issuers are not directly subject to these obligations, but could indirectly be subject to them by virtue of their interaction with EU-based financial counterparties. In terms of reporting obligations, being non-EU entities, the ETC issuers are only indirectly subject to such obligations when they interact with their EU-based financial counterparties. Each ETC issuer has adhered to the 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol published by the International Swaps and Derivatives Association, Inc.

- **MAD.** Obligations imposed on the relevant ETC issuer and distributor under MAD include the requirement to publish inside information in a public and timely manner, to prepare and maintain a list of insiders and to refrain from market manipulation.
- **BMR.** Supervised EU entities which issue financial instruments that reference a benchmark are required to comply with applicable obligations as set out under the BMR. The ETC issuers are non-EU entities and as a result, BMR application is very limited, although in some limited circumstances few residual obligations could be deemed to be applicable by virtue of the fact that the ETCs are marketed across Europe.
- **Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (“PRIIPs”).** PRIIPs became effective on January 1, 2018 and applies to investment product manufacturers and distributors. Under PRIIPs, manufacturers need to provide a key information document (KIDs) to investors. The intention of KIDs is to improve transparency for investors on the products and enhance investor protection. The product manufacturer is responsible for drafting the KID and for its content. All ETCs are currently subject to PRIIPs and KIDs have been produced since January 1, 2018.
- **MIFID II.** MIFID II covers a wide range of areas that affect the relevant issuer and distributor, such as product governance, a new definition of complex products (which captures all physical and synthetic ETCs) and the production of a new document called an EMT to facilitate the dissemination of relevant information to the markets and distributors in relation to each financial product.
- **Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012. (“SFTR”).** Counterparties to securities financing transactions must report the transaction to trade repositories. The SFTR introduces a reporting requirement for transactions, and a disclosure requirement to investors with a requirement for prior consent. It also designates that financial instruments used for re-hypothecation are transferred to an account in the name of the other counterparty. Since the ETC issuers are based in non-EU jurisdictions, obligations are only indirectly applicable to them, but a certain level of interaction with EU counterparties is required to comply with some of these requirements.
- The Foreign Account Tax Compliance Act (FATCA), which was passed as part of the Hiring Incentives to Restore Employment (HIRE) Act, generally requires that foreign financial institutions and certain other non-financial foreign entities report on the foreign assets held by their U.S. account holders or be subject to withholding on withholdable payments. The HIRE Act also contained legislation requiring U.S. persons to report, depending on the value, their foreign financial accounts and foreign assets. ETCs benefit from the so called “listing exemption” and Jersey local authorities have determined that for companies which can benefit from such exemption the filing of a nil report is optional.
- The Common Reporting Standards, or CRS, were developed by the Organization for Economic Cooperation and Development, and is a global reporting standard for the automatic exchange of information. The ETC issuers will need to conduct FATCA style due diligence and annual local reporting in relation to financial accounts held directly and indirectly by residents of those jurisdictions with which the Foreign Financial Institutions (FFIs) jurisdiction of residence has signed an Intergovernmental Agreement (IGA) to implement the CRS. Unlike FATCA, there is no clear listing exemption available under the CRS so the ETC issuers are required to conduct full due diligence to identify such accounts and report on them on an annual basis to their local tax authorities, at least in respect of the certificated interests and primary market issuances. However, Jersey tax authorities have applied less onerous reporting obligations to interests such as ETCs that are regularly traded on an established securities market and are held through CREST, the U.K. based central securities depository.

Japanese Regulation

In February 2016, our Tokyo, Japan-based subsidiary, WisdomTree Japan Inc., or WTJ, became registered as a Type 1 Financial Instruments Business with the Kanto Local Finance Bureau (a part of Japan’s Ministry of Finance under authority delegated by the Financial Services Agency of Japan, or FSA). WTJ also is a member of the Japan Securities Dealers Association and the Japan Investor Protection Fund, and is required to comply with the various rules and regulations of each, as applicable. Although WTJ does not currently sponsor any locally listed ETFs in the Japanese market, it assists in the marketing of our U.S. listed ETFs to investors in Japan and, as such, is subject to local regulation within the parameters of its Type 1 Financial Instruments Business registration.

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WTJ is primarily subject to the following legislation and regulatory requirements:

- **The Companies Act.** WTJ is incorporated as a “Kabushiki Kaisha”, or KK, under the Companies Act of Japan. KKs are similar to U.S. C corporations. WTJ is required to comply with various obligations under the Companies Act such as, but not limited to, convening general meetings, appointing a statutory auditor and maintaining proper books and records.
- **The Financial Instruments and Exchange Law.** WTJ is subject to the Financial Instruments and Exchange Law, or FIEL, which is administered and enforced by the FSA. The FSA establishes standards for compliance, including capital adequacy and financial soundness requirements, customer protection requirements and conduct of business rules. The FSA is empowered to conduct administrative proceedings that can result in censure, fines, the issuance of cease and desist orders or the suspension or revocation of registrations and licenses granted under the FIEL.

Canadian Regulation

Our Toronto, Canada based subsidiary, WisdomTree Asset Management Canada, Inc., or WTAMC, is registered as an investment fund manager and exempt market dealer (a restricted broker/dealer license for the exempt market) in certain Canadian jurisdictions where such registration is required. WTAMC’s registration as an investment fund manager enables it to act as fund manager to investment funds, including our Canadian ETFs, in Canada. WTAMC is a corporation incorporated under the Business Corporations Act (Ontario) and must comply with various obligations under that Act including with respect to the appointment of directors and officers, the conduct of meetings of directors and shareholders and the maintaining of books and records. As a registered investment fund manager and exempt market dealer, WTAMC is subject to the requirements of applicable securities laws including *National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations* of the Canadian Securities Administrators, which prescribes registration requirements including proficiency requirements for certain individuals required to be registered on behalf of the firm, firm capital and reporting requirements, firm insurance coverage requirements and the requirement to establish and maintain policies and procedures to ensure compliance by the firm and individuals acting on its behalf with applicable securities legislation.

Our Canadian ETFs are public investment funds whose units are listed on the Toronto Stock Exchange. Our Canadian ETFs are in continuous distribution of their units and have filed prospectuses with the Canadian Securities Administrators in order to offer their units, which are required to be renewed annually. Our Canadian ETFs are subject to *National Instrument 81-102 – Investment Funds* of the Canadian Securities Administrators, which sets out requirements relating to the investments and limitations on certain investment strategies that may be undertaken by public investment funds as well as requiring fund portfolio assets to be held by independent qualified financial institutions and prescribing that certain fundamental fund changes necessitate obtaining approval of unitholders. Our Canadian ETFs are also subject to *National Instrument 81-106 – Investment Fund Continuous Disclosure*, which mandates the preparation and filing of annual audited and semi-annual unaudited financial statements for each fund as well as management reports of fund performance for the same periods which are required to be sent to unitholders of the fund. In addition, each of our Canadian ETFs also must prepare quarterly portfolio disclosure and annually prepare and make available its proxy voting disclosure, which is a record of how the fund voted the various portfolio securities held by it. Finally, *National Instrument 81-107 – Independent Review Committee for Investment Funds* requires public investment funds to have an independent review committee, or IRC, consisting of at least three members, each of whom must be independent of the fund manager, to review and approve or make a recommendation relating to conflict of interest matters referred to the IRC by the fund manager for consideration that may arise in the course of managing the operations of a fund.

Intellectual Property

We regard our name, WisdomTree, as material to our business and have registered WisdomTree® as a service mark with the U.S. Patent and Trademark Office and in various foreign jurisdictions.

Our index-based equity ETFs are based on our own indexes and we do not license them from, nor do we pay licensing fees to, third parties for these indexes. We do, however, license third-party indexes for certain of our fixed income, currency and alternative ETFs.

On March 6, 2012, the U.S. Patent and Trademark Office issued to us our patent on Financial Instrument Selection and Weighting System and Method, which is embodied in our dividend weighted equity indexes. We also have two patent applications pending with the U.S. Patent and Trademark office that relate to the operation of our ETFs and our index methodology. There is no assurance that patents will be issued from these applications and we currently do not rely upon our recently issued or future patents for a competitive advantage.

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Employees

As of December 31, 2017, we had 204 full-time employees, of which 162 were in our U.S. Business segment and 42 were in our International Business segment. None of our employees are covered by a collective bargaining agreement and we consider our relations with employees to be good.

Assuming that the acquisition of ETFS was completed as of December 31, 2017 and that we were able to realize certain synergies which may ultimately not be achievable, we would have approximately 241 full-time employees of which 162 would be in our U.S. Business segment and 79 would be in our International Business segment.

Available Information

Company Website and Public Filings

Our website is located at www.wisdomtree.com, and our investor relations website is located at <http://ir.wisdomtree.com>. We make available, free of charge through our investor relations website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Sections 13(a) or Section 15(d) of the Exchange Act as soon as reasonably practicable after they have been electronically filed with, or furnished to, the SEC. The public may read and copy any materials filed by us with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding the Company at www.sec.gov.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases as part of our investor relations website. Further corporate governance information, including board committee charters and code of conduct, is also available on our investor relations website under the heading "Corporate Governance." The contents of our websites are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

Any investment in our common stock involves a high degree of risk. You should consider carefully the specific risk factors described below in addition to the other information contained in this Report before making a decision to invest in our common stock. If any of these risks actually occur, our business, operating results, financial condition and prospects could be harmed. This could cause the trading price of our common stock to decline and a loss of all or part of your investment. Certain statements below are forward-looking statements. See the section entitled "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to the Acquisition of ETFS

Failure to complete the acquisition of ETFS could negatively impact us.

In November 2017, we agreed to acquire ETFS. Completion of the acquisition is subject to the satisfaction or waiver of a number of conditions. These conditions include, among others, (i) the receipt of required regulatory approvals, (ii) approval of the listing on Nasdaq of the shares to be issued to ETFS, (iii) we and ETF Securities entering into an Investor Rights Agreement, pursuant to which, among other things, ETFS will be subject to lock-up, standstill and voting restrictions, and will receive certain registration rights with respect to the common stock, including the common stock issuable upon conversion of the Series A Non-Voting Convertible Preferred Stock, it will receive in the transaction and (iv) obtaining various additional third party consents. These conditions to completion may not be fulfilled and, accordingly, the acquisition may not be completed. If the acquisition is not completed by May 13, 2018, either we or ETFS may choose not to proceed with the acquisition. The parties also can mutually decide to terminate the Share Sale Agreement at any time prior to completion. In addition, either we or ETFS may elect to terminate the Share Sale Agreement in certain other circumstances.

If the Share Sale Agreement is terminated and the acquisition is not completed, we may be adversely affected by, among other things, the failure to pursue other beneficial opportunities during the pendency of the acquisition, the failure to obtain the anticipated benefits of completing the acquisition, and the focus of our management on the acquisition rather than on normal business operations or opportunities. The market price of our common stock might decline as a result of any such failures to the extent that the current market price reflects a market assumption that the acquisition will be completed. Additionally, even if the acquisition is not completed, we will be responsible for certain transaction costs associated with the acquisition including financial advisory, legal, accounting, consulting and other advisory fees and expenses, which may be significant. Any of these factors, among others, could have a material impact on our business, prospects, financial condition and results of operations.

Over the last few years, we have expanded our business into Europe, Japan and Canada, and recently agreed to further expand our European operations through the acquisition of ETFS. This expansion subjects us to increased operational, regulatory, financial and other risks.

Assuming we complete the acquisition of ETFS, we will face increased operational, regulatory, financial, compliance, reputational and foreign exchange rate risks. The failure of our compliance and internal control systems to properly mitigate such additional risks, or of our operating infrastructure to support such expansion, could result in operational failures and regulatory fines or sanctions. If our international products and operations experience any negative consequences or are perceived negatively in non-U.S. markets, it may also harm our reputation in other markets, including the U.S. market.

The expansion of our European business through the acquisition of ETFS will require us to incur up-front expenses associated with completing the acquisition, as well as additional ongoing expenses, including those associated with leases, the employment of additional support staff and regulatory compliance, which may be higher than expected. To the extent that our revenues do not increase to the same degree our expenses increase, our profitability could be adversely affected. The expansion of our European business also may place significant demands on our existing infrastructure and employees.

The proposed acquisition of ETFS is significant in size relative to our assets and operations and may result in significant changes in our business. Our failure to integrate and manage ETFS successfully could materially and adversely affect our business, results of operations and financial condition.

The acquisition of ETFS will be significant for us. If the acquisition is completed, we will face numerous risks, including, among others:

- failure to achieve financial, operating or business objectives and synergies;
- failure to integrate successfully and in a timely manner any operations, products, services or technology;
- diversion of the attention of management and other personnel;
- failure to obtain regulatory or other approvals;

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- failure to retain personnel;
- unforeseen liabilities or expenses;
- failure of counterparties to indemnify us against liabilities arising from the transaction;
- potential loss of, or harm to, our relationship with our and the counterparties' employees, customers and suppliers due to integration of a new business;
- accounting charges;
- unfavorable market conditions and foreign exchange risks that could negatively impact the acquired or combined businesses; and
- legal proceedings which may result in expenses and/or have a material adverse effect on our business.

We could be prevented from, or significantly delayed in, achieving our strategic goals if we are unable to successfully integrate ETFs. Our International Business segment had pre-tax losses of \$9.1 million, \$19.2 million and \$12.3 million for the years ended December 31, 2015, 2016 and 2017, respectively. While we expect the acquisition of ETFs to immediately add scale to our International Business segment, we cannot provide any assurance that this will occur. Our failure to integrate and manage ETFs successfully could materially and adversely affect our business, results of operations and financial condition.

Risks Related to Our Business and Our Industry

Net outflows in our two largest ETFs have had, and in the future could continue to have, a negative impact on our revenues.

At December 31, 2017, approximately 36% of our U.S. listed ETF AUM was concentrated in two of our WisdomTree ETFs, with 16% in WisdomTree Europe Hedged Equity Fund (HEDJ) and 20% in WisdomTree Japan Hedged Equity Fund (DXJ). These two ETFs also accounted for approximately 40% of our revenues in 2017. As a result, our operating results are particularly exposed to the performance of these ETFs and our ability to maintain the AUM of these ETFs, as well as investor sentiment toward investing in the ETFs' strategies. We are also subject to political, economic and market risks in either of these markets and to a weakening of the U.S. dollar relative to the Euro or Yen. During 2017, DXJ flows were essentially flat while HEDJ experienced net outflows \$2.6 billion. In 2016, HEDJ and DXJ experienced net outflows of \$7.8 billion and \$5.7 billion, respectively, and through February 16, 2018, these same funds have experienced outflows of \$0.7 billion and \$1.3 billion, respectively. If HEDJ and DXJ were to continue to experience net outflows, our revenues would be adversely affected.

Declining prices of securities can adversely affect our business by reducing the market value of the assets we manage or causing WisdomTree ETF shareholders to sell their fund shares and trigger redemptions.

We are subject to risks arising from declining prices of securities, which may result in a decrease in demand for investment products, a higher redemption rate and/or a decline in AUM. The securities markets are highly volatile and securities prices may increase or decrease for many reasons, including general economic conditions, the strengthening or weakening of the U.S. dollar, political events, acts of terrorism and other matters beyond our control. Substantially all our revenues are determined by AUM in equity securities, in both the international and U.S. markets. As a result, our business can be expected to generate lower revenues in declining equity market environments or general economic downturns. A decline in the prices of securities held by the WisdomTree ETFs may cause our revenues to decline by either causing the value of our AUM to decrease, which would result in lower advisory fees, or causing investors in the WisdomTree ETFs to sell their shares in favor of investments they perceive to offer greater opportunity or lower risk, thus triggering redemptions that would also result in decreased AUM and lower fees.

In addition, a substantial portion of AUM of ETFs are in products backed by gold. These products historically have been negatively correlated with our two largest ETFs, HEDJ and DXJ, and therefore we may experience improved stability of AUM and lower overall AUM volatility if the acquisition of ETFs is completed. However, we can provide no assurance that the negative historical correlation between the AUM of ETFs and the AUM of our two largest ETFs will continue in the future.

Fluctuations in the amount and mix of our AUM may negatively impact revenues and operating margins.

The level of our revenues depends on the amount and mix of our AUM. Our revenues are derived primarily from advisory fees based on a percentage of the value of our AUM and vary with the nature of the ETFs, which have different fee levels. Fluctuations in the amount and mix of our AUM may be attributable in part to market conditions outside of our control that have had, and in the future could have, a negative impact on our revenues and operating margins.

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Withdrawals or broad changes in investments in our ETFs by investors with significant positions may negatively impact revenues and operating margins.

We have had in the past, and may have in the future, investors who maintain significant positions in one or more of our ETFs. If such an investor were to broadly change or withdraw its investments in our ETFs because of a change to its investment strategy, market conditions or any other reason, it may significantly change the amount and mix of our AUM, which may negatively affect our revenues and operating margins.

We derive a substantial portion of our revenues from a limited number of products and, as a result, our operating results are particularly exposed to the performance of these funds and our ability to maintain the AUM of these funds, as well as investor sentiment toward investing in the funds' strategies.

At December 31, 2017, approximately 72% of our U.S. listed ETF AUM was concentrated in ten of our WisdomTree ETFs (with approximately 16% in HEDJ and 20% in DXJ). As a result, our operating results are particularly exposed to the performance of these funds and our ability to maintain the AUM of these funds, as well as investor sentiment toward investing in the funds' strategies. If the AUM in these funds were to decline, either because of declining market values or net outflows from these funds, our revenues would be adversely affected.

Much of our AUM is held in ETFs that invest in foreign securities and we therefore have substantial exposure to foreign market conditions and are subject to currency exchange rate risks.

Many of our ETFs invest in securities of companies, governments and other organizations located outside the U.S. and at December 31, 2017, approximately 67% of our AUM was comprised of such investments. Therefore, the success of our business is closely tied to market conditions in foreign markets. Investments in non-U.S. issuers are affected by political, social and economic uncertainty affecting a country or region in which we are invested. In addition, fluctuations in foreign currency exchange rates could reduce the revenues we earn from certain foreign invested ETFs. This occurs because an increase in the value of the U.S. dollar relative to non-U.S. currencies may result in a decrease in the dollar value of the AUM in these ETFs, which, in turn, would result in lower revenues. Furthermore, investors are likely to believe certain foreign invested ETFs, as well as certain of our currency and fixed income ETFs, are a less attractive investment opportunity when the value of the U.S. dollar rises relative to non-U.S. currencies, which could have the effect of reducing investments in these ETFs, thus reducing revenues. Conversely, a weakening U.S. dollar may make less attractive our international hedged equity ETFs, as unhedged alternatives would benefit from the appreciation of the foreign currency or currencies while our hedged ETFs would not, which could result in redemptions in our funds. Since a substantial portion of our AUM at December 31, 2017 was held in our international hedged equity ETFs, a weakening of the U.S. dollar relative to the Euro or Yen may adversely affect our AUM and revenues.

Many of our WisdomTree ETFs have a limited track record and poor investment performance could cause our revenues to decline.

Many of our ETFs have a limited track record upon which an evaluation of their investment performance can be made. At December 31, 2017, of our total 89 U.S. listed ETFs, 59 had at least a three-year track record, 39 had at least a five-year track record and 27 had at least a ten-year track record. Certain investors limit their investments to ETFs with track records of ten years or more. Furthermore, as part of our strategy, we continuously evaluate our product offerings to ensure that all our funds are useful, compelling and differentiated investment offerings, to more competitively align our overall product line in the current ETF landscape and to reallocate our attention and resources to areas of greater client interest. As a result, we may further adjust our product offerings, which may result in the closing of some of our ETFs, changing their investment objective or offering of new funds. The investment performance of our funds is important to our success. While strong investment performance could stimulate sales of our ETFs, poor investment performance, on an absolute basis or as compared to third-party benchmarks or competitive products, could lead to a decrease in sales or stimulate redemptions, thereby lowering the AUM and reducing our revenues. Our fundamentally-weighted equity ETFs are designed to provide the potential for better risk-adjusted investment returns over full market cycles and are best suited for investors with a longer-term investment horizon. However, the investment approach of our equity ETFs may not perform well during certain shorter periods of time during different points in the economic cycle.

We could lose our entire investment in AdvisorEngine if it is unable to execute its business plan and successfully grow its business, which would have a material impact on our financial condition and results of operations.

We currently have various financial interests in AdvisorEngine valued at \$47.0 million, including an aggregate of \$25.0 million invested in AdvisorEngine for equity ownership of approximately 47% (or 41% on a fully-diluted basis), \$22.0 million advanced in the form of an unsecured note receivable and an option to purchase the remaining equity interests in AdvisorEngine. We also have a commitment to provide an additional \$8.0 million of working capital in 2018. As described in Notes 6 and 7 of our Consolidated Financial Statements, our financial interests in AdvisorEngine have been valued and are assessed for impairment quarterly. If AdvisorEngine is unable to execute its business plan and successfully grow its business, we may be required to reduce the value of our financial interests in AdvisorEngine on our financial statements, which would adversely impact our financial results. Furthermore, we could lose our entire financial interest in AdvisorEngine if it is unable to satisfy its obligations as they become due and ceases its operations, which would have a material impact on our financial condition and results of operations and may cause a decline in the price of our common stock.

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We currently depend on State Street Bank and Trust Company to provide us with critical administrative services to operate our business and the WisdomTree ETFs. The failure of State Street to adequately provide such services could materially affect our operating business and harm WisdomTree ETF shareholders.

We currently depend upon State Street Bank and Trust Company, or State Street, to provide the WisdomTree Trust with custody services, fund accounting, administration, transfer agency and securities lending services. The failure of State Street to successfully provide us and the WisdomTree ETFs with these services could result in financial loss to us and WisdomTree ETF shareholders. In addition, because State Street provides a multitude of important services to us, changing this vendor relationship would be challenging. It might require us to devote a significant portion of management's time to negotiate a similar relationship with another vendor or have these services provided by multiple vendors, which would require us to coordinate the transfer of these functions to another vendor or vendors.

We primarily depend on BNY Mellon and Voya Investment Management to provide portfolio management services and other third parties to provide many critical services to operate our business and the WisdomTree ETFs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm WisdomTree ETF shareholders.

We depend on third-party vendors to provide us with many services that are critical to operating our business, including BNY Mellon and Voya Investment Management as sub-advisers that provide us with portfolio management services, third-party providers of index calculation services for our indexes, a distributor of the WisdomTree ETFs and a third-party provider of indicative values of the portfolios of the WisdomTree ETFs. The failure of any of these key vendors to provide us and the WisdomTree ETFs with these services could lead to operational issues and result in financial loss to us and WisdomTree ETF shareholders.

The asset management business is intensely competitive. Many of our competitors have greater market share, offer a broader range of products, charge lower fees and have greater financial resources than we do. As a result, we may experience pressures on our pricing and market share.

Our business operates in intensely competitive industry segments. We compete directly with other ETF sponsors and mutual fund companies and indirectly against other investment management firms, insurance companies, banks, brokerage firms and other financial institutions that offer products that have similar features and investment objectives to those offered by us. We compete based on a number of factors, including name recognition, service, investment performance, product features, breadth of product choices and fees. Several ETF sponsors with whom we directly compete are seeking to obtain market share based on low fees. Many of our competitors have greater market share, offer a broader range of products and have greater financial resources than we do. Some financial institutions operate in a more favorable regulatory environment and/or have proprietary products and distribution channels, which may provide certain competitive advantages to them and their investment products. Our competitors may also adopt products, services or strategies similar to ours, including the use of fundamentally-weighted indexes. In addition, over time certain sectors of the financial services industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This convergence could result in our competitors gaining greater resources and we may experience pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices. We believe that competition within the ETF industry will continue to increase as more traditional asset management companies become ETF sponsors.

Competitive pressures could reduce revenues and profit margins.

The ETF industry is becoming significantly more competitive as existing players broaden their suite of products to offer different strategies that are, in some cases, similar to ours. Although the ETF industry currently has a higher barrier to entry as a result of the need for ETF sponsors to obtain exemptive relief from the SEC in order to operate ETFs, traditional asset managers, many of whom are much larger than us, have either already entered or started to enter the ETF space, and some competitors have launched ETFs using either third-party or proprietary fundamentally weighted or factor-based indexes or currency hedged ETFs with fees that are generally equivalent to, and in some instances lower than, our ETFs. We expect that additional companies, both new and traditional asset managers, will continue to enter the ETF space.

There also has been increased price competition in not only commoditized product categories such as traditional, market capitalization weighted index exposures, but also in fundamental or other non-market cap weighted or factor-based exposures. Certain ETF sponsors have been reducing fees, which has been a trend over the last few years that accelerated meaningfully in 2017. Funds are being offered with fees of 20 bps or less, which attracted approximately 70% of the net flows into U.S. listed ETFs during the year ended December 31, 2017. In addition, existing players have broadened their suite of products offering strategies that are, in some cases, similar to ours. Large traditional asset managers are also launching ETFs, some with similar strategies as well.

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In addition, in 2008, the SEC proposed a rule that, if adopted, would eliminate the need to obtain exemptive relief, thereby lowering the barrier to entry. This proposed rule was never adopted, but the SEC staff has recently indicated that the SEC may propose one or more rules in 2018 to streamline and harmonize certain aspects of the exemptive relief process and the SEC is otherwise reviewing the ETF ecosystem of rules, including those related to listing. Any new rules, changes to rules or changes to the current exemptive relief and/or listing processes could create fewer barriers to entry for competitors and/or could impose additional burdens or less flexibility for the WisdomTree ETFs. ETFs that do not meet generic exchange listing standards, which historically included actively managed ETFs, have had to undergo a lengthy exchange listing process, which sometimes takes in excess of a year. However, in 2016, generic listing standards for active ETFs were approved, thereby reducing a barrier to entry for active ETFs that meet the new generic listing standards.

In addition, in December 2014, the SEC granted Eaton Vance and related parties an exemption from certain provisions of the Investment Company Act to permit the offering of a form of non-transparent exchange traded managed funds, and other unaffiliated fund complexes have signed up to launch such funds, with the first funds launching in 2016. In addition, the SEC rejected proposals from Precidian, BlackRock and other large investment management firms to also offer a form of non-transparent exchange traded product. Subsequently, many of these firms have refiled their applications with changes intended to address the SEC's concerns and other fund managers also have filed with the SEC for approval of other types of non-transparent exchange traded products, which could obtain approval in 2018. The launch of non-transparent exchange traded products may allow traditional actively managed mutual fund sponsors to compete more effectively against ETFs, which could reduce our revenues and profit margins.

Our revenues could be adversely affected if the WisdomTree Trust determines that the advisory fees we receive from the WisdomTree ETFs should be reduced.

Our advisory agreements with the WisdomTree Trust and the fees we collect from the WisdomTree ETFs are subject to review and approval by the Independent Trustees of the WisdomTree Trust. The advisory agreements are subject to initial review and approval. After the initial two-year term of the agreement for each ETF, the continuation of such agreement must be reviewed and approved at least annually by a majority of the Independent Trustees. In determining whether to approve the agreements, the Independent Trustees consider factors such as the nature and quality of the services provided by us, the fees charged by us and the costs and profits realized by us in connection with such services, as well as any ancillary or "fall-out" benefits from such services, the extent to which economies of scale are shared with the WisdomTree ETFs, and the level of fees paid by other similar funds. If the Independent Trustees determine that the advisory fees we charge to any particular fund are too high, we will need to reduce our fees, which could adversely affect our revenues.

Our risk management policies and procedures, and those of our third-party vendors upon which we rely, may not be fully effective in identifying or mitigating risk exposure, including employee misconduct. If our policies and procedures do not adequately protect us from exposure to these risks, we may incur losses that would adversely affect our financial condition, reputation and market share.

We have developed risk management policies and procedures and we continue to refine them as we conduct our business. Many of our procedures involve oversight of third-party vendors that provide us with critical services such as portfolio management, custody and fund accounting and administration, and index calculation services. Our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure. Moreover, we are subject to the risks of errors and misconduct by our employees, including fraud and non-compliance with policies. These risks are difficult to detect in advance and deter, and could harm our business, results of operations or financial condition. Although we maintain insurance and use other traditional risk-shifting tools, such as third-party indemnification, to manage certain exposures, they are subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency. If our policies and procedures do not adequately protect us from exposure and our exposure is not adequately covered by insurance or other risk-shifting tools, we may incur losses that would adversely affect our financial condition and could cause a reduction in our revenues as WisdomTree ETF shareholders shift their investments to the products of our competitors.

Compliance with extensive, complex and changing regulation imposes significant financial and strategic costs on our business, and non-compliance could result in fines and penalties.

Our business is subject to extensive regulation of our business and operations. Our U.S. subsidiary, WTAM, is a registered investment adviser and is subject to oversight by the SEC pursuant to its regulatory authority under the Investment Advisers Act. We also must comply with certain requirements under the Investment Company Act, with respect to the WisdomTree ETFs for which WTAM acts as investment adviser. WTAM is also a member of the NFA and registered as a commodity pool operator for certain of our ETFs. In addition, one of our other subsidiaries, WisdomTree Commodity Services, LLC, is also a member of the NFA and registered as a commodity pool operator for a commodity ETF that is not registered under the Investment Company Act. As a commodity pool operator, we are subject to oversight by the NFA and the CFTC pursuant to regulatory authority under the Commodity Exchange Act. In addition, the content and use of our marketing and sales materials and of our sales force in the U.S. regarding our U.S. listed ETFs is subject to the regulatory authority of FINRA. We are also subject to foreign laws and regulatory

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authorities with respect to operational aspects of our ETFs that invest in securities of issuers in foreign countries, in the marketing, offer and/or sales of our ETFs in foreign jurisdictions and in our offering of investment products domiciled outside of the U.S., such as our UCITS ETFs, Boost ETPs and Canadian ETFs. Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many aspects of our business, including the authority to grant, and, in specific circumstances to cancel, permissions to carry on particular businesses. Our failure to comply with applicable laws or regulations could result in fines, censure, suspensions of personnel or other sanctions, including revocation of our registration as an investment adviser. Even if a sanction imposed against us or our personnel is small in monetary amount, the adverse publicity arising from the imposition of sanctions against us by regulators could harm our reputation and thus result in redemptions from our ETFs and impede our ability to retain WisdomTree ETF shareholders and develop new WisdomTree ETF shareholders, all of which may reduce our revenues.

We face the risk of significant intervention by regulatory authorities, including extended investigation activity, adoption of costly or restrictive new regulations and judicial or administrative proceedings that may result in substantial penalties. Among other things, we could be fined or be prohibited from engaging in some of our business activities. The requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect WisdomTree ETF shareholders and our advisory clients, and are not designed to protect our stockholders. Consequently, these regulations often serve to limit our activities, including through WisdomTree ETF shareholder protection and market conduct requirements.

The regulatory environment in which we operate also is subject to modifications and further regulation. Recently, concerns have been raised about ETFs' possible contribution to market volatility as well as the disclosure requirements applicable to certain types of more complex ETFs. In addition, the SEC recently approved a broad set of reforms regarding data reporting and fund liquidity, which will impose additional expense and require additional administrative services and requirements, among other matters, in seeking to comply with the new rules. In addition, the SEC proposed a broad set of reforms regarding derivatives usage and business continuity that would apply to all registered funds, including ETFs, which may have a negative impact on our existing ETFs (including their operations and/or their performance) and our ability to launch new and innovative ETFs. New laws or regulations, or changes in the enforcement of existing laws or regulations, applicable to us or investors in the ETFs also may adversely affect our business, and our ability to function in this environment will depend on our ability to constantly monitor and react to these changes. Regulatory uncertainty continues to surround the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which represented a comprehensive overhaul of the financial services regulatory environment and requires federal agencies to implement numerous new rules, which, if adopted, may impose additional regulatory burdens and expenses on our business. Compliance with new laws and regulations may result in increased compliance costs and expenses.

Specific regulatory changes also may have a direct impact on our revenues. In addition to regulatory scrutiny and potential fines and sanctions, regulators continue to examine different aspects of the asset management industry. New regulation, revised regulatory or judicial interpretations, revised viewpoints, outcomes of lawsuits against other fund complexes or growth in our ETF assets and/or profitability related to the annual approval process for investment advisory agreements may result in the reduction of fees under these agreements, which would mean a reduction in our revenues.

Our operations outside the U.S. are subject to the laws and regulations of various non-U.S. jurisdictions and non-U.S. regulatory agencies and bodies. As we have expanded our international presence, a number of our subsidiaries and international operations have become subject to regulatory systems, in various jurisdictions, comparable to those covering our operations in the U.S. Regulators in these non-U.S. jurisdictions may have broad authority with respect to the regulation of financial services including, among other things, the authority to grant or cancel required licenses or registrations.

Damage to our reputation could adversely affect our business.

We believe we have developed a strong brand and a reputation for innovative, thoughtful products, favorable long-term investment performance and excellent client services. The WisdomTree name and brand is a valuable asset and any damage to it could hamper our ability to maintain and grow our AUM and attract and retain employees, thereby having a material adverse effect on our revenues. Risks to our reputation may range from regulatory issues to unsubstantiated accusations. Managing such matters may be expensive, time-consuming and difficult.

Abnormally wide bid/ask spreads and market disruptions that halt or disrupt trading or create extreme volatility could undermine investor confidence in the ETF investment structure and limit investor acceptance of ETFs.

The shares of the WisdomTree ETFs, like the shares of all ETFs, trade on exchanges in market transactions that generally approximate the value of the underlying portfolio of securities held by the particular ETF. Trading involves risks including the potential lack of an active market for fund shares, abnormally wide bid/ask spreads (the difference between the prices at which shares of an ETF can be bought and sold) that can exist for a variety of reasons and losses from trading. These risks can be exacerbated during periods when there is low demand for an ETF, when the markets in the underlying investments are closed, when markets conditions are extremely volatile or when trading is disrupted. This could result in limited growth or a reduction in the overall ETF market and result in our revenues not growing as rapidly as it has in the recent past or even in a reduction of revenues.

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We have agreed to acquire ETFS and expect to continue to consider strategic transactions in the future. Any strategic transactions that we are a party to will result in increased demands on our management and other resources, may be significant in size relative to our assets and operations, result in significant changes in our business and materially and adversely affect our stock price. If we were unable to manage our strategic growth initiatives it could have a material adverse effect on our business.

We recently agreed to acquire ETFS and expect to continue to consider strategic transactions that we believe may enable us to strengthen our business, expand and diversify our product offering, increase our AUM or enter into new markets. These developments have placed increased demands on our management and other resources and will continue to do so in the future. We may not be able to manage our operations effectively or achieve planned growth on a timely or profitable basis. To do so will require, among other things:

- continuing to retain, motivate and manage our existing employees and attract and integrate new employees;
- developing, implementing and improving our operational, financial, accounting, reporting and other internal systems and controls on a timely basis; and
- maintaining and developing our various support functions including human resources, information technology, legal and corporate communications.

If we are unable to manage these developments effectively, there could be a material adverse effect on our ability to maintain or increase revenues and profitability.

Managing strategic growth initiatives will require continued investment in personnel, information technology infrastructure and marketing activities, as well as further development and implementation of financial, operational and compliance systems and controls. We may not be successful in implementing all of the processes that are necessary. Unless such initiatives result in an increase in our revenues that is at least proportionate to the increase in the costs associated with implementing them, our future profitability will be adversely affected.

In addition, any future strategic transactions may result in the issuance of a significant amount of our common stock or other security that could be dilutive to our stockholders, make substantial borrowings and/or changes in our board composition and/or management team, that constitute a change of control of our Company, lead to significant changes in our product offering, business operations and earning and risk profiles, and/or result in a decline in the price of our common stock.

Our ability to complete future strategic transactions depends upon a number of factors that are not entirely within our control, including our ability to identify suitable merger or acquisition candidates, negotiate acceptable terms, conclude satisfactory agreements and secure financing. Our failure to complete strategic transactions or to integrate and manage acquired or combined businesses successfully could materially and adversely affect our business, results of operations and financial conditions.

The uncertainty regarding the potential U.K. exit from the European Union could adversely affect our business.

The referendum held in the U.K. on June 23, 2016 resulted in a determination that the U.K. should exit the European Union, referred to as the “Brexit.” Such an exit from the European Union would be unprecedented and it is unclear how the U.K.’s access to the EU Single Market (and vice versa), and the wider trading, legal and regulatory environment in which we operate, would be impacted and how this would affect our business and the global macroeconomic environment. The uncertainty surrounding the terms of the Brexit and its consequences could adversely impact the manner in which we conduct our operations in Europe, investor confidence and result in additional market volatility. It also could adversely affect our business, including our revenues, from either a decrease in the value of our AUM, which would result in lower advisory fees, or from investors in the WisdomTree ETFs selling their shares in favor of investments they perceive as less exposed to the Brexit risks, thus triggering redemptions that would also result in decreased AUM and lower fees.

Our ability to operate effectively could be impaired if we fail to retain or recruit key personnel.

The success of our business, the implementation of our growth strategy and the integration of ETFS if the acquisition is completed, are highly dependent on our ability to attract, retain and motivate highly skilled, and sometimes highly specialized, employees, including in particular, operations, product development, research and sales personnel. Our U.S. employees generally may voluntarily terminate their employment at any time. The market for these individuals is extremely competitive and is likely to become more so as additional investment management firms enter the ETF industry. Our compensation methods may not enable us to recruit and retain required personnel. For example, price volatility in our common stock may impact our ability to effectively use equity grants as an employee compensation incentive. Also, we may need to increase compensation levels, which would decrease our net income or increase our losses. If we are unable to retain and attract key personnel, it could have an adverse effect on our business, our ability to effectively integrate ETFS, if the acquisition is completed, and our results of operations and financial condition.

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Changes in U.S. federal income tax law could make some of our products less attractive to investors.

Many of the WisdomTree ETFs seek to obtain the investment return achieved by our proprietary indexes that weigh index components based upon dividends. Even with the increase a few years ago in income tax rates applicable to dividends, corporate dividends continue to enjoy favorable tax treatment under current U.S. federal income tax law. If the income tax rates imposed on dividends were increased further, it may make these WisdomTree ETFs less attractive to investors.

Our expenses are subject to fluctuations that could materially affect our operating results.

Our results of operations are dependent in part on the level of our expenses, which can vary from quarter to quarter. Our expenses may fluctuate primarily as a result of discretionary spending, including additional headcount, accruals for incentive compensation, marketing, advertising and sales expenses we incur to support our growth initiatives. Accordingly, our results of operations may vary from quarter to quarter.

Any significant limitation or failure of our technology systems, or of our third-party vendors' technology systems, or any security breach of our information and cyber security infrastructure, software applications, technology or other systems that are critical to our operations could interrupt or damage our operations and result in material financial loss, regulatory violations, reputational harm or legal liability.

We are dependent upon the effectiveness of our own, and our vendors', information security policies, procedures and capabilities to protect the technology systems used to operate our business and to protect the data that reside on or are transmitted through them. Although we and our third-party vendors take protective measures to secure information, our and our vendors' technology systems may still be vulnerable to unauthorized access, computer viruses or other events that could result in inaccuracies in our information or system disruptions or failures, which could materially interrupt or damage our operations. In addition, technology is subject to rapid change and we cannot guarantee that our competitors may not implement more advanced technology platforms for their products, which could affect our business. Any inaccuracies, delays, system failures or breaches, or advancements in technology, and the cost necessary to address them, could subject us to client dissatisfaction and losses or result in material financial loss, regulatory violations, reputational harm or legal liability, which, in turn, could cause a decline in our earnings or stock price.

We may from time to time in the future be involved in legal proceedings that could require significant management time and attention, possibly resulting in significant expense or in an unfavorable outcome, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

From time to time, we may be subject to litigation. In any litigation in which we are involved, we may be forced to incur costs and expenses to defend ourselves or to pay a settlement or judgment or comply with any injunctions in connection therewith if there is an unfavorable outcome. The expense of defending litigation may be significant. The amount of time to resolve lawsuits is unpredictable and defending ourselves may divert management's attention from the day-to-day operations of our business, which could adversely affect our business, results of operations, financial condition and cash flows. In addition, an unfavorable outcome in any such litigation could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Catastrophic and unpredictable events could have a material adverse effect on our business.

A terrorist attack, war, power failure, cyber-attack, natural disaster or other catastrophic or unpredictable event could adversely affect our revenues, expenses and operating results by: interrupting our normal business operations; inflicting employee casualties, including loss of our key employees; requiring substantial expenditures and expenses to repair, replace and restore normal business operations; and reducing investor confidence. We have a disaster recovery plan to address certain contingencies, but this plan may not be sufficient in responding or ameliorating the effects of all disaster scenarios. Similarly, these types of events could also affect the ability of the third-party vendors that we rely upon to conduct our business, including parties that provide us with sub-advisory portfolio management services, custodial, fund accounting and administration services or index calculation services, to continue to provide these necessary services to us, even though they may also have disaster recovery plans to address these contingencies. In addition, a failure of the stock exchanges on which our ETFs trade to function properly could cause a material disruption to our business. If we or our third-party vendors are unable to respond adequately or in a timely manner, these failures may result in a loss of revenues and/or increased expenses, either of which would have a material adverse effect on our operating results.

A change of control of our Company would automatically terminate our investment management agreements relating to the WisdomTree ETFs unless the Board of Trustees of the WisdomTree Trust and shareholders of the WisdomTree ETFs voted to continue the agreements. A change in control could occur if a third-party were to acquire a controlling interest in our Company.

Under the Investment Company Act, an investment management agreement with a fund must provide for its automatic termination in the event of its assignment. The fund's board must vote to continue such an agreement following any such assignment and the shareholders of the WisdomTree ETFs must approve the assignment. The cost of obtaining such shareholder approval can be significant and ordinarily would be borne by us. Similarly, under the Investment Advisers Act, a client's investment management agreement may not be "assigned" by the investment adviser without the client's consent.

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An investment management agreement is considered under both acts to be assigned to another party when a controlling block of the adviser's securities is transferred. Under both acts, there is a presumption that a stockholder beneficially owning 25% or more of an adviser's voting stock controls the adviser and conversely a stockholder beneficially owning less than 25% is presumed not to control the adviser. In our case, an assignment of our investment management agreements may occur if a third-party were to acquire a controlling interest in our Company. We cannot be certain that the Trustees of the WisdomTree ETFs would consent to assignments of our investment management agreements or approve new agreements with us if a change of control occurs. And even if such approval were obtained, approval from the shareholders of the WisdomTree ETFs would be required to be obtained; such approval could not be guaranteed and even if obtained, likely would result in significant expense. This restriction may discourage potential purchasers from acquiring a controlling interest in our Company.

We may from time to time be subject to claims of infringement of third-party intellectual property rights, which could harm our business.

Third parties may assert against us alleged patent, copyright, trademark or other intellectual property rights to intellectual property that is important to our business. Any claims that our products or processes infringe the intellectual property rights of others, regardless of the merit or resolution of such claims, could cause us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management from our business. As a result of such intellectual property infringement claims, we could be required or otherwise decide that it is appropriate to:

- pay third-party infringement claims;
- discontinue selling the particular funds subject to infringement claims;
- discontinue using the processes subject to infringement claims;
- develop other intellectual property or products not subject to infringement claims, which could be time-consuming and costly or may not be possible; or
- license the intellectual property from the third-party claiming infringement, which license may not be available on commercially reasonable terms.

The occurrence of any of the foregoing could result in unexpected expenses, reduce our revenues and adversely affect our business and financial results.

We have been issued a patent and have applied for other patents, but additional patents may not be issued to us and we may not be able to enforce or protect our patents and other intellectual property rights, which may harm our ability to compete and harm our business.

Although we have a patent and have applied for other patents relating to our index methodology and the operation of our ETFs, these other patents may not be issued to us. In addition, even if issued, our ability to enforce our patents and other intellectual property rights is subject to general litigation risks. While we have been competing without the benefit of these patents being issued, if they are not issued or we cannot successfully enforce them, we may lose the benefit of a future competitive advantage that they would otherwise provide to us. If we seek to enforce our rights, we could be subject to claims that the intellectual property right is invalid or is otherwise not enforceable. Furthermore, our assertion of intellectual property rights could result in the other party seeking to assert alleged intellectual property rights of its own or assert other claims against us, which could harm our business. If we are not ultimately successful in defending ourselves against these claims in litigation, we may be subject to the risks described in the immediately preceding risk factor entitled "We may from time to time be subject to claims of infringement of third-party intellectual property rights, which could harm our business."

Risks Relating to our Common Stock

The market price of our common stock has been fluctuating significantly and may continue to do so, and you could lose all or part of your investment.

The market price of our common stock has been fluctuating significantly and may continue to do so, depending upon many factors, some of which may be beyond our control, including:

- decreases in our AUM;
- variations in our quarterly operating results;
- differences between our actual financial operating results and those expected by investors and analysts;

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- publication of research reports about us or the investment management industry;
- changes in expectations concerning our future financial performance and the future performance of the ETF industry and the asset management industry in general, including financial estimates and recommendations by securities analysts;
- our strategic moves and those of our competitors, such as acquisitions or consolidations;
- changes in the regulatory framework of the ETF industry and the asset management industry in general and regulatory action, including action by the SEC to lessen the regulatory requirements or shortening the process to obtain regulatory relief under the Investment Company Act that is necessary to become an ETF sponsor;
- the level of demand for our stock, including the amount of short interest in our stock;
- changes in general economic or market conditions; and
- realization of any other of the risks described elsewhere in this section.

In addition, stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock. Furthermore, in the past, market fluctuations and price declines in a company's stock have led to securities class action litigations or other derivative stockholder lawsuits. If such a suit were to arise, it could cause substantial costs to us and divert our resources regardless of the outcome.

If equity research analysts issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock relies in part on the research and reports that equity research analysts publish about us and our business. We do not control the opinions of these analysts. The price and trading volume of our common stock could decline if one or more equity analysts downgrade our common stock or if analysts issue other unfavorable commentary or cease publishing reports about us or our business.

Future issuances of our common stock could lower our stock price and dilute the interests of existing stockholders.

We may issue additional shares of our common stock in the future, either in connection with an acquisition, such as our proposed acquisition of ETFs, or for other business reasons. The issuance of a substantial amount of common stock could have the effect of substantially diluting the interests of our current stockholders. In addition, the sale of a substantial amount of common stock in the public market, either in the initial issuance or in a subsequent resale by the target company in an acquisition which received such common stock as consideration or by investors who acquired such common stock in a private placement, could have a material adverse effect on the market price of our common stock.

The members of our Board of Directors, their affiliates and our executive officers, as stockholders, can exert significant influence over our Company.

As of December 31, 2017, the members of our Board of Directors and our executive officers, as stockholders, collectively beneficially owned approximately 16.8% of our outstanding common stock. As a result of this ownership, they have the ability to significantly influence all matters requiring approval by stockholders of our Company, including the election of directors. This concentration of ownership also may have the effect of delaying or preventing a change in control of our Company that may be favored by other stockholders. This could prevent transactions in which stockholders might otherwise receive a premium for their shares over current market prices.

Although our directors and officers have a duty of loyalty to us under Delaware law and our certificate of incorporation, transactions that we enter into in which a director or officer has a conflict of interest are generally permissible so long as (i) the material facts relating to the director's or officer's relationship or interest as to the transaction are disclosed to our Board of Directors and a majority of our disinterested directors, or a committee consisting solely of disinterested directors, approves the transaction, (ii) the material facts relating to the director's or officer's relationship or interest as to the transaction are disclosed to our stockholders and a majority of our disinterested stockholders approves the transaction, or (iii) the transaction is otherwise fair to us. Under our certificate of incorporation, representatives of our stockholders are not required to offer to us any transaction opportunity of which they become aware and could take any such opportunity for themselves or offer it to other companies in which they have an investment, unless such opportunity is expressly offered to them solely in their capacity as a director of ours. The listing requirements of the NASDAQ Global Select Market, upon which our common stock is listed, also require that certain transactions in which a director or officer has a conflict of interest must be considered and approved by our Audit Committee, which consists solely of independent directors.

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A provision in our certificate of incorporation and by-laws may prevent or delay an acquisition of our Company, which could decrease the market value of our common stock.

Provisions of Delaware law, our certificate of incorporation and our by-laws may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable. These provisions may also prevent or delay attempts by stockholders to replace or remove our current management or members of our Board of Directors. These provisions include:

- a classified Board of Directors;
- limitations on the removal of directors;
- advance notice requirements for stockholder proposals and nominations;
- the inability of stockholders to act by written consent or to call special meetings;
- the ability of our Board of Directors to make, alter or repeal our by-laws; and
- the authority of our Board of Directors to issue preferred stock with such terms as our Board of Directors may determine.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, which limits business combination transactions with stockholders of 15% or more of our outstanding voting stock that our Board of Directors has not approved. These provisions and other similar provisions make it more difficult for stockholders or potential acquirers to acquire us without negotiation. These provisions may apply even if some stockholders may consider the transaction beneficial to them.

As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our common stock. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a premium over the then current market price for our common stock.

The payment of dividends to our stockholders and our ability to repurchase our common stock is subject to the discretion of our Board of Directors and may be limited by our financial condition, our proposed credit agreement, and any applicable laws.

In November 2014, we commenced a quarterly cash dividend and intend to continue to pay regular dividends to our stockholders. In October 2014, our Board of Directors authorized a share repurchase program with a term that was extended through April 27, 2019, under which \$88.6 million remained available for repurchases as of December 31, 2017. In connection with our agreement to acquire ETFs, our Board of Directors adjusted the quarterly dividend to \$0.03 per share, beginning with the dividend payment in the first quarter of 2018. Under the terms of the credit agreement governing the credit facilities we plan to use to partially finance the acquisition, we will be required to comply with various covenants including a leverage test. A quarterly cash dividend payment in excess of \$0.03 per share, as well as share repurchases other than for shares withheld pursuant to the terms of equity awards granted to employees to satisfy tax withholding obligations, will be permitted only to the extent we comply with the leverage test and no event of default (as defined in the credit agreement) has occurred and is continuing at the time the cash dividend payment or share repurchase is made as the case may be. Our Board of Directors may, in its discretion, decrease, but not increase, the level of dividends in the future. Further, our Board of Directors will continue to have the discretion to discontinue the payment of dividends entirely. Any determination as to the payment of dividends or stock repurchases, as well as the level of such dividends or repurchases, will depend on, among other things, general economic and business conditions, our level of AUM, our strategic plans, our financial results and condition, limitations associated with the credit facilities or other agreements that could limit the amount of dividends we are permitted to pay or the stock we may repurchase, and any applicable laws. If, as a consequence of these various limitations and restrictions, we are unable to generate sufficient income from our business, we may need to reduce or eliminate the payment of dividends on our common stock or cease repurchasing our common stock. Any change in our stock repurchases or the level of our dividends or the suspension of the payment thereof could adversely affect our stock price.

In addition, our Board of Directors is authorized, without stockholder approval, to issue preferred stock with such terms as our Board of Directors may, in its discretion, determine. Our Board of Directors could, therefore, issue preferred stock with dividend rights superior to that of the common stock, which could also limit the payment of dividends on the common stock.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no unresolved comments from the SEC staff relating to our periodic or current reports filed with the SEC pursuant to the Exchange Act.

ITEM 2. PROPERTIES

Our principal executive office is located at 245 Park Avenue, New York, New York 10167. We occupy approximately 38,000 square feet of office space under a lease that expires in July 2029. We believe that the space we lease is sufficient to meet our needs until the expiration of the lease.

ITEM 3. LEGAL PROCEEDINGS

We may be subject to reviews, inspections and investigations by the SEC, CFTC, NFA, state and foreign regulators, as well as legal proceedings arising in the ordinary course of business. We are not currently party to any litigation that is expected to have a material impact on our business, financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "WETF." The following table sets forth the intra-day high and low sale prices per share as reported by the NASDAQ Global Select Market.

Period	High	Low	Dividends Declared
Fiscal 2017			
Quarter ended December 31, 2017	\$12.68	\$10.07	\$ 0.08
Quarter ended September 30, 2017	\$10.80	\$ 8.75	\$ 0.08
Quarter ended June 30, 2017	\$10.53	\$ 7.87	\$ 0.08
Quarter ended March 31, 2017	\$12.33	\$ 8.30	\$ 0.08
Fiscal 2016			
Quarter ended December 31, 2016	\$13.32	\$ 8.00	\$ 0.08
Quarter ended September 30, 2016	\$12.07	\$ 9.03	\$ 0.08
Quarter ended June 30, 2016	\$13.13	\$ 8.70	\$ 0.08
Quarter ended March 31, 2016	\$15.63	\$ 9.75	\$ 0.08

As of December 31, 2017, there were 235 holders of record of shares of our common stock and we believe there were approximately 34,600 beneficial owners of our common stock.

Dividends

In November 2014, we commenced a quarterly cash dividend and intend to continue to pay regular dividends to our stockholders. In connection with our agreement to acquire ETFs, our Board of Directors adjusted the quarterly dividend to \$0.03 per share, beginning with the dividend payment in the first quarter of 2018. Under the terms of the credit agreement governing the credit facilities we plan to use to partially finance the acquisition, we will be required to comply with various covenants including a leverage test. A quarterly cash dividend payment in excess of \$0.03 per share will be permitted only to the extent we comply with the leverage test and no event of default (as defined within the credit agreement) has occurred and is continuing at the time the cash dividend payment is made. Our Board of Directors may, in its discretion, decrease, but not increase, the level of dividends in the future. Further, our Board of Directors has the discretion to discontinue the payment of dividends entirely. Any determination as to the payment of dividends, as well as the level of such dividends, will depend on, among other things, general economic and business conditions, our level of AUM, our strategic plans, our financial results and condition, limitations associated with the credit facilities or other agreements that could limit the amount of dividends we are permitted to pay, and any applicable laws.

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Issuer Purchases of Equity Securities

The following table provides information with respect to purchases made by or on behalf of the Company or any “affiliated purchaser” of shares of our common stock.

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)</u>
October 1, 2017 to October 31, 2017	—	\$ —	—	
November 1, 2017 to November 30, 2017	—	\$ —	—	
December 1, 2017 to December 31, 2017	295,851	\$ 12.55	295,851	
Total	<u>295,851</u>	\$ 12.55	<u>295,851</u>	<u>\$ 88,614</u>

- (1) On October 29, 2014, our Board of Directors authorized a three-year share repurchase program of up to \$100 million. On April 27, 2016, the Board approved a \$60.0 million increase to this program and extended the term through April 27, 2019, increasing the total authorized repurchase amount to \$100.3 million. During the three months ended December 31, 2017, we repurchased 295,851 shares of our common stock under this program for an aggregate cost of approximately \$3.7 million. As of December 31, 2017, \$88.6 million remained under this program for future purchases. Under the terms of the credit agreement governing the credit facilities we plan to use to partially finance the acquisition of ETFS, share repurchases will be permitted only to the extent we comply with a leverage test and no event of default (as defined in the credit agreement) has occurred and is continuing at the time the cash dividend payment is made. However, our ability to purchase shares of our common stock withheld pursuant to the terms of equity awards granted to employees to satisfy tax withholding obligations will not be restricted.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and the related notes and the other financial information included elsewhere in this Report. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below. For a more complete description of the risks noted above and other risks that could cause our actual results to materially differ from our current expectations, please see Item 1A. "Risk Factors" of this Report. We assume no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Introduction

We are one of the leading ETP sponsors in the world (based on AUM), with AUM of \$48.9 billion globally as of December 31, 2017. An ETP is a pooled investment vehicle that holds a basket of financial instruments, securities or other assets and generally seeks to track (index-based) or outperform (actively managed) the performance of a broad or specific equity, fixed income or alternatives market segment, commodity or currency (or an inverse or multiple thereof). ETPs are listed on an exchange with their shares traded in the secondary market at market prices, generally at approximately the same price as the net asset value of their underlying components. ETP is an umbrella term that includes ETFs, exchange-traded notes and exchange-traded commodities.

Through our operating subsidiaries, we provide investment advisory and other management services to the WisdomTree ETFs and Boost ETPs collectively offering ETPs covering equity, fixed income, currency, alternatives and commodity asset classes. In exchange for providing these services, we receive advisory fee revenues based on a percentage of the ETPs' average daily AUM. Our expenses are predominantly related to selling, operating and marketing our ETPs. We have contracted with third parties to provide certain operational services for the ETPs. We distribute our ETPs through all major channels within the asset management industry, including brokerage firms, registered investment advisers, institutional investors, private wealth managers and discount brokers primarily through our sales force. Our sales efforts are not directed towards the retail segment but rather are directed towards financial or investment advisers that act as intermediaries between the end-client and us. Recent investments in technology-enabled services and the launch of our Advisor Solutions program in October 2017, which includes portfolio construction, asset allocation, practice management services and wealth management technology via the AdvisorEngine platform, have been made to differentiate us in the market, expand our distribution and further enhance our relationships with financial advisers.

Executive Summary

Our U.S. listed AUM, which currently makes up the vast majority of our global AUM, has fluctuated over the last three fiscal years, from \$51.6 billion at the end of 2015, to \$40.2 billion at the end of 2016 and \$46.8 billion at the end of 2017. While our net flows historically have been concentrated in our two largest ETFs and aligned with market sentiment, we have taken additional steps to broaden the diversification of our flows through recent investments in technology-enabled services including the rollout of our Advisor Solutions program in the fourth quarter of 2017. For example, in 2015, our currency hedged European equity ETF (HEDJ) comprised the vast majority of our net inflows and offset the outflows we experienced in emerging markets as the accommodative monetary policy of the European Central Bank weakened the Euro, stimulating the local equity markets. Similarly, we experienced strong inflows into our currency hedged Japanese equity ETF (DXJ) in 2013 as a result of a weakening Yen due to political and economic policy changes in Japan. In 2016, we experienced significant outflows in these two products as those markets fell out of favor with investors. In 2017, we experienced additional outflows in HEDJ as the Euro strengthened, which was largely driven by an improvement in the Eurozone's economic outlook. However, we also experienced \$2.9 billion of net inflows into our U.S. listed ETFs (excluding HEDJ and DXJ), including \$2.1 billion of net inflows across 56 of our ETFs in the fourth quarter of 2017, which can be attributed in part to our rollout of the Advisor Solutions program.

In November 2017, we agreed to acquire ETFs, which includes \$17.8 billion of AUM as of December 31, 2017. The acquisition, which is expected to close late in the first quarter of 2018 (subject to regulatory approval and other customary closing conditions), will provide us with immediate scale in Europe, an industry leading position in European-listed gold and commodity products, greater AUM diversification globally, and profitability within our International Business segment. A substantial portion of AUM of ETFs are in products backed by gold. These products historically have been negatively correlated with our two largest ETFs, HEDJ and DXJ, and therefore we may experience improved stability of our AUM and lower overall AUM volatility if the acquisition of ETFs is completed. However, we can provide no assurance that the negative historical correlation between the AUM of ETFs and the AUM of our two largest ETFs will continue in the future.

Our financial results have fluctuated along with the changes in our AUM. Revenues were \$298.9 million, \$219.4 million and \$237.4 million in 2015, 2016 and 2017, respectively.

In addition to effectively integrating ETFs, if the acquisition is completed, our strategic focus remains diversifying and stabilizing our asset base by fostering deeper relationships through technology-driven solutions, increasing penetration within existing distribution channels and expanding into new distribution channels, continuing to grow our international business and offering innovative products.

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Other business highlights for 2017 include the following:

- In October 2017, we launched our Advisor Solutions program, which is focused on providing technology-enabled solutions to help financial advisors address technology challenges and grow and scale their businesses. The Advisor Solutions program includes:
 - wealth investment research and ETF education;
 - portfolio construction services such as the Digital Portfolio Developer, or DPD, an enhanced portfolio construction tool that assists financial advisors in analyzing an existing investment portfolio by analyzing the data and providing alternative portfolio approaches to consider in seeking to improve outcomes based on different measures;
 - access to ETF model portfolios, which are currently available on several platforms. Our model portfolios are a natural extension of our research capabilities and provide advisors access to an open-architecture approach, a tenured team and a firm dedicated to innovation and value creation;
 - practice management resources, including access to thought leaders in retirement planning, leadership and behavioral finance; and
 - wealth management technology through AdvisorEngine, a customized end-to-end platform for financial advisors. AdvisorEngine offers an array of distinct product offerings that provide advisors with new client prospecting tools, online client onboarding, institutional grade analytics, trading, performance reporting and billing. Its technology is distinctive in that it provides these features from an advisor-centric point of view, allowing advisors to deepen their engagement with clients and demonstrate the value of the advisory relationship.
- In October 2017, 72 of our U.S. listed ETFs were added to TD Ameritrade's expanded and enhanced commission-free ETF program, which allows for investors using the TD Ameritrade platform to purchase these ETFs without incurring the costs of trading commission fees. This commission-free access spans asset classes including equities, fixed income and alternatives, and includes a variety of investment categories in which we are a smart beta ETF provider. In January 2018 our commission free ETF model portfolios became available on the TD Ameritrade Institutional Model Market Center which offers financial advisors the ability to subscribe to third-party models and personalize portfolios according to their clients' unique needs.
- During June 2017, we collaborated with IBM's Advanced Analytics practice and global consulting agency Bluewolf, an IBM Company, to develop a cognitive customer-focused lead prioritization system leveraging IBM Watson to enhance our distribution efforts. The system evaluates data across structured and unstructured sources such as historical investment data, market data and investor activity history, extracting behavioral insights, and is designed to enable our sales and marketing teams to optimize outreach to our potential investor base.
- In November 2017, we acquired a suite of eight Canadian listed ETFs from Questrade, which represented approximately \$77.4 million in AUM at closing. As part of the transaction, we became a premier provider of ETFs available for purchase on a commission-free basis on Questrade's self-directed platform, including all of our Canadian listed ETFs.
- We launched 5 new U.S. listed ETFs, 6 new Canadian listed ETFs, 2 new Boost ETPs and 1 new WisdomTree UCITS ETF.
- We returned approximately \$51.7 million to our stockholders largely through our ongoing quarterly cash dividend and to a lesser extent, through stock repurchases.

Business Segments

We operate as an ETP sponsor and asset manager providing investment advisory services in the U.S., Europe, Canada and Japan. These activities are reported in our U.S. Business and International Business segments, as follows:

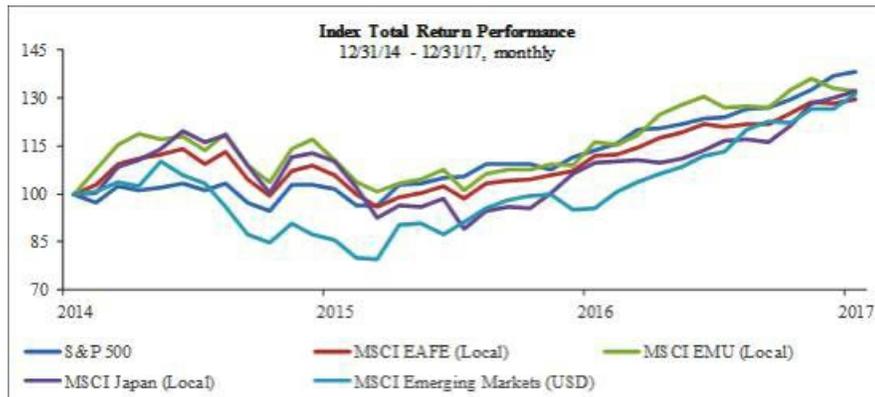
- U.S. Business segment: Our U.S. business and Japan sales office, which primarily engages in selling our U.S. listed ETFs to Japanese institutional clients; and
- International Business segment: Our European business, which commenced in April 2014 in connection with our acquisition of Boost and our Canadian business, which launched its first six ETFs in July 2016. This segment will also include ETFS if the acquisition is completed.

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Background

Market Environment

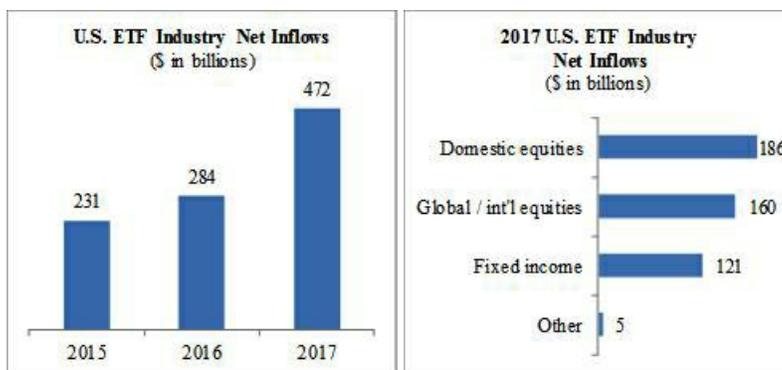
The following chart reflects the annual returns of the broad-based equity indexes over the last three years. As the chart reflects, the broad-based equity market indexes have been volatile since 2014.



Source: FactSet

The vast majority of our global AUM is currently in U.S. listed ETFs. Our international AUM should increase substantially following the completion of our acquisition of ETFS, if the acquisition is completed. The AUM of ETFS at December 31, 2017 was \$17.8 billion.

The U.S. ETF industry also has been experiencing generally higher flows as the charts below reflect. In 2017, domestic equities gathered the majority of net inflows for the year:



Source: Investment Company Institute.

Industry Developments

The ETF industry is becoming significantly more competitive. There has been increased price competition in not only commoditized product categories such as traditional, market capitalization weighted index exposures, but also in fundamental or other non-market cap weighted or factor-based exposures. Certain ETF sponsors have been reducing fees, which has been a trend over the last few years that accelerated meaningfully in 2017. Funds are being offered with fees of 20 bps or less, which attracted approximately 70% of the net flows into U.S. listed ETFs during the year ended December 31, 2017. In addition, existing players have broadened their suite of products to offering strategies that are, in some cases, similar to ours. Large traditional asset managers are also launching ETFs, some with similar strategies as well.

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While low cost ETFs have accumulated a significant amount of AUM recently, these same funds have captured only 34% of the revenues associated with the net flows into U.S. listed ETFs during 2017. In addition, in the ETF industry, being a first mover, or one of the first providers of ETFs in a particular asset class, can be a significant advantage, as the first ETF in a category to attract scale in AUM and trading liquidity is generally viewed as the most attractive ETF. We believe that our early launch of ETFs in a number of asset classes or strategies, including fundamental weighting and currency hedging, positions us well to maintain our position as one of the leaders of the ETF industry. Additionally, we believe our affiliated indexing or “self-indexing” model enables us to launch proprietary products which do not have exact competition.

In April 2016, the DOL published the Fiduciary Rule to address conflicts of interest in retirement advice, and full compliance with the rule is required by July 1, 2019. In response to the Fiduciary Rule, the shift from commission- to fee-based advisory models has accelerated as several large asset management firms have announced and implemented changes to their platforms and policies that favor fee based account structures. Also in response to the Fiduciary Rule, several fund sponsors have implemented further fee reductions which have occurred primarily in commoditized exposures based upon third-party indexes. We believe that ETFs’ competitiveness generally will increase as a result of the Fiduciary Rule due to the inherent benefits of ETFs – transparency and liquidity; and while we are not immune to fee pressure, we believe our self-indexing capabilities and regulatory exemptive relief provides a strategic advantage.

Components of Revenue***Advisory fees***

The majority of our revenues are comprised of advisory fees we earn from our U.S. listed ETFs. We earn this revenue based on a percentage of the average daily value of AUM. Our average daily value of AUM is the average of the daily aggregate AUM of our ETFs as determined by the then current net asset value (as defined under Investment Company Act Rule 2a-4) of such ETFs as of the close of business each day. Our fee percentages for individual U.S. listed ETFs, net of fee waivers, range from 0.12% to 0.88%.

We determine the appropriate advisory fee to charge for our ETFs based on the cost of operating each particular ETF taking into account the types of securities the ETFs will hold, fees third-party service providers will charge us for operating the ETFs and our competitors’ fees for similar ETFs. Generally, our actively managed ETFs, along with our emerging markets ETFs, are priced higher than our other index based ETFs.

Each of our ETFs has a fixed advisory fee. To increase the advisory fee, we would need to obtain approval from a majority of the ETF shareholders, which may be difficult or not possible to achieve. There also may be a significant cost in obtaining such ETF shareholder approval. We do not need ETF shareholder approval to lower our advisory fee. From time to time, we implement voluntary waivers of a portion of our advisory fee. These waivers may expire without shareholder approval needing to be obtained. In addition, we earn a fee based on daily aggregate AUM of our ETFs in exchange for bearing certain fund expenses.

Our ETF advisory fee revenues may fluctuate based on general stock market trends, which include market value appreciation or depreciation, currency fluctuations against the U.S. dollar and level of inflows or outflows from our ETFs. In addition, these revenues may fluctuate due to increased competition or a determination by the independent trustees of the WisdomTree ETFs to terminate or significantly alter the funds’ investment management agreements with us.

Settlement gain

A settlement gain of \$6.9 million was recorded during the second quarter of 2017 representing the fair value of the preferred stock of Thesys Group, Inc. (formerly known as Tradeworks, Inc.) (“Thesys”) that we received in connection with the resolution of a dispute regarding our ownership stake in Thesys.

Other income

Other income includes interest income from investing our corporate cash and fees from licensing our indexes to third parties. The licensing fees are immaterial to our financial results and we do not expect them to be material in the near term.

Components of Expenses

Our operating expenses consist primarily of costs related to selling, operating and marketing our ETFs as well as the infrastructure needed to run our business.

Compensation and benefits

Employee compensation and benefits expenses are expensed when incurred and include salaries, incentive compensation, and related benefit costs. Virtually all our employees receive incentive compensation that is based on our operating results as well as their individual performance. Therefore, a portion of this expense will fluctuate with our business results. To attract and retain qualified personnel, we must maintain competitive employee compensation and benefit plans. We would expect changes in employee compensation and benefits expense to be correlated with changes in our revenues and net inflows.

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Also included in compensation and benefits are costs related to equity awards granted to our employees. Our executive management and Board of Directors strongly believe that equity awards are an important part of our employees' overall compensation package and that incentivizing our employees with equity in the Company aligns the interest of our employees with that of our stockholders. We use the fair value method in recording compensation expense for equity based awards. Under the fair value method, compensation expense is measured at the grant date based on the estimated fair value of the award and is recognized as an expense over the vesting period.

We expect our compensation and benefits expense for our U.S. Business segment will be between 27% to 29% of U.S. Business segment revenues in 2018.

Fund management and administration

Fund management and administration expenses are expensed when incurred and are comprised of the following costs we pay third-party service providers to operate our ETFs:

- portfolio management of our ETFs(sub-advisory);
- fund accounting and administration;
- custodial services;
- transfer agency;
- accounting and tax services;
- printing and mailing of stockholder materials;
- index calculation;
- indicative values;
- distribution fees;
- legal and compliance services;
- exchange listing fees;
- trustee fees and expenses;
- preparation of regulatory reports and filings;
- insurance;
- certain local income taxes; and
- other administrative services.

We are not responsible for extraordinary expenses, taxes and certain other expenses.

BNY Mellon acts as sub-adviser for the majority of our ETFs. Fund administration, custody and accounting related services are performed by State Street. The fees we pay BNY Mellon and our other sub-advisers generally have minimums per fund which range from \$25,000 to \$50,000 per year with additional fees ranging between 0.015% and 0.20% of average daily AUM at various breakpoint levels depending on the nature of the ETF. In addition, we pay certain costs based on transactions in our ETFs or based on inflow levels. The fees we pay for accounting, tax, transfer agency, index calculation, indicative values and exchange listing are based on the number of ETFs we have. The remaining fees are based on a combination of both AUM and number of funds, or as incurred.

Marketing and advertising

Marketing and advertising expenses are recorded when incurred and include the following:

- advertising and product promotion campaigns that are initiated to promote our existing and new ETFs as well as brand awareness;
- development and maintenance of our website; and
- creation and preparation of marketing materials.

Our discretionary advertising comprises the largest portion of this expense and we generally expect these costs to increase as we continue to execute our growth strategy and compete against other ETF sponsors. In addition, we may incur expenditures in certain periods to attract inflows, the benefit of which may or may not be recognized from increases to our AUM in future periods. However, due to the discretionary nature of some of these costs, they can generally be reduced if there were a decline in the markets.

Sales and business development

Sales and business development expenses are recorded when incurred and include the following:

- travel and entertainment or conference related expenses for our sales force;

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- market data services for our research team;
- sales related software tools;
- voluntary payment of certain costs associated with the creation or redemption of ETF shares, as we may elect from time to time; and
- legal and other advisory fees associated with the development of new funds or business initiatives.

Professional and consulting fees

Professional fees are expensed when incurred and consist of fees we pay to corporate advisers including accountants, tax advisers, legal counsel, investment bankers, human resources or other consultants. These expenses fluctuate based on our needs or requirements at the time. Certain of these costs are at our discretion and can fluctuate year to year.

Occupancy, communications and equipment

Occupancy, communications and equipment expense includes costs for our corporate headquarters in New York City as well as office related costs in our other locations.

Depreciation and amortization

Depreciation and amortization expense results primarily from amortization of leasehold improvements to our office space as well as depreciation on fixed assets we purchase, which is depreciated over five to fifteen years.

Third-party sharing arrangements

Third-party sharing arrangements expense includes payments to our third-party marketing agents in Latin America, Australia, New Zealand and Israel. In addition, this expense includes fees we pay to enable our ETFs to be included on certain third-party platforms.

Acquisition payment

Prior to May 2016, acquisition payment expense represented the change in the fair value of the buyout obligation of the remaining minority interest in our European business, in which we acquired a majority stake in April 2014. In May 2016, we accelerated the buyout of this remaining minority interest and the final buyout obligation was quantified based on a formula applied to projected AUM in the business and its projected profitability levels.

Other

Other expenses consist primarily of insurance premiums, general office related expenses, securities license fees for our sales force, public company related expenses, corporate related travel and entertainment and board of director fees, including stock-based compensation related to equity awards we granted to our directors.

Income tax

Overview

Our consolidated effective income tax expense consists of taxes due to federal, various state and local and certain foreign authorities. This rate was 53.3% for the year ended December 31, 2017 and was impacted by a valuation allowance on foreign net operating losses, stock-based compensation tax shortfalls and windfalls, and certain items including non-deductible transaction costs.

U.S. Tax Reform

On December 22, 2017, the Tax Cuts and Jobs Act, or the TCJA, was enacted, which was the most comprehensive U.S. tax reform in more than 30 years. The sweeping modifications to the Internal Revenue Code include a significant reduction in the federal income tax rate (from 35% to 21%), change certain tax deductions including a disallowance for all executive compensation paid in excess of \$1 million, create a territorial tax system with a one-time transition tax on previously deferred foreign earnings and require minimum taxes to be paid on future foreign earnings.

We anticipate that we will benefit from a significant reduction in taxes payable on earnings subject to U.S. tax as our statutory tax rate on such earnings will be approximately 25%, a significant decline from approximately 40% historically. The actual U.S. effective tax rate is also anticipated to be lower and will be dependent upon our actual state apportionment and the magnitude of adjustments to pre-tax book income required to arrive at taxable income such as compensation paid to certain executives in excess of \$1 million, non-deductible transaction costs, stock-based compensation windfalls or shortfalls, non-deductible meals and entertainment expense and deductions received for dividends paid on unvested restricted stock awards. The requirement for minimum

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taxes to be paid on future foreign earnings is not currently expected to be significant as our foreign operations have NOLs and are currently generating losses. However, the anticipated acquisition of ETFS is expected to result in significant profitability of our International Business segment and will require an allocation of these profits to certain international jurisdictions pursuant to a transfer pricing arrangement which has yet to be completed. The profits allocation will directly impact the amount of foreign taxes paid. The magnitude of any minimum U.S. taxes to be paid on these foreign profits, pursuant to the TCJA, will ultimately be dependent upon the actual amounts paid to the foreign jurisdictions. However, the anticipated acquisition of ETFS should benefit our overall consolidated effective tax rate as the business operates in jurisdictions with tax rates that are lower than our pre-existing businesses.

We currently anticipate that the normalized effective tax rate applicable to our U.S. Business segment for the year ending December 31, 2018 will be approximately 28% and that our normalized consolidated effective tax rate assuming the completion of the acquisition of ETFS will be approximately 30%. Our normalized consolidated effective tax rate, excluding the acquisition of ETFS is estimated to be approximately 33%. These estimated rates may change and are dependent upon our actual taxable income earned in relation to our forecasts as well as any other items which may arise that are not currently forecasted. Such items may include, but are not limited to, any non-deductible transaction costs incurred in connection with the acquisition of ETFS and any stock-based compensation windfalls or shortfalls.

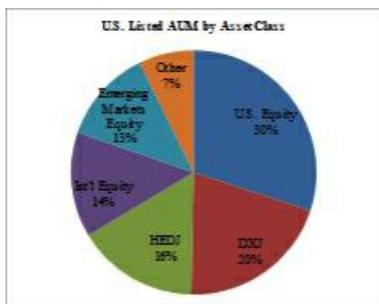
Accounting Standards Codification ("ASC") 740, *Income Taxes*, requires the effects of changes in tax rates and laws on deferred tax balances (including the effects of the one-time transition tax) to be recognized in the period in which the legislation is enacted. The remeasurement of our net deferred tax assets, or DTAs, using a statutory federal and state and local tax rate of approximately 25% resulted in a charge of \$0.5 million. The one-time transition tax was not material as our international subsidiaries historically have generated losses. Our accounting for the income tax effects of the TCJA is complete based on currently available guidance and interpretations.

Factors that May Impact our Future Financial Results

Revenues

Our revenues are highly correlated to the level and relative mix of our AUM, as well as the fee rate associated with our ETFs, and is impacted by market sentiment.

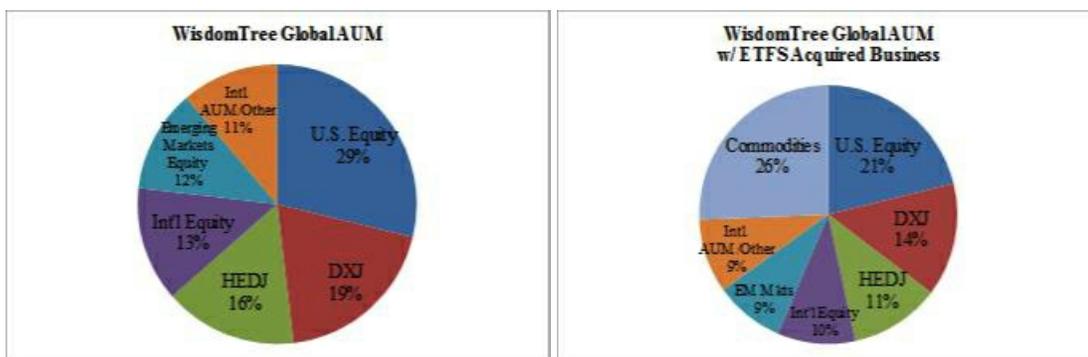
A significant portion of our AUM is held in ETFs that invest in foreign securities. Therefore, our AUM and revenues are affected by movements in global capital market levels and the strengthening or weakening of the U.S. dollar against other currencies. As the chart below reflects, as of December 31, 2017, 36% of our U.S. AUM was concentrated in two products with similar strategies – HEDJ, our European equity ETF which hedges exposure to the Euro, and DXJ, our Japanese equity ETF which hedges exposure to the Yen. The strengthening of the Euro or Yen against the U.S. dollar, or the decline in European or Japanese equity markets, may have an adverse effect on our results.



Another factor impacting our revenues is the fees associated with our ETFs. Our overall average fee rate is affected by the mix of flows into our ETFs. With a significant portion of our AUM held in ETFs that invest in foreign securities, favorable market sentiment toward international equities (particularly during a time when the U.S. dollar is strengthening for our international currency hedged products) is likely to have a positive effect on our overall revenues and conversely unfavorable market sentiment is likely to have a negative impact.

Our fund and investment theme concentrations are expected to improve assuming the completion of our acquisition of ETFS. As shown in the charts below, the AUM of ETFS when combined with the AUM of our existing WisdomTree ETPs results in a well-diversified mix with immediate scale in commodities and an industry leading position in European listed gold products. In addition, our concentrations in HEDJ and DXJ are reduced by an aggregate of approximately 10 percentage points to 11% and 14%, respectively.

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Gold historically has been negatively correlated with our two largest ETFs, HEDJ and DXJ, and therefore we may experience improved stability of our AUM and lower overall AUM volatility if the acquisition of ETFS is completed. However, we can provide no assurance that the negative historical correlation between the AUM of ETFS and the AUM of our two largest ETFs will continue in the future.

We also currently compete within the ETF market against several large ETF sponsors, many smaller sponsors, as well as new entrants to the marketplace, including large asset management companies that have launched or intend to launch ETFs. Competitive pressures could reduce revenues and profit margins as certain existing players have launched ETFs with fees that are generally equivalent to, and in some instances lower than, our ETFs. Certain ETF sponsors have been reducing fees which has been a trend over the last few years that accelerated meaningfully in 2017. Funds are being offered with fees of 20 bps or less, which attracted approximately 70% of the net flows into U.S. listed ETFs during the year ended December 31, 2017. In addition, existing players have broadened their suite of products offering strategies that are, in some cases, similar to ours. Large traditional asset managers are also launching ETFs, some with similar strategies as well.

While low cost ETFs have accumulated a significant amount of AUM recently, these same funds have captured only 34% of the revenues associated with the net flows into U.S. listed ETFs during 2017. We believe that our early launch of ETFs in a number of asset classes or strategies, including fundamental weighting and currency hedging, positions us well to maintain our position as one of the leaders in the ETF industry. Additionally, we believe our affiliated indexing or “self-indexing” model enables us to launch proprietary products which do not have exact competition. These competitive advantages, coupled with general stock market trends, will have the greatest impact on our business.

Expenses – Growth Initiative Spending

We have made significant investments in our business over the last several years, which have elevated the recurring expense base for future years. We expect our spending on new strategic growth initiatives to range from \$3.0 million to \$5.0 million in 2018 which will focus on technology initiatives and expanding our distribution abilities, specifically relating to our Advisor Solutions program.

Our actual growth initiative spending may increase or decrease from our planned estimates depending on the nature of the growth initiatives and market conditions.

Seasonality

We believe seasonal fluctuations in the asset management industry are common, however such trends are generally masked by global market events and market volatility in general. Therefore, period to period comparisons of ours or the industry’s flows and operating results may not be meaningful or indicative of results in future periods.

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Advisory fees

Advisory fee revenues increased 4.3% from \$218.5 million for the year ended December 31, 2016 to \$227.8 million for the year ended December 31, 2017 due to an increase in our average global AUM, partly offset by lower average U.S. advisory fees due to a change in product mix. Our average global AUM increased primarily due to market appreciation of our U.S. listed ETFs and net inflows into certain of our U.S. listed ETFs (including within our international equity, emerging markets, U.S. equity, fixed income and alternative strategy ETFs), European listed ETPs and Canadian listed ETFs. These increases were partly offset by outflows primarily in our two largest U.S. listed ETFs. The changes in product mix resulted in our average U.S. ETF advisory fee declining from 0.51% for the year ended December 31, 2016 to 0.50% for the year ended December 31, 2017.

Settlement gain

A settlement gain of \$6.9 million was recorded during the year ended December 31, 2017 representing the fair value of the preferred stock of Thesys that we received in connection with the resolution of a dispute regarding our ownership stake in Thesys, which occurred in June 2017. See Note 9 to our Consolidated Financial Statements.

Other income

Other income increased \$1.7 million from \$1.0 million during the year ended December 31, 2016 to \$2.7 million during the year ended December 31, 2017. Included in other income for the year ended December 31, 2017 was a one-time reimbursement of fund-related costs for prior years of \$0.8 million. In addition, other income increased due to higher interest earned on our securities owned, at fair value.

Expenses

(in thousands)	Year Ended December 31,		Change	Percent Change
	2017	2016		
Compensation and benefits	\$ 81,493	\$ 63,263	\$18,230	28.8%
Fund management and administration	42,144	41,083	1,061	2.6%
Marketing and advertising	14,402	15,643	(1,241)	(7.9%)
Sales and business development	13,811	12,537	1,274	10.2%
Professional and consulting fees	10,086	6,692	3,394	50.7%
Occupancy, communications and equipment	5,415	5,211	204	3.9%
Depreciation and amortization	1,395	1,305	90	6.9%
Third-party sharing arrangements	3,393	2,827	566	20.0%
Goodwill impairment	—	1,676	(1,676)	n/a
Acquisition payment	—	6,738	(6,738)	n/a
Other	7,068	6,909	159	2.3%
Total expenses	<u>\$179,207</u>	<u>\$163,884</u>	<u>\$15,323</u>	<u>9.3%</u>

As a Percent of Revenues:	Year Ended December 31,	
	2017	2016
Compensation and benefits	34.3%	28.8%
Fund management and administration	17.8%	18.7%
Marketing and advertising	6.1%	7.1%
Sales and business development	5.8%	5.7%
Professional and consulting fees	4.2%	3.0%
Occupancy, communications and equipment	2.3%	2.5%
Depreciation and amortization	0.6%	0.6%
Third-party sharing arrangements	1.4%	1.3%
Goodwill impairment	n/a	0.8%
Acquisition payment	n/a	3.1%
Other	3.0%	3.1%
Total expenses	<u>75.5%</u>	<u>74.7%</u>

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Compensation and benefits

Compensation and benefits expense increased 28.8% from \$63.3 million during the year ended December 31, 2016 to \$81.5 million during the year ended December 31, 2017 primarily due to higher accrued incentive compensation. The incentive compensation pool increased for compensation payable to our Chief Executive Officer, who opted not to accept any cash or equity bonus in the prior year. The pool was also increased to recognize the achievement of certain milestones involving several important strategic initiatives, as well as the addition of a key executive and average higher headcount. Headcount of our U.S. Business segment was 163 and our International Business segment was 46 at December 31, 2016 compared to 162 and 42, respectively, at December 31, 2017.

Fund management and administration

Fund management and administration expense increased 2.6% from \$41.1 million during the year ended December 31, 2016 to \$42.1 million during the year ended December 31, 2017. This increase was primarily due to higher average global AUM and the higher number of ETPs of our International Business segment, partly offset by a lower number of U.S. listed ETFs. We had 94 U.S. listed ETFs, 84 European ETPs and 6 Canadian listed ETFs at December 31, 2016 compared to 89 U.S. listed ETFs, 87 European ETPs and 12 Canadian listed ETFs at December 31, 2017.

Marketing and advertising

Marketing and advertising expense decreased 7.9% from \$15.6 million during the year ended December 31, 2016 to \$14.4 million during the year ended December 31, 2017 primarily due to lower levels of advertising related activities in our U.S. Business segment.

Sales and business development

Sales and business development expense increased 10.2% from \$12.5 million during the year ended December 31, 2016 to \$13.8 million during the year ended December 31, 2017 primarily due to sales related activities globally.

Professional and consulting fees

Professional and consulting fees increased 50.7% from \$6.7 million during the year ended December 31, 2016 to \$10.1 million during the year ended December 31, 2017 primarily due to \$4.8 million of transaction costs incurred in connection with our agreement to acquire ETFs and securing an option to purchase the remaining equity interests in AdvisorEngine.

Occupancy, communications and equipment

Occupancy, communications and equipment expense was essentially unchanged from the year ended December 31, 2016.

Depreciation and amortization

Depreciation and amortization expense was essentially unchanged from the year ended December 31, 2016.

Third-party sharing arrangements

Third-party sharing arrangements expense increased 20.0% from \$2.8 million during the year ended December 31, 2016 to \$3.4 million during the year ended December 31, 2017 primarily due to higher fees paid to our third-party marketing agents in Latin America and Israel as well as the addition of a new distribution relationship, partly offset by lower spending on a third-party commission free brokerage platform in the U.S.

Goodwill impairment

A goodwill impairment charge of \$1.7 million was recorded during the three months ended December 31, 2016, which was related to an interim impairment test performed on the goodwill recognized in connection with the acquisition of a majority stake in our European business in April 2014.

Acquisition payment

Acquisition payment expense was \$6.7 million during the year ended December 31, 2016 as a result of the acceleration of the buyout of the remaining minority interest in our European business.

Other

Other expense was essentially unchanged from the year ended December 31, 2016.

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Income tax expense

Our effective income tax rate for the year ended December 31, 2017 of 53.3% resulted in income tax expense of \$31.0 million. Our tax rate differs from the federal statutory tax rate of 35% primarily due to a valuation allowance on foreign net operating losses, state and local income tax expense, \$4.1 million of non-deductible transaction costs discussed above (increasing tax expense by \$1.5 million) and \$1.0 million of income tax expense associated with tax shortfalls recognized upon vesting of stock-based compensation awards during the year ended December 31, 2017. In addition, included within our effective income tax rate is a charge of \$0.5 million to remeasure our net DTAs in connection with recent U.S. tax reform. We were required to remeasure our DTAs using the newly enacted federal corporate income tax rate at date of enactment. This reduced the carrying value of our DTAs and increased tax expense.

Our effective income tax rate for the year ended December 31, 2016 was 52.9%, which resulted in income tax expense of \$29.4 million. Our tax rate differed from the federal statutory rate of 35% primarily due to a valuation allowance on our foreign net operating losses, the acquisition payment expense and goodwill impairment charge (both of which are non-deductible) and state and local income taxes.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Overview

	As of and for the Year Ended December 31,		Change	Percent Change
	2016	2015		
Global AUM (in millions)				
End of period assets	\$ 41,257	\$ 52,413		
U.S. listed AUM (in millions)				
Beginning of period assets	\$ 51,639	\$ 39,281		
Assets acquired	225	—		
Net inflows/(outflows)	(12,557)	16,856		
Market appreciation/(depreciation)	857	(4,498)		
End of period assets	\$ 40,164	\$ 51,639		
Financial Results (in thousands)				
Total revenues	\$219,446	\$298,942	\$(79,496)	(26.6%)
Total expenses	163,884	161,757	2,127	1.3%
Pre-tax income	\$ 55,562	\$137,185	\$(81,623)	(59.5%)
Net income	\$ 26,155	\$ 80,052	\$(53,897)	(67.3%)

Overview – Global AUM (December 31, 2016 and December 31, 2015)

Our global AUM decreased 21.3% from \$52.4 billion at December 31, 2015 to \$41.3 billion at December 31, 2016. This was primarily due to net outflows from our two largest ETFs, HEDJ and DXJ, as well as outflows from our international equity, fixed income and emerging markets ETFs. These decreases were partly offset by market appreciation and net inflows into our U.S. equity ETFs, European listed ETPs and Canadian listed ETFs.

Overview – Year Ended December 31, 2016 and December 31, 2015

During the year ended December 31, 2016, our U.S. listed ETFs' AUM decreased 22.2% from \$51.6 billion at December 31, 2015 to \$40.2 billion at December 31, 2016. This decrease was primarily due to net outflows from our two largest ETFs, HEDJ and DXJ, as well as outflows from our international equity, fixed income and emerging markets ETFs. These decreases were partly offset by inflows into our U.S. equity ETFs and market appreciation. Our U.S. listed ETFs' AUM increased 31.5% during the year ended December 31, 2015, primarily due to net inflows into our two largest ETFs, HEDJ and DXJ, partly offset by outflows from our emerging markets ETFs and market depreciation.

We reported pre-tax income of \$55.6 million for the year ended December 31, 2016, a decrease of 59.5% from the year ended December 31, 2015 primarily due to lower revenues. Net income was \$26.2 million for the year ended December 31, 2016, a decrease of 67.3% from the year ended December 31, 2015.

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Revenues

	Year Ended December 31,		Change	Percent Change
	2016	2015		
Global AUM (in millions)				
Global - Average AUM	\$ 42,032	\$ 56,531	\$(14,499)	(25.6%)
U.S. listed AUM (in millions)				
U.S. listed - Average AUM	\$ 41,012	\$ 55,930	\$(14,918)	(26.7%)
U.S. listed - Average ETF advisory fee	0.51%	0.53%	(0.02)	(3.8%)
Revenues (in thousands)				
Advisory fees	\$218,465	\$297,944	\$(79,479)	(26.7%)
Other income	981	998	(17)	(1.7%)
Total revenues	<u>\$219,446</u>	<u>\$298,942</u>	<u>\$(79,496)</u>	<u>(26.6%)</u>

Advisory fees

Advisory fee revenues decreased 26.7% from \$297.9 million during the year ended December 31, 2015 to \$218.5 million during the year ended December 31, 2016 due to lower average AUM primarily resulting from net outflows from our two largest U.S. listed ETFs – our currency hedged European and Japan equity ETFs (HEDJ and DXJ, respectively). Our average U.S. advisory fee decreased to 0.51% from 0.53% during the year due to changes in product mix.

Other income

Other income was essentially unchanged from 2015 to 2016.

Expenses

(in thousands)	Year Ended December 31,		Change	Percent Change
	2016	2015		
Compensation and benefits	\$ 63,263	\$ 73,228	\$(9,965)	(13.6%)
Fund management and administration	41,083	42,782	(1,699)	(4.0%)
Marketing and advertising	15,643	13,371	2,272	17.0%
Sales and business development	12,537	9,189	3,348	36.4%
Professional and consulting fees	6,692	7,067	(375)	(5.3%)
Occupancy, communications and equipment	5,211	4,299	912	21.2%
Depreciation and amortization	1,305	1,006	299	29.7%
Third-party sharing arrangements	2,827	2,443	384	15.7%
Goodwill impairment	1,676	—	1,676	n/a
Acquisition payment	6,738	2,185	4,553	208.4%
Other	6,909	6,187	722	11.7%
Total expenses	<u>\$163,884</u>	<u>\$161,757</u>	<u>\$ 2,127</u>	<u>1.3%</u>

As a Percent of Revenues:	Year Ended December 31,	
	2016	2015
Compensation and benefits	28.8%	24.5%
Fund management and administration	18.7%	14.3%
Marketing and advertising	7.1%	4.5%
Sales and business development	5.7%	3.1%
Professional and consulting fees	3.0%	2.4%
Occupancy, communications and equipment	2.5%	1.4%
Depreciation and amortization	0.6%	0.3%
Third-party sharing arrangements	1.3%	0.8%
Goodwill impairment	0.8%	—
Acquisition payment	3.1%	0.7%
Other	3.1%	2.1%
Total expenses	<u>74.7%</u>	<u>54.1%</u>

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Compensation and benefits

Compensation and benefits expense decreased 13.6% from \$73.2 million during the year ended December 31, 2015 to \$63.3 million during the year ended December 31, 2016 due to a significant decline in accrued incentive compensation as a result of net outflows we experienced in 2016 partly offset by higher headcount related expenses and higher stock-based compensation due to equity awards we granted as part of 2015 incentive compensation. Headcount of our U.S. Business segment was 143 and our International Business segment was 34 at the end of 2015 compared to 163 and 46, respectively, at the end of 2016.

Fund management and administration

Fund management and administration expense decreased 4.0% from \$42.8 million during the year ended December 31, 2015 to \$41.1 million during the year ended December 31, 2016. This decrease was primarily due to lower fund costs for our U.S. listed ETFs as a result of lower average AUM partly offset by higher costs for additional fund launches by our U.S., European and Canadian businesses. We had 86 U.S. listed ETFs and 76 European listed products at the end of 2015 compared to 94 U.S. listed ETFs, 84 European listed products and six Canadian listed ETFs at the end of 2016.

Marketing and advertising

Marketing and advertising expense increased 17.0% from \$13.4 million during the year ended December 31, 2015 to \$15.6 million during the year ended December 31, 2016 primarily due to higher levels of advertising related activities.

Sales and business development

Sales and business development expense increased 36.4% from \$9.2 million during the year ended December 31, 2015 to \$12.5 million during the year ended December 31, 2016 primarily due to higher spending on sales related activities.

Professional and consulting fees

Professional and consulting fees decreased 5.3% from \$7.1 million during the year ended December 31, 2015 to \$6.7 million during the year ended December 31, 2016. This decrease was primarily due to lower fees for strategic consulting services and lower recruiting fees partly offset by fees associated with our office in Canada that we established in April 2016.

Occupancy, communications and equipment

Occupancy, communications and equipment expense increased 21.2% from \$4.3 million during the year ended December 31, 2015 to \$5.2 million during the year ended December 31, 2016 primarily due to technology initiatives and higher costs for our office space in Japan which was opened in the second quarter of 2015.

Depreciation and amortization

Depreciation and amortization expense increased 29.7% from \$1.0 million during the year ended December 31, 2015 to \$1.3 million during the year ended December 31, 2016 primarily due to expenses of our Japan office that we opened in the second quarter of 2015 and higher amortization for leasehold improvements to our New York office space.

Third-party sharing arrangements

Third-party sharing arrangements expense increased 15.7% from \$2.4 million during the year ended December 31, 2015 to \$2.8 million during the year ended December 31, 2016 primarily due to fees we pay to include our ETFs on third-party platforms and higher fees to our marketing agent in Latin America.

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Goodwill impairment

A goodwill impairment charge of \$1.7 million was recorded during the three months ended December 31, 2016, which was related to an interim impairment test performed on the goodwill recognized in connection with the acquisition of a majority stake in our European business in April 2014.

Acquisition payment

Acquisition payment expense increased 208.4% from \$2.2 million during the year ended December 31, 2015 to \$6.7 million during the year ended December 31, 2016 as a result of the acceleration of the buyout of the remaining minority interest in our European business.

Other

Other expenses increased 11.7% from \$6.2 million during the year ended December 31, 2015 to \$6.9 million during the year ended December 31, 2016 primarily due to expenses of our Japan office that we opened in the second quarter of 2015 and increases other general and administrative expenses.

Income tax expense

Our effective income tax rate for the year ended December 31, 2016 was 52.9%, which resulted in income tax expense of \$29.4 million. Our tax rate differed from the federal statutory rate of 35% primarily due to a valuation allowance on our foreign net operating losses, the acquisition payment expense and goodwill impairment charge (both of which are non-deductible) and state and local income taxes.

Our effective income tax rate for the year ended December 31, 2015 was 41.6%, which resulted in income tax expense of \$57.1 million. Our tax rate differed from the federal statutory rate of 35% primarily due to state and local income taxes, foreign net operating losses and the acquisition payment expense (which is non-deductible).

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	<u>Q1/16</u>	<u>Q2/16</u>	<u>Q3/16</u>	<u>Q4/16</u>	<u>Q1/17</u>	<u>Q2/17</u>	<u>Q3/17</u>	<u>Q4/17</u>
Percent of Revenues								
Revenues								
Advisory fees	99.6%	99.9%	99.5%	99.1%	97.6%	88.5%	99.3%	99.1%
Settlement gain	0.0%	0.0%	0.0%	0.0%	0.0%	10.9%	0.0%	0.0%
Other income	0.4%	0.1%	0.5%	0.9%	2.4%	0.6%	0.7%	0.9%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expenses								
Compensation and benefits	25.0%	25.6%	29.6%	36.2%	32.7%	29.0%	33.6%	41.9%
Fund management and administration	16.5%	19.0%	20.0%	19.8%	17.6%	16.0%	18.7%	18.9%
Marketing and advertising	6.3%	8.2%	7.0%	7.2%	6.5%	6.0%	5.7%	6.1%
Sales and business development	4.0%	6.8%	5.9%	6.2%	5.4%	5.3%	6.3%	6.2%
Professional and consulting fees	4.7%	2.4%	2.0%	2.9%	2.9%	1.9%	1.8%	10.2%
Occupancy, communications and equipment	2.0%	2.2%	2.8%	2.5%	2.5%	2.2%	2.4%	2.1%
Depreciation and amortization	0.5%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%
Third-party sharing arrangements	1.5%	1.3%	1.2%	1.1%	1.7%	1.1%	1.2%	1.8%
Goodwill impairment	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%
Acquisition payment	1.2%	10.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	2.7%	3.3%	3.3%	3.4%	3.0%	2.9%	3.0%	3.0%
Total expenses	64.4%	80.1%	72.5%	83.2%	72.9%	65.0%	73.3%	90.8%
Income before taxes	35.6%	19.9%	27.5%	16.8%	27.1%	35.0%	26.7%	9.2%
Income tax expense	15.8%	13.4%	12.1%	11.9%	14.5%	15.9%	12.9%	8.8%
Net income	19.8%	6.5%	15.4%	4.9%	12.6%	19.1%	13.8%	0.4%

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Operating expenses of the International Business segment decreased 12.4% from \$26.1 million during the year ended December 31, 2016 to \$22.9 million during the year ended December 31, 2017. Included in operating expenses for the year ended December 31, 2016 was acquisition payment expense of \$6.7 million associated with the acceleration of the buyout of the remaining minority interest in our European business during the second quarter of 2016 and a goodwill impairment charge of \$1.7 million. Partly offsetting these items was an increase in compensation expense associated with higher average headcount, higher fund management and administration expenses due to higher average AUM and higher spending on sales related activities.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

U.S. Business segment

Revenues of the U.S. Business segment decreased 27.9% from \$294.7 million during the year ended December 31, 2015 to \$212.5 million during the year ended December 31, 2016. The decrease was attributable to lower average AUM which decreased 26.7%, primarily resulting from net outflows from HEDJ and DXJ, our two largest U.S. listed ETFs. Our average U.S. advisory fee decreased to 0.51% from 0.53% during the year ended December 31, 2016 due to changes in product mix.

Operating expenses of the U.S. Business segment decreased 7.2% from \$148.4 million during the year ended December 31, 2015 to \$137.8 million during the year ended December 31, 2016. The decrease was primarily due to significantly lower accrued incentive compensation as a result of net outflows we experienced partly offset by higher headcount related expenses and higher stock-based compensation due to equity awards granted to our employees as part of 2015 compensation. Operating expenses also decreased as a result of lower fund management and administration expenses primarily due to lower average U.S. listed AUM. These decreases were partly offset by higher sales and business development and marketing expenses.

International Business segment

Revenues of the International Business segment increased 64.7% from \$4.2 million during the year ended December 31, 2015 to \$7.0 million during the year ended December 31, 2016. This increase was attributable to higher average AUM which increased 69.9% from \$600.5 million in 2015 to \$1.0 billion in 2016 primarily due to net inflows. In addition, in July 2016 we began distributing six locally listed ETFs in Canada.

Operating expenses of the International Business segment increased 95.3% from \$13.4 million during the year ended December 31, 2015 to \$26.1 million during the year ended December 31, 2016. Certain non-recurring charges were recognized in 2016 including an increase of \$4.6 million in acquisition payment expense primarily associated with the acceleration of the buyout of the remaining minority interest in our European business and a goodwill impairment charge of \$1.7 million on the goodwill recognized in connection with the acquisition of a majority stake in our European business. In addition, compensation and benefits expense was higher due to increased headcount, including a full year of compensation that was recognized in 2016 for European hires that occurred during the build out of our European business in 2015. Fund management and administration expense also increased due to higher average AUM. Also, we incurred expenses in Canada as our office was established in April 2016.

Liquidity and Capital Resources

The following table summarizes key data regarding our liquidity, capital resources and use of capital to fund our operations:

	December 31, 2017	December 31, 2016
Balance Sheet Data (in thousands):		
Cash and cash equivalents	\$ 54,193	\$ 92,722
Securities owned, at fair value	66,294	58,907
Securities held-to-maturity	21,299	22,496
Accounts receivable	21,309	17,668
Total: Liquid assets	163,095	191,793
Less: Total liabilities	(62,034)	(48,423)
Total: Available liquidity	<u>\$ 101,061</u>	<u>\$ 143,370</u>

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	Year Ended December 31,		
	2017	2016	2015
Cash Flow Data (in thousands):			
Operating cash flows	\$ 48,508	\$ 54,911	\$155,111
Investing cash flows	(37,021)	(89,265)	(12,319)
Financing cash flows	(51,136)	(82,844)	(98,136)
Foreign exchange rate effect	1,120	(150)	130
(Decrease)/increase in cash and cash equivalents	<u>\$ (38,529)</u>	<u>\$ (117,348)</u>	<u>\$ 44,786</u>

Liquidity

We consider our available liquidity to be our liquid assets less our liabilities. Liquid assets consist of cash and cash equivalents, securities owned, at fair value, securities held-to-maturity and accounts receivable. Cash and cash equivalents include cash on hand with financial institutions and all highly liquid investments with an original maturity of 90 days or less at the time of purchase. Our securities owned, at fair value are highly liquid investments. Certain securities are accounted for as held-to-maturity securities and we have the intention and ability to hold them to maturity. However, these securities are also readily traded and, if needed, could be sold for liquidity. Accounts receivable are current assets and primarily represent receivables from advisory fees we earn from our ETPs. Our liabilities consist primarily of payments owed to vendors and third parties in the normal course of business as well as accrued year end compensation for employees.

Cash and cash equivalents decreased \$38.5 million during the year ended December 31, 2017 due to \$99.8 million used to purchase securities available-for-sale, \$43.8 million used to pay dividends on our common stock, \$18.7 million used to fund the AdvisorEngine note receivable, net of original issue discount, \$8.3 million invested in AdvisorEngine, \$7.9 million used to repurchase our common stock, \$3.0 million used to purchase securities held-to-maturity and \$2.1 million used to acquire the Questrade ETFs. These decreases were partly offset by \$91.1 million from sales and maturities of securities available-for-sale, \$48.5 million of cash generated by our operating activities, \$4.2 million from held-to-maturity securities called or maturing during the period and \$1.3 million for other activities.

Cash and cash equivalents decreased \$117.3 million during the year ended December 31, 2016 due to \$63.6 million of cash and cash equivalents invested in an available-for-sale portfolio of short-duration investment grade corporate bonds, \$43.7 million used to pay dividends on our common stock, \$39.4 million used to repurchase our common stock, \$20.0 million invested in AdvisorEngine, \$15.5 million used to purchase held-to-maturity securities, \$11.8 million used in connection with the GreenHaven acquisition and \$0.9 million of other activities. These decreases were partly offset by \$54.9 million of cash generated by our operating activities, \$16.7 million from held-to-maturity securities called or maturing during the year and \$6.0 million from sales and maturities of securities available-for-sale.

Cash and cash equivalents increased \$44.8 million during the year ended December 31, 2015 due to \$155.1 million of cash flows generated by our operating activities, \$4.8 million from held-to-maturity securities called or maturing during the year and \$4.5 million from the exercise of stock options. These increases were partially offset by \$78.5 million used to pay dividends on our common stock, \$24.1 million used to repurchase our common stock, \$14.4 million used to purchase securities held-to-maturity and \$2.6 million for leasehold and other capital expenditures for our office space.

Pending Acquisition of ETFs

We plan to finance our pending acquisition of ETFs with \$253.0 million of cash (including \$53.0 million from cash on hand), 15,250,000 shares of our common stock and 14,750 shares of a new class of Series A Non-Voting Convertible Preferred Stock that is convertible, subject to certain restrictions, into an aggregate of 14,750,000 shares of our common stock. The stock consideration will represent initial ownership of approximately 18% of our outstanding common stock on an as-converted basis. However, we will not effect any conversion of shares of our Series A Non-Voting Convertible Preferred Stock to the extent that after giving effect to such conversion, ETF Securities (together with its affiliates and certain attributable parties) would beneficially own in excess of 9.99% of our common stock outstanding immediately after giving effect to such conversion.

The newly issued debt has yet to be raised. We have secured commitments for senior secured debt financing of \$250.0 million from Credit Suisse Securities (USA) LLC in support of the acquisition, which will be comprised of a \$50.0 million revolving credit facility and a \$200.0 million term loan facility. Interest under the credit facilities will accrue at a rate per annum of up to LIBOR plus 2.00% (commencing at LIBOR plus 1.75%) or up to ABR plus 1.00% (commencing at ABR plus 0.75%), subject to step-downs based on our ratio of debt to EBITDA. Commitment fees on any undrawn portion of the revolving credit facility will begin at 0.50% and also will be subject to step-downs based on our ratio of debt to EBITDA. The revolving credit facility will provide for borrowings denominated in

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U.S. dollars, Euros and British Pounds. The term of the facilities will be three years from the date of completion of the acquisition. Entering into the credit agreement is subject to customary closing conditions, including, among others, completion of the acquisition.

The credit agreement will include various covenants, including a quarterly leverage test and others which may limit our ability to freely use our cash (if not otherwise permitted). Quarterly dividend payments in excess of \$0.03 per share and repurchases of our common stock (excluding purchases of our common stock withheld pursuant to the terms of equity awards granted to employees to satisfy tax withholding obligations) will be permitted only to the extent we comply with a leverage test and no event of default (as defined within the credit agreement) has occurred and is continuing at the time the cash dividend payment is made. Our ability to make certain investments will also be restricted.

Capital Resources

Our principal source of financing is our operating cash flow. We believe that current cash flows generated by our operating activities and existing cash balances should be sufficient for us to fund our operations for at least the next 12 months.

Use of Capital

Our business does not require us to maintain a significant cash position. We expect that our main uses of cash will be to facilitate the acquisition of ETFs, potentially exercise our option to acquire the remaining equity interests in AdvisorEngine and fund the ongoing operations of our business. Also, as part of our capital management, we maintain a capital return program which includes a \$0.03 per share quarterly cash dividend and authority to purchase our common stock through April 27, 2019, including purchases to offset future equity grants made under our equity plans. As previously mentioned, under the terms of the credit agreement governing the credit facilities, we will be subject to various covenants including compliance with a leverage test. A quarterly dividend payment in excess of \$0.03 per share and repurchases of our common stock (excluding purchases of our common stock withheld pursuant to the terms of equity awards granted to employees to satisfy tax withholding obligations) will be permitted only to the extent we comply with a leverage test and no event of default (as defined within the credit agreement) has occurred and is continuing at the time the cash dividend payment or stock repurchase is made.

In 2017, we repurchased 697,664 shares of our common stock under the repurchase program for an aggregate cost of \$7.9 million. Currently, \$88.6 million remains under this program for future purchases.

Contractual Obligations

The following table summarizes our future cash payments associated with contractual obligations as of December 31, 2017.

	Total	Payments Due by Period			
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Operating leases	\$ 35,129	\$ 4,011	\$ 6,863	\$ 8,511	\$ 15,744
Pending acquisition – ETFs (cash consideration)	253,000	253,000	—	—	—
Commitment to provide working capital – AdvisorEngine	8,000	8,000	—	—	—
Total	<u>\$296,129</u>	<u>\$ 265,011</u>	<u>\$ 6,863</u>	<u>\$ 8,511</u>	<u>\$ 15,744</u>

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Pending Acquisition – ETFS

See *Liquidity and Capital Resources – Pending Acquisition of ETFS* for a description of our proposed acquisition of ETFS.

Commitment to Provide Working Capital – AdvisorEngine

In December 2017, we committed to provide up to \$30.0 million in additional working capital to AdvisorEngine pursuant to an unsecured promissory note (of which \$22.0 million is currently funded). The majority of the working capital was used by AdvisorEngine to fund the acquisition of CRM Software, Inc., known as Junxure. Pursuant to the terms of the promissory note, we will advance an additional \$5.0 million and \$3.0 million on June 30, 2018 and September 30, 2018, respectively, so long as no event of default (as defined) has occurred or is continuing.

Off-Balance Sheet Arrangements

Other than operating leases, which are included in the table above, we do not have any off-balance sheet financing or other arrangements. We have neither created nor are party to any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating our business.

Critical Accounting Policies

Goodwill and Intangible Assets

Goodwill is the excess of the fair value of the purchase price over the fair values of the identifiable net assets at the acquisition date. The Company tests its goodwill for impairment at least annually and at the time of a triggering event requiring re-evaluation, if one were to occur. In accordance with Accounting Standards Update, or ASU, 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which was early adopted by the Company, goodwill is impaired when the estimated fair value of the reporting unit that was allocated the goodwill is less than its carrying value. If the estimated fair value of such reporting unit is less than its carrying value, goodwill impairment is recognized based on that difference. A reporting unit is an operating segment or a component of an operating segment provided that the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component.

For impairment testing purposes, goodwill has been allocated to our U.S. Business reporting unit. When performing our goodwill impairment test, we consider a qualitative assessment, when appropriate, and the income approach, market approach and our market capitalization when determining the fair value of our reporting units. We have designated April 30th as our annual impairment testing date. Our goodwill was assessed for impairment as of April 30, 2017. The results of this analysis indicated no impairment.

Indefinite-lived intangible assets are tested for impairment at least annually and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indefinite-lived intangible assets are impaired if their estimated fair value is less than their carrying value. We may rely on a qualitative assessment when performing our intangible asset impairment test. Otherwise, the impairment evaluation is performed at the lowest level of reasonably identifiable cash flows independent of other assets. We have designated November 30th as our annual impairment testing date for our indefinite-lived intangible assets. Our intangible assets were assessed for impairment as of November 30, 2017. The results of this analysis identified no indicators of impairment to be recognized based upon a qualitative assessment.

Revenue Recognition

We earn investment advisory fees from ETPs, as well as licensing fees from third parties. ETP advisory fees are based on a percentage of the ETPs' average daily net assets and recognized over the period the related service is provided. Licensing fees are based on a percentage of the average monthly net assets and recognized over the period the related service is provided.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued ASU 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which is a new comprehensive revenue recognition standard on the financial reporting requirements for revenue from contracts entered into with customers. In July 2015, the FASB deferred this ASU's effective date by one year, to interim and annual periods beginning after December 15, 2017. The deferral allows early adoption at the original effective date. During 2016, the FASB issued ASU 2016-08, which clarifies principal versus agent considerations, ASU 2016-10, which clarifies identifying performance obligations and the licensing implementation guidance, and ASU 2016-12, which amends certain aspects of the new revenue recognition standard pursuant to ASU 2014-09. ASU 2014-09 allows for the use of either the retrospective or modified retrospective adoption method. The guidance in ASU 2014-09, and the related amendments, is effective for us beginning on January 1, 2018. We will adopt this standard on that date under the modified retrospective method and have determined the standard will not have a material impact on our historical pattern of recognizing revenue for advisory fees and licensing fees in our consolidated financial statements.

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In June 2016, the FASB issued ASU2016-13, *Financial Instruments-Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The main objective of the standard is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the standard replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The standard is applicable to loans, accounts receivable, trade receivables, and other financial assets measured at amortized cost, loan commitments and certain other off-balance sheet credit exposures, debt securities (including those held-to-maturity) and other financial assets measured at fair value through other comprehensive income, and beneficial interests in securitized financial assets. Accordingly, the new methodology will be utilized when assessing our financial instruments for impairment. ASU 2016-13 is effective for years beginning after December 15, 2019, including interim periods within those fiscal years under a modified retrospective approach. Early adoption is permitted for periods beginning after December 15, 2018. We are currently evaluating the impact that the standard will have on our consolidated financial statements.

In March 2016, the FASB issued ASU2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* (ASU 2016-09). The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. ASU 2016-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. We adopted this standard prospectively on January 1, 2017. The adoption of the standard increased volatility reported in income tax expense as income tax windfalls and shortfalls associated with the vesting of stock-based compensation is now recorded in income tax expense, rather than additional paid-in capital, when applicable. This new guidance resulted in us recognizing approximately \$1.0 million of income tax expense for tax shortfalls related to stock-based compensation vesting that occurred during the year ended December 31, 2017. See Note 16 to our Consolidated Financial Statements.

In February 2016, the FASB issued ASU2016-02, *Leases* (ASU 2016-02), which requires lessees to include most leases on the balance sheet. ASU2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018 and early adoption is permitted. We are currently evaluating the impact that the standard will have on our consolidated financial statements and expect, at a minimum, that its implementation will result in a gross-up on the consolidated balance sheets upon recognition of right-of-use assets and lease liabilities associated with the future minimum payments required under operating leases as disclosed in Note 9 to our Consolidated Financial Statements.

In January 2016, the FASB issued ASU2016-01, *Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). The main objective of the standard is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments in the update make targeted improvements to generally accepted accounting principles. These include requiring equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. Available-for-sale classification for equity investments with readily determinable fair values will no longer be permissible. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. The update also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is not permitted for the updates currently applicable to us. Our equity investments with readily determinable fair values are all currently measured at fair value with changes in fair value recognized in net income. Upon adoption, we will apply the amendments in this update when assessing the carrying value of our investments, held at cost.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following information, together with information included in Management's Discussion and Analysis of Financial Condition and Results of Operations, describes key aspects of our market risk.

Market Risk

Market risk to us generally represents the risk of changes in the value of securities held in the portfolios of the WisdomTree ETPs that generally results from fluctuations in securities prices, foreign currency exchange rates against the U.S. dollar, and interest rates. Nearly all of our revenues are derived from advisory agreements for the WisdomTree ETFs. Under these agreements, the advisory fee we receive is based on the average market value of the assets in the WisdomTree ETF portfolios we manage.

Fluctuations in the value of these securities are common and are generated by numerous factors such as market volatility, the overall economy, inflation, changes in investor strategies and sentiment, availability of alternative investment vehicles, government regulations and others. Accordingly, changes in any one or a combination of these factors may reduce the value of investment

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securities and, in turn, the underlying AUM on which our revenues are earned. These declines may cause investors to withdraw funds from our ETPs in favor of investments that they perceive as offering greater opportunity or lower risk, thereby compounding the impact on our revenues. We believe challenging and volatile market conditions will continue to be present in the foreseeable future.

Interest Rate Risk

In order to maximize yields, we invest our corporate cash in short-term interest earning assets, primarily money market instruments at a commercial bank, federal agency debt instruments and short-term investment grade corporate bonds which totaled \$135.7 million and \$113.1 million as of December 31, 2016 and 2017, respectively. We do not anticipate that changes in interest rates will have a material impact on our financial condition, operating results or cash flows.

We plan to partially finance our pending acquisition of ETFs with \$200.0 million of newly issued debt. The newly issued debt has yet to be raised. We have secured commitments for senior secured debt financing of \$250.0 million which will be comprised of a \$50.0 million revolving credit facility and a \$200.0 million term loan facility. Interest rate risk is not significant as the borrowing rates under these credit facilities are variable rates.

Exchange Rate Risk

As a result of our operations in Europe, Japan and Canada, we now operate globally and are subject to currency translation exposure on the results of our non-U.S. operations. Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities' statements of earnings and balance sheets from functional currency to our reporting currency (the U.S. dollar) for consolidation purposes. We currently generate the vast majority of our revenues and expenses in the U.S. dollar. However, the acquisition of ETFs (if the acquisition is completed) will increase our exposure to exchange rate risk, predominantly associated with the British pound. We do not anticipate that changes in exchange rates associated with the Japanese Yen and Canadian Dollar, as they relate to translating functional currency to our reporting currency, will have a material impact on our financial condition, operating results or cash flows. Currently, we do not enter into derivative financial instruments aimed at offsetting certain exposures in the statement of operations or the balance sheet but may look to do so in the future.

Commodity Price Risk

We are currently not subject to significant commodity price risk. However, our acquisition of ETFs, if completed will provide us with an industry leading position in European-listed gold and commodity products. Fluctuations in the prices of commodities that are linked to certain of these ETPs could have a material adverse effect on ETFs' AUM and revenues. In addition, a portion of the management fees earned are received in gold ounces and we currently do not anticipate entering into arrangements to hedge against fluctuations in the price of gold.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The report of the independent registered public accounting firm and financial statements listed in the accompanying index are included in Item 15 of this Annual Report on Form 10-K. See Index to Consolidated Financial Statements on page F-1 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2017, our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) promulgated under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2017, our disclosure controls and procedures were effective at a reasonable assurance level in ensuring that material information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules, regulations and forms of the SEC, including ensuring that such material information is accumulated by and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2017, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. In order to evaluate the effectiveness of internal control over financial reporting, management has conducted an assessment, including testing, using the criteria in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on the assessment, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2017 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 401 of Regulation S-K regarding directors and officers will be contained in our definitive proxy statement to be filed pursuant to Regulation 14A for the 2016 Annual Meeting of our stockholders, expected to be filed within 120 days of our fiscal year end, or in an amendment to this Form 10-K, and is incorporated herein by reference.

The information required by Item 405 of Regulation S-K will be contained in our definitive proxy statement or in an amendment to this Form 10-K, and is incorporated herein by reference.

We have adopted a Code of Conduct that applies to all of our directors, officers and employees, including our principal executive officer and principal financial and accounting officer. The Code of Conduct is posted on our website at <http://ir.wisdomtree.com/governance.cfm>.

We will post any amendments to, or waivers from, a provision of this Code of Conduct by posting such information on our website, at the address and location specified above.

The information required by Item 407(c)(3), (d)(4) and (d)(5) of Regulation S-K will be contained in our definitive proxy statement or in an amendment to this Form 10-K, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 and Item 407(e)(4) and (e)(5) of Regulation S-K will be contained in our definitive proxy statement or in an amendment to this Form 10-K, and is incorporated herein by reference.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 201(d) and Item 403 of Regulation S-K will be contained in our definitive proxy statement or in an amendment to this Form 10-K, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 404 and Item 407(a) of Regulation S-K will be contained in our definitive proxy statement or in an amendment to this Form 10-K, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 9(e) of Schedule 14A will be contained in our definitive proxy statement or in an amendment to this Form 10-K, and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS; FINANCIAL STATEMENT SCHEDULES

(a). The following are filed as part of this Annual Report on Form 10-K:

1. *Consolidated Financial Statements*: The consolidated financial statements and report of independent registered public accounting firm required by this item are included beginning on page F-1.
2. Financial Statement Schedules: None.

All other schedules are omitted because they are not applicable or not required, or because the required information is shown either in the consolidated financial statements or in the notes thereto.

(b). Exhibits: The list of exhibits in the Exhibit Index immediately preceding the exhibits to this Annual Report on Form 10-K is incorporated herein by reference in response to this item.

ITEM 16. FORM 10-K SUMMARY

None.

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**WISDOMTREE INVESTMENTS, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of WisdomTree Investments, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of WisdomTree Investments, Inc. and Subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 1, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2010.

New York, NY
March 1, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of WisdomTree Investments, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited WisdomTree Investments, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, WisdomTree Investments, Inc. and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2017 consolidated financial statements of the Company and our report dated March 1, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, NY
March 1, 2018

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WisdomTree Investments, Inc. and Subsidiaries

Consolidated Balance Sheets
(In Thousands, Except Per Share Amounts)

	December 31, 2017	December 31, 2016
Assets:		
Current assets:		
Cash and cash equivalents	\$ 54,193	\$ 92,722
Securities owned, at fair value	66,294	58,907
Securities held-to-maturity	1,000	3,994
Accounts receivable	21,309	17,668
Income taxes receivable	6,978	—
Prepaid expenses	3,550	3,346
Other current assets	1,007	555
Total current assets	154,331	177,192
Fixed assets, net	10,693	11,748
Note receivable	18,748	—
Securities held-to-maturity	20,299	18,502
Deferred tax asset, net	1,050	9,826
Investments, carried at cost	35,187	20,000
Goodwill	1,799	1,799
Intangible assets	12,085	9,953
Other noncurrent assets	793	747
Total assets	<u>\$ 254,985</u>	<u>\$ 249,767</u>
Liabilities and stockholders' equity		
Liabilities:		
Current liabilities:		
Fund management and administration payable	\$ 20,099	\$ 13,584
Compensation and benefits payable	28,053	14,652
Income taxes payable	—	4,700
Acquisition payable	—	3,537
Securities sold, but not yet purchased, at fair value	950	1,248
Accounts payable and other liabilities	8,246	5,806
Total current liabilities:	57,348	43,527
Deferred rent payable	4,686	4,896
Total liabilities	<u>62,034</u>	<u>48,423</u>
<i>Commitments and Contingencies (Note 9)</i>		
Stockholders' equity:		
Preferred stock, par value \$0.01; 2,000 shares authorized:	—	—
Common stock, par value \$0.01; 250,000 shares authorized; issued and outstanding: 136,996 and 136,475 at December 31, 2017 and December 31, 2016, respectively	1,370	1,365
Additional paid-in capital	216,006	224,739
Accumulated other comprehensive income/(loss)	291	(44)
Accumulated deficit	(24,716)	(24,716)
Total stockholders' equity	192,951	201,344
Total liabilities and stockholders' equity	<u>\$ 254,985</u>	<u>\$ 249,767</u>

The accompanying notes are an integral part of these consolidated financial statements

WisdomTree Investments, Inc. and Subsidiaries

Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)

	Year Ended December 31,		
	2017	2016	2015
Revenues:			
Advisory fees	\$ 227,775	\$ 218,465	\$ 297,944
Settlement gain (Note 9)	6,909	—	—
Other income	2,715	981	998
Total revenues	<u>237,399</u>	<u>219,446</u>	<u>298,942</u>
Expenses:			
Compensation and benefits	81,493	63,263	73,228
Fund management and administration	42,144	41,083	42,782
Marketing and advertising	14,402	15,643	13,371
Sales and business development	13,811	12,537	9,189
Professional and consulting fees	10,086	6,692	7,067
Occupancy, communications and equipment	5,415	5,211	4,299
Depreciation and amortization	1,395	1,305	1,006
Third-party sharing arrangements	3,393	2,827	2,443
Goodwill impairment	—	1,676	—
Acquisition payment	—	6,738	2,185
Other	7,068	6,909	6,187
Total expenses	<u>179,207</u>	<u>163,884</u>	<u>161,757</u>
Income before taxes	<u>58,192</u>	<u>55,562</u>	<u>137,185</u>
Income tax expense	<u>30,993</u>	<u>29,407</u>	<u>57,133</u>
Net income	<u>\$ 27,199</u>	<u>\$ 26,155</u>	<u>\$ 80,052</u>
Net income per share - basic	<u>\$ 0.20</u>	<u>\$ 0.19</u>	<u>\$ 0.58</u>
Net income per share - diluted	<u>\$ 0.20</u>	<u>\$ 0.19</u>	<u>\$ 0.58</u>
Weighted-average common shares - basic	<u>134,614</u>	<u>134,401</u>	<u>137,242</u>
Weighted-average common shares - diluted	<u>136,003</u>	<u>135,539</u>	<u>138,825</u>
Cash dividends declared per common share	<u>\$ 0.32</u>	<u>\$ 0.32</u>	<u>\$ 0.57</u>

The accompanying notes are an integral part of these consolidated financial statements

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WisdomTree Investments, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
(In Thousands)

	Year Ended December 31,		
	2017	2016	2015
Net income	\$27,199	\$26,155	\$80,052
Other comprehensive income/(loss)			
Unrealized losses on available-for-sale securities, net of tax	(314)	(163)	—
Foreign currency translation adjustment	649	245	(73)
Other comprehensive income/(loss)	335	82	(73)
Comprehensive income	<u>\$27,534</u>	<u>\$26,237</u>	<u>\$79,979</u>

The accompanying notes are an integral part of these consolidated financial statements

WisdomTree Investments, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
(In Thousands)

	Common Stock			Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total
	Shares Issued	Par Value	Additional Paid-In Capital			
Balance—January 1, 2015	134,959	\$1,350	\$209,216	\$ (53)	\$ (26,228)	\$184,285
Restricted stock issued, net	861	9	(9)	—	—	—
Shares repurchased	(1,190)	(12)	(24,104)	—	—	(24,116)
Exercise of stock options, net	3,785	37	4,483	—	—	4,520
Stock-based compensation	—	—	10,900	—	—	10,900
Tax benefit from stock option exercised and vested restricted shares	—	—	57,474	—	—	57,474
Other comprehensive loss	—	—	—	(73)	—	(73)
Dividends	—	—	—	—	(78,540)	(78,540)
Net income	—	—	—	—	80,052	80,052
Balance—December 31, 2015	138,415	1,384	257,960	(126)	(24,716)	234,502
Restricted stock issued, net	1,662	16	(16)	—	—	—
Shares repurchased	(3,778)	(37)	(39,342)	—	—	(39,379)
Exercise of stock options, net	176	2	193	—	—	195
Stock-based compensation	—	—	14,892	—	—	14,892
Tax benefit from stock option exercised and vested restricted shares	—	—	8,557	—	—	8,557
Other comprehensive income	—	—	—	82	—	82
Dividends	—	—	(17,505)	—	(26,155)	(43,660)
Net income	—	—	—	—	26,155	26,155
Balance—December 31, 2016	136,475	1,365	224,739	(44)	(24,716)	201,344
Restricted stock issued, net	1,022	10	(10)	—	—	—
Shares repurchased	(698)	(7)	(7,884)	—	—	(7,891)
Exercise of stock options, net	197	2	530	—	—	532
Stock-based compensation	—	—	14,717	—	—	14,717
Tax benefit from stock option exercised and vested restricted shares	—	—	492	—	—	492
Other comprehensive income	—	—	—	335	—	335
Dividends	—	—	(16,578)	—	(27,199)	(43,777)
Net income	—	—	—	—	27,199	27,199
Balance—December 31, 2017	136,996	\$1,370	\$216,006	\$ 291	\$ (24,716)	\$192,951

The accompanying notes are an integral part of these consolidated financial statements

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WisdomTree Investments, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income	\$ 27,199	\$ 26,155	\$ 80,052
Adjustments to reconcile net income to net cash provided by operating activities:			
Settlement gain	(6,909)	—	—
Deferred income taxes	8,838	12,900	53,018
Stock-based compensation	14,717	14,892	10,900
Depreciation and amortization	1,395	1,305	1,006
Realized losses on securities available-for-sale	1,132	—	—
Goodwill impairment	—	1,676	—
Other	(211)	(278)	(79)
Changes in operating assets and liabilities:			
Securities owned, at fair value	(135)	(1,556)	—
Accounts receivable	(3,532)	9,778	(9,321)
Income taxes receivable/payable	(11,211)	1,687	2,974
Prepaid expenses	(204)	(719)	(1,069)
Other assets	(408)	(307)	(795)
Acquisition payable	(3,547)	(384)	2,185
Fund management and administration payable	6,203	9,636	2,978
Compensation and benefits payable	13,126	(13,089)	13,286
Securities sold, but not yet purchased, at fair value	(299)	1,249	—
Accounts payable and other liabilities	2,354	(8,034)	(24)
Net cash provided by operating activities	48,508	54,911	155,111
Cash flows from investing activities:			
Purchase of fixed assets	(295)	(1,070)	(2,616)
Purchase of securities held-to-maturity	(3,009)	(15,502)	(14,467)
Purchase of securities available-for-sale	(99,848)	(63,619)	—
Purchase of investments	(8,278)	(20,000)	—
Funding of AdvisorEngine note receivable, net of original issue discount (Note 6)	(18,748)	—	—
Acquisition of the right to manage Questrade's ETFs (Note 18)	(2,132)	—	—
Proceeds from held-to-maturity securities maturing or called prior to maturity	4,194	16,742	4,764
Proceeds from sales and maturities of securities available-for-sale	91,095	6,002	—
Acquisition less cash acquired	—	(11,818)	—
Net cash used in investing activities	(37,021)	(89,265)	(12,319)
Cash flows from financing activities:			
Dividends paid	(43,777)	(43,660)	(78,540)
Shares repurchased	(7,891)	(39,379)	(24,116)
Proceeds from exercise of stock options	532	195	4,520
Net cash used in financing activities	(51,136)	(82,844)	(98,136)
Increase/(decrease) in cash flow due to changes in foreign exchange rate	1,120	(150)	130
Net (decrease)/increase in cash and cash equivalents	(38,529)	(117,348)	44,786
Cash and cash equivalents—beginning of year	92,722	210,070	165,284
Cash and cash equivalents—end of year	<u>\$ 54,193</u>	<u>\$ 92,722</u>	<u>\$210,070</u>
Supplemental disclosure of cash flow information:			
Cash paid for taxes	<u>\$ 33,113</u>	<u>\$ 14,990</u>	<u>\$ 1,262</u>

NON-CASH INVESTING ACTIVITY

On June 20, 2017, the Company was issued newly authorized preferred stock of Thesys Group, Inc. (formerly known as Tradeworx, Inc.) ("Thesys") and a warrant to purchase additional preferred stock in connection with the resolution of a dispute related to the Company's ownership stake in Thesys. The fair value of the preferred stock was \$6,909 and is included in Investments on the Consolidated Balance Sheets. The fair value of the warrant was determined to be insignificant (See Note 7).

The accompanying notes are an integral part of these consolidated financial statements

WisdomTree Investments, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
(In Thousands, Except Share and Per Share Amounts)

1. Organization and Description of Business

WisdomTree Investments, Inc., through its global subsidiaries (collectively, “WisdomTree” or the “Company”), is an exchange traded product (“ETP”) sponsor and asset manager headquartered in New York. WisdomTree offers ETPs covering equity, fixed income, currency, alternative and commodity asset classes. The Company has the following wholly-owned operating subsidiaries:

- *WisdomTree Asset Management, Inc.* (“WTAM”) is a New York based investment adviser registered with the SEC providing investment advisory and other management services to the WisdomTree Trust (“WTT”) and WisdomTree exchange traded funds (“ETFs”).
- *Boost Management Limited* (“BML”) is a Jersey based management company providing investment and other management services to Boost Issuer PLC (“BI”) and Boost ETPs.
- *WisdomTree Europe Limited* (“WisdomTree Europe”) is a U.K. based company registered with the Financial Conduct Authority providing management and other services to BML and WisdomTree Management Limited.
- *WisdomTree Management Limited* (“WTML”) is an Ireland based management company providing investment and other management services to WisdomTree Issuer plc (“WTI”) and WisdomTree UCITS ETFs.
- *WisdomTree Japan Inc.* (“WTJ”) is a Japan based company that is registered with Japan’s Ministry of Finance and serves the institutional market selling U.S. listed WisdomTree ETFs in Japan.
- *WisdomTree Commodity Services, LLC* (“WTCS”) is a New York based company that serves as the managing owner and commodity pool operator of the WisdomTree Continuous Commodity Index Fund. WTCS is registered with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association (“NFA”).
- *WisdomTree Asset Management Canada, Inc.* (“WTAMC”) is a Canada based investment fund manager registered with the Ontario Securities Commission providing fund management services to locally-listed WisdomTree ETFs.

The WisdomTree ETFs are issued in the U.S. by WTT. WTT, anon-consolidated third-party, is a Delaware statutory trust registered with the SEC as an open-end management investment company. The Company has licensed to WTT the use of certain of its own indexes on an exclusive basis for the WisdomTree ETFs in the U.S. The Boost ETPs are issued by BI. BI, a non-consolidated third-party, is a public limited company domiciled in Ireland. The WisdomTree UCITS ETFs are issued by WTI. WTI, a non-consolidated third-party, is a public limited company domiciled in Ireland.

The Board of Trustees and Board of Directors of WTT, BI and WTI, respectively, are separate from the Board of Directors of the Company. The respective Trustees and Directors of WTT, BI and WTI, as applicable, are primarily responsible for overseeing the management and affairs of the WisdomTree ETFs, Boost ETPs and the WisdomTree UCITS ETFs for the benefit of the WisdomTree ETF, Boost ETP and the WisdomTree UCITS ETF shareholders, respectively, and have contracted with the Company to provide for general management and administration services. The Company, in turn, has contracted with third parties to provide the majority of these administration services. In addition, certain officers of the Company provide general management services for WTT, BI and WTI.

Pending Acquisition of ETFS

On November 13, 2017, the Company entered into a Share Sale Agreement with ETF Securities Limited (“ETF Securities”), pursuant to which it agreed to acquire ETF Securities’ European exchange-traded commodity, currency and short-and-leveraged business (“ETFS”) by purchasing the entire issued share capital of a subsidiary into which ETF Securities will have transferred ETFS prior to completion of the acquisition.

Pursuant to the Share Sale Agreement, the Company will acquire ETFS for a purchase price, subject to customary adjustments for working capital, consisting of \$253.0 million in cash (including \$53.0 million from cash on hand), 15,250,000 shares of common stock and 14,750 shares of a new class of Series A Non-Voting Convertible Preferred Stock that is convertible, subject to certain restrictions, into an aggregate of 14,750,000 shares of our common stock.

The Company has secured commitments for senior secured debt financing of \$250.0 million from Credit Suisse Securities (USA) LLC in support of the acquisition, which will be comprised of a \$50.0 million revolving credit facility and a \$200.0 million term loan facility. Interest under the credit facilities will accrue at a rate per annum of up to LIBOR plus 2.00% (commencing at LIBOR plus 1.75%) or up to ABR plus 1.00% (commencing at ABR plus 0.75%), subject to step-downs based on our ratio of debt to

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adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”). Commitment fees on any undrawn portion of the revolving credit facility will begin at 0.50% and also will be subject to step-downs based on the Company’s ratio of debt to EBITDA. The revolving credit facility will provide for borrowings denominated in U.S. dollars, Euros and British Pounds. The term of the facilities will be three years from the date of completion of the acquisition. The credit agreement governing the facilities will include a leverage test. Entering into the credit agreement is subject to customary closing conditions, including, among others, completion of the acquisition.

Completion of the acquisition is subject to customary closing conditions, including, among others, obtaining regulatory approvals and the Company and ETF Securities entering into an Investor Rights Agreement, pursuant to which, among other things, ETF Securities will be subject to lock-up, standstill and voting restrictions, and will receive certain registration rights with respect to the common stock, including the Series A Non-Voting Convertible Preferred Stock, it will receive in the transaction. The Share Sale Agreement will terminate if the conditions to complete the acquisition are not satisfied on or prior to May 13, 2018, subject to the parties agreeing to extend such date.

2. Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) and in the opinion of management reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of financial condition, results of operations, and cash flows for the periods presented. The consolidated financial statements include the accounts of the Company’s wholly owned subsidiaries.

All intercompany accounts and transactions have been eliminated in consolidation.

Consolidation

The Company consolidates entities in which it has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity (“VOE”) or a variable interest entity (“VIE”). The usual condition for a controlling financial interest in a VOE is ownership of a majority voting interest. If the Company has a majority voting interest in a VOE, the entity is consolidated. The Company has a controlling financial interest in a VIE when the Company has a variable interest that provides it with (i) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company reassesses its initial evaluation of whether an entity is a VIE when certain reconsideration events occur.

Segment and Geographic Information

The Company operates as an ETP sponsor and asset manager providing investment advisory services in the U.S., Europe, Canada and Japan. These activities are reported in the Company’s U.S. Business and International Business reportable segments. The U.S. Business segment includes the results of the Company’s U.S. operations and Japan sales office, which primarily engages in selling U.S. listed ETFs to Japanese institutional clients. The results of the Company’s European and Canadian operations are reported as the International Business segment.

Revenues are primarily derived in the U.S. and the vast majority of the Company’s AUM is currently located in the U.S.

Foreign Currency Translation

Assets and liabilities of subsidiaries whose functional currency is not the U.S. dollar are translated based on the end of period exchange rates from local currency to U.S. dollars. Results of operations are translated at the average exchange rates in effect during the period. The impact of the foreign currency translation adjustment is included in the Consolidated Statements of Comprehensive Income as a component of other comprehensive income.

Use of Estimates

The preparation of the Company’s consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet dates and the reported amounts of revenues and expenses for the periods presented. Actual results could differ materially from those estimates.

Revenue Recognition

The Company earns investment advisory fees from its ETPs, as well as licensing fees from third parties. ETP advisory fees are based on a percentage of the ETPs’ average daily net assets and recognized over the period the related service is provided. Licensing fees are based on a percentage of the average monthly net assets and recognized over the period the related service is provided.

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Depreciation and Amortization

Depreciation is provided for using the straight-line method over the estimated useful lives of the related assets as follows:

Equipment	5 years
Furniture and fixtures	15 years

Leasehold improvements are amortized over the term of their respective leases or service lives of the improvements, whichever is shorter. Fixed assets are recorded at cost less accumulated depreciation and amortization.

Occupancy

The Company accounts for its office lease facilities as operating leases, which may include free rent periods and escalation clauses. The Company expenses the lease payments associated with operating leases on a straight-line basis over the lease term.

Marketing and Advertising

Advertising costs, including media advertising and production costs, are expensed when incurred.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less at the time of purchase to be classified as cash equivalents. The Company maintains deposits with financial institutions in an amount that is in excess of federally insured limits.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are customer and other obligations due under normal trade terms. An allowance for doubtful accounts is not provided since, in the opinion of management, all accounts receivable recorded are deemed current and collectible.

Impairment of Long-Lived Assets

The Company performs a review for the impairment of long-lived assets when events or changes in circumstances indicate that the estimated undiscounted future cash flows expected to be generated by the assets are less than their carrying amounts or when other events occur which may indicate that the carrying amount of an asset may not be recoverable.

Earnings per Share

Basic earnings per share ("EPS") is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period. Net income available to common stockholders represents net income of the Company reduced by an allocation of earnings to participating securities. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of EPS pursuant to the two-class method. Share-based payment awards that do not contain such rights are not deemed participating securities and are included in diluted shares outstanding (if dilutive) under the treasury stock method. Diluted EPS reflects the reduction in earnings per share assuming dilutive options or other dilutive contracts to issue common stock were exercised or converted into common stock. Diluted EPS is calculated under both the treasury stock method and two-class method. The calculation that results in the most dilutive EPS amount for the common stock is reported in the Company's consolidated financial statements.

Note Receivable

Note receivable is accounted for on an amortized cost basis, net of original issue discount. Interest income is accrued over the term of the note using the effective interest method. The Company performs a review for the impairment of the note receivable on a quarterly basis and provides for an allowance for credit losses if all or a portion of the note is determined to be uncollectible.

Securities Owned and Securities Sold, but not yet Purchased (at fair value)

Securities owned and securities sold, but not yet purchased are securities classified as either trading or available-for-sale ("AFS"). These securities are recorded on their trade date and are measured at fair value. The Company classifies these financial instruments based primarily on the Company's intent to hold or sell the security. Changes in the fair value of securities classified as trading are reported in other income in the period the change occurs. Unrealized gains and losses of securities classified as AFS are included in other comprehensive income. Once sold, amounts reclassified out of accumulated other comprehensive income and into earnings are determined using the specific identification method. AFS securities are assessed for impairment on a quarterly basis.

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Securities Held-to-Maturity

The Company accounts for certain of its investments asheld-to-maturity on a trade date basis, which are recorded at amortized cost. Forheld-to-maturity investments, the Company has the intent and ability to hold investments to maturity and it is not more-likely-than-not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity. On a quarterly basis, the Company reviews its portfolio of investments for impairment. If a decline in fair value is deemed to be other-than-temporary, the security is written down to its fair value through earnings.

Investments, Carried at Cost

The Company accounts for equity securities and other instruments that do not have a readily determinable fair value as cost method investments to the extent such investments are not subject to consolidation or the equity method. Income is recognized when dividends are received only to the extent they are distributed from net accumulated earnings of the investee. Otherwise, such distributions are considered returns of investment and are recorded as a reduction of the cost of the investment.

Cost method investments held by the Company are assessed for impairment on a quarterly basis.

Goodwill

Goodwill is the excess of the fair value of the purchase price over the fair values of the identifiable net assets at the acquisition date. The Company tests its goodwill for impairment at least annually and at the time of a triggering event requiring re-evaluation, if one were to occur, in accordance with Accounting Standards Update (“ASU”) 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The Company early adopted the revised guidance for the impairment tests performed after January 1, 2017. Under the revised guidance, goodwill is considered impaired when the estimated fair value of the reporting unit that was allocated the goodwill is less than its carrying value. If the estimated fair value of such reporting unit is less than its carrying value, goodwill impairment is recognized based on that difference, not to exceed the carrying amount of goodwill. A reporting unit is an operating segment or a component of an operating segment provided that the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component.

For impairment testing purposes, goodwill has been allocated to the Company’s U.S. Business reporting unit (See Note 18). The Company has designated April 30th as its annual goodwill impairment testing date. When performing its goodwill impairment test, the Company considers a qualitative assessment, when appropriate, and the income approach, market approach and its market capitalization when determining the fair value of its reporting units.

Intangible Assets

Indefinite-lived intangible assets are tested for impairment at least annually and are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indefinite-lived intangible assets are impaired if their estimated fair values are less than their carrying values.

Finite-lived intangible assets, if any, are amortized over their estimated useful life, which is the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the Company. These intangible assets are tested for impairment at the time of a triggering event, if one were to occur. Finite-lived intangible assets may be impaired when the estimated undiscounted future cash flows generated from the assets are less than their carrying amounts.

The Company may rely on a qualitative assessment when performing its intangible asset impairment test. Otherwise, the impairment evaluation is performed at the lowest level of reasonably identifiable cash flows independent of other assets. The Company has designated November 30th as its annual impairment testing date for its indefinite-lived intangible assets.

Stock-Based Awards

Accounting for stock-based compensation requires the measurement and recognition of compensation expense for all equity awards based on estimated fair values. Stock-based compensation is measured based on the grant-date fair value of the award and is amortized over the relevant service period. Forfeitures are recognized when they occur.

Income Taxes

The Company accounts for income taxes using the liability method, which requires the determination of deferred tax assets and liabilities based on the differences between the financial and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which differences are expected to reverse. Deferred tax assets are adjusted by a valuation allowance if, based on the weight of available evidence, it is more-likely-than-not that some portion or all the deferred tax assets will not be realized.

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In order to recognize and measure any unrecognized tax benefits, management evaluates and determines whether any of its tax positions are more-likely-than-not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets this recognition threshold, the position is measured to determine the amount of benefit to be recognized in the consolidated financial statements. The Company records interest expense and penalties related to tax expenses as income tax expense.

Non-income based taxes are recorded as part of other liabilities and other expenses.

Third-Party Sharing Arrangements

The Company pays a percentage of its advisory fee revenues based on incremental growth in AUM, subject to caps or minimums, to marketing agents to sell WisdomTree ETFs and for including WisdomTree ETFs on third-party customer platforms.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued ASU2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which is a new comprehensive revenue recognition standard on the financial reporting requirements for revenue from contracts entered into with customers. In July 2015, the FASB deferred this ASU's effective date by one year, to interim and annual periods beginning after December 15, 2017. The deferral allows early adoption at the original effective date. During 2016, the FASB issued ASU 2016-08, which clarifies principal versus agent considerations, ASU2016-10, which clarifies identifying performance obligations and the licensing implementation guidance, and ASU 2016-12, which amends certain aspects of the new revenue recognition standard pursuant to ASU2014-09. ASU 2014-09 allows for the use of either the retrospective or modified retrospective adoption method. The guidance in ASU 2014-09, and the related amendments, is effective for the Company beginning on January 1, 2018. The Company will adopt this standard on that date under the modified retrospective method and has determined the standard will not have a material impact on its historical pattern of recognizing revenue for advisory fees and licensing fees in the Company's consolidated financial statements.

In June 2016, the FASB issued ASU2016-13, *Financial Instruments—Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The main objective of the standard is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the standard replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The standard is applicable to loans, accounts receivable, trade receivables, and other financial assets measured at amortized cost, loan commitments and certain other off-balance sheet credit exposures, debt securities (including those held-to-maturity) and other financial assets measured at fair value through other comprehensive income, and beneficial interests in securitized financial assets. Accordingly, the new methodology will be utilized when assessing the Company's financial instruments for impairment. ASU 2016-13 is effective for years beginning after December 15, 2019, including interim periods within those fiscal years under a modified retrospective approach. Early adoption is permitted for periods beginning after December 15, 2018. The Company is currently evaluating the impact that the standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* (ASU 2016-09). The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. ASU 2016-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption was permitted. The Company adopted this standard prospectively on January 1, 2017. The adoption of the standard increased volatility reported in income tax expense as income tax windfalls and shortfalls associated with the vesting of stock-based compensation is now recorded in income tax expense, rather than additional paid-in capital, when applicable. Adoption of this revised guidance resulted in the Company recognizing approximately \$1,035 of additional income tax expense for tax shortfalls related to stock-based compensation vesting that occurred during the year ended December 31, 2017 (See Note 16).

In February 2016, the FASB issued ASU2016-02, *Leases* (ASU 2016-02), which requires lessees to include most leases on the balance sheet. ASU2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018 and early adoption is permitted. The Company is currently evaluating the impact that the standard will have on its consolidated financial statements and expects, at a minimum, that its implementation will result in a gross-up on the consolidated balance sheets upon recognition of right-of-use assets and lease liabilities associated with the future minimum payments required under operating leases as disclosed in Note 9.

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In January 2016, the FASB issued ASU2016-01, *Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). The main objective of the standard is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments in the update make targeted improvements to generally accepted accounting principles. These include requiring equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. Available-for-sale classification for equity investments with readily determinable fair values will no longer be permissible. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. The update also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is not permitted for the updates currently applicable to the Company. The Company's equity investments with readily determinable fair values are all currently measured at fair value with changes in fair value recognized in net income. Upon adoption, the Company will apply the amendments in this update when assessing the carrying value of its investments, held at cost.

3. Cash and Cash Equivalents

Cash and cash equivalents of approximately \$24,103 and \$56,484 at December 31, 2017 and December 31, 2016, respectively, were held at one financial institution. At December 31, 2017 and December 31, 2016, cash equivalents were approximately \$26,548 and \$55,619, respectively.

4. Securities Owned and Securities Sold, but not yet Purchased (and Fair Value Measurement)

Securities owned and securities sold, but not yet purchased are measured at fair value. The fair value of securities is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., "the exit price") in an orderly transaction between market participants at the measurement date. Accounting Standards Codification ("ASC") 820, *Fair Value Measurements*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices for identical instruments in active markets.
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 - Instruments whose significant drivers are unobservable.

The availability of observable inputs can vary from product to product and is effected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Valuation Methodology

Cash and Cash Equivalents (Note 3)– These financial assets represent cash in banks or cash invested in highly liquid investments with original maturities less than 90 days. These investments are valued at par, which approximates fair value, and are considered Level 1.

Note Receivable (Note 6)– The note receivable is an unsecured promissory note issued to AdvisorEngine Inc. which is carried at \$18,748 representing amortized cost, net of original issue discount. The carrying amount of the note receivable at December 31, 2017 approximates fair value, as the implied discount rate of the note is similar to observable high yield credit spreads. The note receivable is classified as Level 2 within the fair value hierarchy.

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Securities Held-to-Maturity (Note 5) – These securities are Federal agency debt instruments which are instruments that are generally traded in active, quoted and highly liquid markets and are therefore classified as Level 1 within the fair value hierarchy.

Securities Owned/Sold But Not Yet Purchased – These securities consist of securities classified as trading and AFS, as follows:

	December 31,	
	2017	2016
<i>Securities Owned</i>		
Trading securities	\$ 1,691	\$ 1,556
Available-for-sale securities	<u>64,603</u>	<u>57,351</u>
Total	<u>\$66,294</u>	<u>\$58,907</u>
<i>Securities Sold, but not yet Purchased</i>		
Trading securities	\$ 950	\$ 1,248
Available-for-sale securities	—	—
Total	<u>\$ 950</u>	<u>\$ 1,248</u>

Trading securities are investments in ETFs. These instruments are generally traded in active, quoted and highly liquid markets and are therefore classified as Level 1 in the fair value hierarchy. AFS securities are investments in short-term investment grade corporate bonds and are classified as Level 2. Fair value is generally derived from observable bids for these Level 2 financial instruments.

AFS Securities

The following table summarizes unrealized gains, losses and fair value of the AFS securities:

	December 31,	
	2017	2016
Cost	\$65,237	\$57,615
Gross unrealized gains in other comprehensive income	—	—
Gross unrealized losses in other comprehensive income	(634)	(264)
Fair value	<u>\$64,603</u>	<u>\$57,351</u>

All of the Company's AFS securities are due within one year. The Company assesses the AFS securities for other-than-temporary impairment on a quarterly basis. No AFS securities were determined to be other-than-temporarily impaired for the years ending December 31, 2017 and 2016.

During the years ended December 31, 2017 and 2016, the Company received \$91,095 and \$6,002, respectively, of proceeds from the sale and maturity of available-for-sale securities and recognized gross realized losses of \$1,132 and \$0, respectively. These losses have been reclassified out of accumulated other comprehensive income and into the Consolidated Statements of Operations.

5. Securities Held-to-Maturity

The following table is a summary of the Company's securities held-to-maturity:

	December 31,	
	2017	2016
Federal agency debt instruments	<u>\$21,299</u>	<u>\$22,496</u>

The following table summarizes unrealized gains, losses, and fair value of securities held-to-maturity:

	December 31,	
	2017	2016
Cost/amortized cost	\$21,299	\$22,496
Gross unrealized gains	9	13
Gross unrealized losses	(1,257)	(1,353)
Fair value	<u>\$20,051</u>	<u>\$21,156</u>

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The Company assesses these securities for other-than-temporary impairment on a quarterly basis. No securities were determined to be other-than-temporarily impaired for the years ending December 31, 2017 and 2016. The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell the securities before recovery of their amortized cost bases, which may be at maturity.

The following table sets forth the maturity profile of the securities held-to-maturity; however, these securities may be called prior to maturity date:

	December 31,	
	2017	2016
Due within one year	\$ 1,000	\$ 3,994
Due one year through five years	11	1,023
Due five years through ten years	6,027	4,031
Due over ten years	14,261	13,448
Total	<u>\$21,299</u>	<u>\$22,496</u>

6. Note Receivable

On December 29, 2017, the Company committed to provide up to \$30,000 in additional working capital to AdvisorEngine pursuant to an unsecured promissory note (of which \$22,000 is currently funded) (See Note 7). The majority of the funds were used by AdvisorEngine to acquire CRM Software, Inc., known as Junxure, a comprehensive client relationship management software and technology provider for financial advisors.

All principal amounts under the note bear interest from the date such amounts are advanced until repaid at a rate of 5% per annum, provided that immediately upon the occurrence and during the continuance of an event of default (as defined), interest will be increased to 10% per annum. All accrued and unpaid interest is treated as paid-in-kind ("PIK") by capitalizing such amount and adding it to the principal amount of the original note. AdvisorEngine has the option to prepay the note, in whole or in part, at any time without premium or penalty. All borrowings under the promissory note mature on December 29, 2021.

In connection with providing funding to AdvisorEngine for the acquisition of Junxure, the Company secured an option to purchase the remaining equity interests in AdvisorEngine. The option was ascribed a fair value of \$3,278 (See Note 7) which gave rise to original issue discount reducing the carrying value of the note.

The following is a summary of the outstanding note receivable balance at December 31, 2017:

	2017
Note receivable (face value)	\$22,000
Less: Original issue discount, unamortized	(3,278)
Plus: Note issuance costs	26
Plus: PIK interest	—
Total note receivable, net	<u>\$18,748</u>
Commitment remaining	<u>\$ 8,000</u>

The Company determined that an allowance for credit loss was not necessary at December 31, 2017 as the note receivable was recently issued and no adverse events or circumstances have occurred which may indicate that its carrying amount may not be recoverable. The carrying value of the note receivable at December 31, 2017 approximates fair value as the implied discount rate of the note is similar to observable high yield credit spreads.

The Company's remaining commitment to provide working capital to AdvisorEngine is \$8,000 at December 31, 2017 pursuant to the terms of the note. The additional funding is scheduled to be provided on June 30, 2018 and September 30, 2018 in the amounts of \$5,000 and \$3,000, respectively, if no event of default (as defined) has occurred and is continuing.

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7. Investments, Carried at Cost

The following table sets forth the Company's investments, carried at cost:

	December 31, 2017	December 31, 2016
AdvisorEngine – Preferred stock	\$ 25,000	\$ 20,000
AdvisorEngine – Option	3,278	—
Thesys	6,909	—
Total	<u>\$ 35,187</u>	<u>\$ 20,000</u>

AdvisorEngine

Preferred Stock

On November 18, 2016, the Company made a \$20,000 strategic investment in AdvisorEngine, an end-to-end wealth management platform which enables individual customization of investment philosophies. The Company and AdvisorEngine also entered into an agreement whereby the Company's asset allocation models are made available through AdvisorEngine's open architecture platform and the Company actively introduces the platform to its distribution network. In consideration of its investment, the Company received 11,811,856 shares of Series A convertible preferred shares ("Series A Preferred").

The Series A Preferred is convertible into common stock at the option of the Company and contains various rights and protections including non-cumulative 6.0% dividend, payable if and when declared by the board of directors, and a liquidation preference that is senior to all other holders of capital stock of AdvisorEngine.

On April 27, 2017, the Company invested an additional \$5,000 in AdvisorEngine to help facilitate AdvisorEngine's acquisition of Kredible Technologies, Inc., a technology enabled, research-driven practice management firm designed to help advisors acquire new clients, and to continue to fuel AdvisorEngine's growth, leadership and innovation in the advisor solutions space. The Company received 2,646,062 shares of Series A-1 convertible preferred stock which has substantially the same terms as the Series A Preferred.

The Company's aggregate equity ownership interest in AdvisorEngine is approximately 47% (or 41% on a fully-diluted basis). The investment is accounted for under the cost method of accounting as it is not considered to be in-substance common stock and is assessed for impairment on a quarterly basis. No impairment existed at December 31, 2017 or 2016.

Option

On December 29, 2017, the Company secured an option to purchase the remaining equity interests in AdvisorEngine, in connection with its commitment to provide up to \$30,000 of additional working capital (See Note 6). The option is for a period of approximately one year and is exercisable at a price derived from an agreed-upon enterprise valuation of AdvisorEngine. If exercised, closing of the acquisition would occur no later than January 15, 2019. The fair value of the option was determined to be \$3,278, using a Monte Carlo simulation which was predominantly based on unobservable inputs and is therefore classified as Level 3. The enterprise value was derived from unobservable inputs including from a weighted average cost of capital ("WACC") of 27% and an option volatility of 40%. An increase in the WACC would reduce AdvisorEngine's enterprise value which would reduce the fair value of the option, whereas an increase in the option volatility would increase the fair value of the option.

The option is not accounted for as a derivative as it cannot be net settled and is not readily convertible to cash. Therefore, the option is accounted for under the cost method of accounting and is assessed for impairment on a quarterly basis. No impairment existed at December 31, 2017.

Thesys

On June 20, 2017, the Company was issued 7,797,533 newly authorized shares of Series Y preferred stock ("Series Y Preferred") of Thesys in connection with the resolution of a dispute related to the Company's ownership stake in Thesys (See Note 9). The Series Y Preferred represents current ownership of 18.9% of Thesys on a fully diluted basis (excluding certain reserved shares). In addition, the Company was issued a warrant to purchase 3,898,766 shares of Series Y Preferred.

The Series Y Preferred ranks *pari passu* in priority with Thesys's current preferred stockholders, has a liquidation preference of \$0.231 per share, contains various rights and protections and is convertible into common stock at the option of the Company. The warrant is exercisable for five years after closing, at varying exercise prices that increase over time and set at multiples of a pre-determined Thesys valuation (or new valuation if Thesys completes a qualified financing, as defined, within two years). If a claim is brought against Thesys or the Company relating to the settlement, the warrant will be exercisable for 100% of the number of shares of Series Y Preferred issued to the Company at closing.

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The Company recorded the Series Y Preferred at its fair value of \$6,909. The fair value was derived from an enterprise valuation of Theysys prepared as of April 30, 2017. The Theysys enterprise valuation was determined through a combination of a market approach (Guideline Public Company Method) and income approach (discounted cash flow analyses) applied to its business lines. These approaches are predominantly based on unobservable inputs and therefore the valuation is classified as Level 3. The table below presents the ranges and weighted averages of significant unobservable inputs used in these approaches to determine the enterprise value of Theysys.

<u>Market Approach</u> (1)	<u>Range (Weighted Average)</u>
Revenue multiple	0.9x
<u>Income Approach</u> (1)	<u>Range (Weighted Average)</u>
Weighted average cost of capital ("WACC")	11.5% – 14.5% (12.6%)

(1) The approach and inputs selected varied, based upon the Theysys business line being valued.

An increase in the revenue multiple would result in a higher enterprise value, whereas an increase in the WACC would reduce fair value.

The Series Y Preferred is not considered to be in-substance common stock and is therefore accounted for under the cost method of accounting and is assessed for impairment on a quarterly basis. The fair value of the warrant was determined to be insignificant. The warrant is not accounted for as a derivative as it cannot be net settled and is not readily convertible to cash.

8. Fixed Assets

The following table summarizes fixed assets:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Equipment	\$ 1,879	\$ 1,739
Furniture and fixtures	2,449	2,393
Leasehold improvements	11,037	10,877
Less: Accumulated depreciation and amortization	(4,672)	(3,261)
Total	<u>\$10,693</u>	<u>\$11,748</u>

9. Commitments and Contingencies

Contractual Obligations

The Company has entered into obligations under operating leases with initial non-cancelable terms in excess of one year for office space, telephone, and data services. Expenses recorded under these agreements for the years ended December 31, 2017, 2016, and 2015 were approximately \$4,355, \$4,293 and \$3,447, respectively.

Future minimum lease payments with respect to non-cancelable operating leases at December 31, 2017 are approximately as follows:

2018	\$ 4,011
2019	3,564
2020	3,299
2021	2,955
2022 and thereafter	21,300
Total	<u>\$35,129</u>

AdvisorEngine

At December 31, 2017, the Company has a commitment to provide \$8,000 of additional working capital to AdvisorEngine which is scheduled to be provided on June 30, 2018 and September 30, 2018 in the amounts of \$5,000 and \$3,000, respectively, if no event of default (as defined) has occurred and is continuing (See Note 6).

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Letter of Credit

The Company collateralized its U.S. office lease through a standby letter of credit totaling \$1,384. The collateral is included in cash and cash equivalents on the Company's Consolidated Balance Sheets.

Settlement – Thesys

A few years ago, a dispute arose related to the Company's ownership stake in Thesys. In March 2015, the Company was named a party in a lawsuit in the Delaware Court of Chancery pursuant to which a stockholder of Thesys sought to have the shares held by the Company invalidated. In August 2016, the court dismissed the claims brought against the Company and Thesys (as a nominal defendant), but the number of shares of Thesys owned by the Company remained in dispute. On June 20, 2017, the Company, Thesys and certain material stockholders of Thesys reached an agreement related to the dispute, pursuant to which (i) the litigation was dismissed; (ii) the parties released and agreed not to sue each other with respect to the related claims in the lawsuit; (iii) Thesys agreed to indemnify the Company against any such claims; (iv) the Company exchanged its current shares in Thesys for new shares of Thesys stock and a warrant in accordance with the terms of an equity exchange agreement as described below; and (v) the Company and Thesys entered into a stockholders agreement providing for certain rights and obligations of the Company and Thesys as described below.

Pursuant to the equity exchange agreement, the Company was issued shares of newly authorized preferred stock reflecting ownership of 19.99% of Thesys on a fully diluted basis (excluding certain reserved shares). The shares of preferred stock rank *pari passu* in priority with Thesys's current preferred stockholders. In addition, Thesys issued the Company a warrant to purchase up to an additional 50% of the number of shares of preferred stock issued to the Company at closing, exercisable for five years after the closing, at varying exercise prices that increase over time and set at multiples of a pre-determined Thesys valuation (or a new valuation if Thesys completes a qualified financing, as defined, within two years). If a claim is brought against Thesys or the Company relating to the settlement, the warrant will be exercisable for 100% of the number of shares of preferred stock issued to the Company at closing. Pursuant to the stockholders agreement, the Company has the right to appoint one of five directors to Thesys's board of directors, as well as additional customary rights, including (i) consent rights on certain transactions (e.g., related-party transactions and certain changes to organizational documents); (ii) pre-emptive rights on future issuances of shares, subject to customary carve-outs; (iii) information rights; and (iv) registration rights.

During the year ended December 31, 2017, the Company recorded a pre-tax gain of \$6,909 representing the fair value of the Thesys preferred stock it received in connection with this settlement. The fair value of the warrant was determined to be insignificant. This amount has been recorded as settlement gain on the Consolidated Statements of Operations.

Contingencies

The Company may be subject to reviews, inspections and investigations by regulatory authorities as well as legal proceedings arising in the ordinary course of business. The Company is not currently party to any litigation that is expected to have a material adverse impact on its business, financial position, results of operations or cash flows.

10. Variable Interest Entity

VIEs are entities with any of the following characteristics: (i) the entity does not have enough equity to finance its activities without additional financial support, (ii) the equity holders, as a group, lack the characteristics of a controlling financial interest or (iii) the entity is structured with non-substantive voting rights.

The Company reassesses its initial evaluation of whether an entity is a VIE when certain reconsideration events occur. A reassessment was performed of AdvisorEngine in connection with the Company's commitment to provide it with up to \$30,000 of additional working capital, which occurred on December 29, 2017 (See Note 6). In connection with this assessment, the Company determined that AdvisorEngine had the characteristics of a VIE.

Consolidation of a VIE is required for the party deemed to be the primary beneficiary, if any. The primary beneficiary is the party who has both (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) an obligation to absorb losses of the entity or a right to receive benefits from the entity that could potentially be significant to the entity. The Company is not the primary beneficiary of AdvisorEngine as it does not have the power to direct the activities that most significantly impact AdvisorEngine's economic performance. Such power is conveyed through AdvisorEngine's Board of Directors and the Company does not have control over the board.

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The following table presents information about the Company's variable interests in AdvisorEngine (anon-consolidated VIE):

	December 31, 2017
Carrying Amount—Assets	
Preferred stock	\$ 25,000
Note receivable—unsecured	18,748
Option	3,278
Total carrying amount—Assets	\$ 47,026
Maximum exposure to loss	\$ 55,026

The Company has a remaining commitment to provide working capital to AdvisorEngine of \$8,000 at December 31, 2017 pursuant to the terms of the unsecured promissory note (See Note 6). The additional funding is scheduled to be provided on June 30, 2018 and September 30, 2018 in the amounts of \$5,000 and \$3,000, respectively, if no event of default (as defined) has occurred or is continuing.

11. Acquisition Payable

In April 2014, the Company acquired a 75% majority stake in its European business. Under the terms of the agreement, the remaining 25% was to be acquired on or about March 31, 2018. In May 2016, the Company accelerated the buyout of the remaining minority interest. Acquisition payment expense recognized during the year ended December 31, 2016 was \$6,738, of which \$5,993 was recorded in connection with the acceleration of the buyout. The remaining acquisition payable recorded on the Consolidated Balance Sheets was \$0 and \$3,537 at December 31, 2017 and 2016, respectively.

12. Related Party Transactions

The Company's revenues are derived primarily from investment advisory agreements with related parties. Under these agreements, the Company has licensed to related parties the use of certain of its own indexes for the U.S. and Canadian WisdomTree ETFs and WisdomTree UCITS ETFs. The Board of Trustees and Board of Directors of the related parties are primarily responsible for overseeing the management and affairs of the U.S. and Canadian WisdomTree ETFs, Boost ETPs and WisdomTree UCITS ETFs for the benefit of their shareholders and have contracted with the Company to provide for general management and administration services. The Company is also responsible for certain expenses of the related parties, including the cost of transfer agency, custody, fund administration and accounting, legal, audit, and other non-distribution services, excluding extraordinary expenses, taxes and certain other expenses, which is included in fund management and administration on the Company's Consolidated Statements of Operations. In exchange, the Company receives fees based on a percentage of the ETF average daily net assets. The advisory agreements may be terminated by the related parties upon notice. Certain officers of the Company also provide general management oversight of the related parties; however, these officers have no material decision making responsibilities and primarily implement the decisions of the Board of Trustees and Board of Directors of the related parties.

The following table summarizes accounts receivable from related parties which are included as a component of Accounts receivable on the Company's Consolidated Balance Sheets:

	December 31,	
	2017	2016
Receivable from WTT	\$19,433	\$16,506
Receivable from BI and WTI	979	645
Receivable from WTCS	97	158
Receivable from WTAMC	87	40
Total	\$20,596	\$17,349

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The following table summarizes revenues from advisory services provided to related parties:

	Year Ended December 31,		
	2017	2016	2015
Advisory services provided to WTT	\$215,513	\$209,199	\$293,788
Advisory services provided to BI and WTI	10,288	7,251	4,156
Advisory services provided to WTCS	1,508	1,867	—
Advisory services provided to WTAMC	466	148	—
Total	<u>\$227,775</u>	<u>\$218,465</u>	<u>\$297,944</u>

The Company also has investments in certain WisdomTree ETFs of approximately \$1,691 and \$1,300 at December 31, 2017 and December 31, 2016, respectively. For the years ended December 31, 2017 and 2016, the Company recorded a gain from these investments of approximately \$26 and loss of \$12, respectively, within other income in the Consolidated Statements of Operations.

13. Stock-Based Awards

The Company grants equity awards to employees and directors which include restricted stock awards, restricted stock units and stock options. Stock options may be issued for terms of ten years and may vest after at least one year and have an exercise price equal to the Company's stock price on the grant date. Restricted stock awards and restricted stock units are generally valued based on the Company's stock price on the grant date. The Company estimates the fair value for stock options (when granted) using the Black-Scholes option pricing model. All restricted stock awards, restricted stock units and stock option awards require future service as a condition of vesting with certain awards subject to acceleration under certain conditions.

On June 20, 2016, the Company's stockholders approved a new equity award plan under which the Company can issue up to 10,000,000 shares of common stock (less one share for every share granted under prior plans since March 31, 2016 and inclusive of shares available under the prior plans as of March 31, 2016) in the form of stock options and other stock-based awards. The Company also has issued from time to time stock-based awards outside a plan.

For the years ended December 31, 2017, 2016 and 2015, total stock-based compensation expense was \$14,717, \$14,892 and \$10,900, respectively, and the related tax benefit recognized in the Consolidated Statements of Operations was \$5,402, \$5,324 and \$4,149, respectively. Stock-based compensation expense for the year ended December 31, 2017 included \$525 as a result of a modification to accelerate vesting of certain awards on December 29, 2017 made to 20 employees, which were originally scheduled to vest in January 2018.

The actual tax benefit realized for the tax deductions for share-based compensation was \$7,684, \$12,877 and \$67,532 for the years ended December 31, 2017, 2016 and 2015, respectively.

A summary of unrecognized stock-based compensation expense and average remaining vesting period is as follows:

	December 31, 2017	
	Unrecognized Stock-Based Compensation	Average Remaining Vesting Period
Employees and directors	\$ 16,715	1.70

Stock Options

A summary of option activity is as follows:

	Options	Weighted-Average Exercise Price
Outstanding January 1, 2015	5,330,070	\$ 1.61
Granted	—	—
Forfeitures/expirations	—	—
Exercised	(3,785,473)	1.19
Outstanding at December 31, 2015	1,544,597	\$ 2.62
Granted	—	—
Forfeitures/expirations	—	—
Exercised	(176,350)	1.11
Outstanding at December 31, 2016	1,368,247	\$ 2.82

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	Options	Weighted-Average Exercise Price
Granted	—	—
Forfeitures/expirations	—	—
Exercised	(209,419)	3.17
Outstanding at December 31, 2017 ⁽¹⁾	<u>1,158,828</u>	<u>\$ 2.75</u>

(1) Expire on dates ranging from August 24, 2018 to November 15, 2021.

The total intrinsic value of options exercised for the years ended December 31, 2017, 2016 and 2015 was \$1,643, \$1,794 and \$76,329, respectively. Cash received from option exercise for the years ended December 31, 2017, 2016 and 2015 was \$532, \$195 and \$4,520, respectively.

The following table summarizes information on stock options outstanding at December 31, 2017:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Shares	Weighted-Average Remaining Life (Years)	Weighted-Average Exercise Price	Shares	Weighted-Average Remaining Life (Years)	Weighted-Average Exercise Price
\$0.70 – \$0.70	415,000	1.1	\$ 0.70	415,000	1.1	\$ 0.70
\$1.07 – \$1.07	50,865	0.3	1.07	50,865	0.3	1.07
\$2.15 – \$2.26	312,426	1.5	2.21	312,426	1.5	2.21
\$5.05 – \$5.05	250,000	3.1	5.05	250,000	3.1	5.05
\$6.36 – \$6.82	73,037	3.4	6.46	73,037	3.4	6.46
\$7.01 – \$8.51	57,500	3.8	7.32	57,500	3.8	7.32
	<u>1,158,828</u>	<u>1.9</u>	<u>\$ 2.75</u>	<u>1,158,828</u>	<u>1.9</u>	<u>\$ 2.75</u>

At December 31, 2017, outstanding options for 1,158,828 shares (all of which were exercisable) had a remaining average contractual term of 1.9 years and an intrinsic value of \$11,352.

Restricted Stock and Restricted Stock Units

The Company grants restricted stock awards and restricted stock units to employees and directors. All such awards require future service as a condition of vesting with certain awards subject to acceleration under certain conditions. Restricted stock awards and restricted stock units generally vest over three years.

A summary of restricted stock activity is as follows:

	Restricted Stock Awards		Restricted Stock Units	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Unvested Balance at January 1, 2015	1,513,939	\$ 11.22	—	\$ —
Granted	886,413	19.72	—	—
Vested	(753,917)	10.05	—	—
Forfeited	(25,709)	17.30	—	—
Unvested Balance at December 31, 2015	1,620,726	\$ 16.32	—	\$ —
Granted	1,687,553	11.19	—	—
Vested	(846,386)	13.98	—	—
Forfeited	(25,439)	16.17	—	—
Unvested Balance at December 31, 2016	2,436,454	\$ 13.58	—	\$ —
Granted	1,068,550	10.51	7,231	10.49
Vested	(1,641,870)	13.64	—	—
Forfeited	(46,468)	12.36	(1,553)	10.83
Unvested Balance at December 31, 2017	<u>1,816,666</u>	<u>\$ 11.75</u>	<u>5,678</u>	<u>\$ 10.40</u>

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The aggregate fair value of awards that vested during the years ending December 31, 2017, 2016 and 2015 was \$18,285, \$9,842 and \$13,362, respectively.

14. Employee Benefit Plans

The Company has a 401(k) savings plan covering all eligible employees in which the Company can make discretionary contributions from its profits. The amounts included in the table below are recorded in compensation expense in the Consolidated Statements of Operations.

A summary of discretionary contributions made by the Company is as follows:

Year Ended December 31,		
2017	2016	2015
<u>\$ 1,013</u>	<u>\$ 934</u>	<u>\$ 763</u>

15. Earnings Per Share

The following is a reconciliation of the basic and diluted earnings per share computation:

	Year Ended December 31,		
	2017	2016	2015
Net income	<u>\$ 27,199</u>	<u>\$ 26,155</u>	<u>\$ 80,052</u>
	(shares in thousands)		
<u>Shares of common stock and common stock equivalents:</u>			
Weighted average common shares used in basic computation	134,614	134,401	137,242
Dilutive effect of common stock equivalents	<u>1,389</u>	<u>1,138</u>	<u>1,583</u>
Weighted average common shares used in dilutive computation	<u>136,003</u>	<u>135,539</u>	<u>138,825</u>
Basic earnings per share	\$ 0.20	\$ 0.19	\$ 0.58
Diluted earnings per share	\$ 0.20	\$ 0.19	\$ 0.58

In the table above, unvested share-based awards that have non-forfeitable rights to dividends or dividend equivalents are treated as a separate class of securities in calculating basic EPS.

Diluted earnings per share is calculated under both the treasury stock and two-class method and reflects the reduction in earnings per share assuming options or other contracts to issue common stock were exercised or converted into common stock (if dilutive). The calculation that results in the most dilutive earnings per share amount for common stock is reported in the Company's consolidated financial statements. The Company excluded 1,593,000 and 996,000 common stock equivalents from its computation of diluted earnings per share for the years ended December 31, 2017 and 2016, respectively, as they were determined to be anti-dilutive. There were no anti-dilutive common stock equivalents excluded from the calculation of diluted earnings per share for the year ended December 31, 2015.

16. Income Taxes

The components of current and deferred income tax expense included in the Consolidated Statement of Operations for years ended December 31, 2017, 2016 and 2015 as determined in accordance with ASC 740, *Income Taxes* ("ASC 740"), are as follows:

	Year Ended December 31,		
	2017	2016	2015
Current:			
Federal	\$19,007	\$14,515	\$ 1,598
State and local	2,708	1,425	2,431
Foreign	440	567	210
	<u>\$22,155</u>	<u>\$16,507</u>	<u>\$ 4,239</u>
Deferred:			
Federal	\$ 7,947	\$10,629	\$46,784
State and local	1,105	2,296	6,233

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	Year Ended December 31,		
	2017	2016	2015
Foreign	(214)	(25)	(123)
	\$ 8,838	\$ 12,900	\$ 52,894
Income tax expense from operations	<u>\$30,993</u>	<u>\$29,407</u>	<u>\$57,133</u>

A reconciliation of the statutory federal income tax rate and the Company's effective rate is as follows:

	December 31,		
	2017	2016	2015
Federal statutory rate	35.0%	35.0%	35.0%
Change in valuation allowance—International	9.2%	8.2%	0.9%
Blended state income tax rate, net of federal benefit	3.8%	4.2%	4.1%
Non-deductible transaction costs	2.7%	—	—
Stock-based compensation tax shortfalls	1.8%	—	—
Re-measurement of net deferred tax assets – Rate change	0.8%	—	—
Acquisition expense	—	4.1%	0.6%
Goodwill impairment	—	1.2%	—
Other differences, net	—	0.2%	1.0%
Effective rate	<u>53.3%</u>	<u>52.9%</u>	<u>41.6%</u>

Net Operating Losses – U.S.

The Company's pre-tax federal net operating losses for tax purposes ("NOLs") at December 31, 2017 was \$3,671 which expire in 2024. The net operating loss carryforwards have been reduced by the impact of annual limitations described in the Internal Revenue Code Section 382 that arose as a result of an ownership change.

Net Operating Losses – International

The Company's European and Canadian subsidiaries generated NOLs outside the U.S. These tax effected NOLs were \$3,841, \$4,551 and \$2,051 at December 31, 2017, 2016 and 2015, respectively. The Company established a full valuation allowance related to these NOLs as it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized.

Deferred Tax Assets ("DTAs")

A summary of the components of the Company's deferred tax assets at December 31, 2017 and 2016 are as follows:

	December 31,	
	2017	2016
Deferred tax assets:		
NOLs – Foreign	\$ 3,841	\$ 4,551
Stock-based compensation	1,474	5,382
Deferred rent liability	1,257	2,024
NOLs – U.S.	909	1,611
Accrued expenses	526	4,552
Unrealized losses	72	101
Other	416	227
Deferred tax assets	<u>8,495</u>	<u>18,448</u>
Deferred tax liabilities:		
Unrealized gains	1,718	—
Fixed assets	1,498	2,405
Goodwill and intangible assets	388	301
Incentive compensation	—	1,365
Deferred tax liabilities	<u>3,604</u>	<u>4,071</u>
Total deferred tax assets less deferred tax liabilities	4,891	14,377
Less: valuation allowance	<u>(3,841)</u>	<u>(4,551)</u>
Deferred tax assets, net	<u>\$ 1,050</u>	<u>\$ 9,826</u>

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U.S. Tax Reform

On December 22, 2017, the Tax Cuts and Jobs Act, or the TCJA, was enacted, which was the most comprehensive tax reform in more than 30 years. The sweeping modifications to the Internal Revenue Code include a significant reduction in the federal income tax rate (from 35% to 21%), change certain tax deductions including a disallowance for all executive compensation paid in excess of \$1 million, create a territorial tax system with a one-time transition tax on previously deferred foreign earnings and require minimum taxes to be paid on future foreign earnings.

ASC 740 requires the effects of changes in tax rates and laws on deferred tax balances (including the effects of the one-time transition tax) to be recognized in the period in which the legislation is enacted. The remeasurement of our net DTAs using a statutory federal and state and local tax rate of approximately 25% resulted in a charge of \$489. The one-time transition tax was not material as our international subsidiaries historically have generated losses. The Company's accounting for the income tax effects of the TCJA is complete based on currently available guidance and interpretations.

Uncertain Tax Positions

The Company determined that it has no unrecognized tax benefits, or related interest and penalties, as of December 31, 2017 and 2016 as defined within ASC 740.

Income Tax Examinations

The Company is subject to U.S. federal income tax as well as income tax of multiple state, local and certain foreign jurisdictions. The Company is not currently under audit in any income tax jurisdictions.

Tax returns filed with each jurisdiction generally remain open to examination under the normal three-year statute of limitations. As of December 31, 2017, with few exceptions, the Company was no longer subject to income tax examinations by any taxing authority for years before 2014.

17. Shares Repurchased

On October 29, 2014, the Company's Board of Directors authorized a three-year share repurchase program of up to \$100,000. On April 27, 2016, the Board of Directors approved a \$60,000 increase to the Company's share repurchase program and extended the term through April 27, 2019. Included under this program are purchases to offset future equity grants made under the Company's equity plans and are made in open market or privately negotiated transactions. This authority may be exercised from time to time and in such amounts as market conditions warrant, and subject to regulatory considerations. The timing and actual number of shares repurchased depends on a variety of factors including price, corporate and regulatory requirements, market conditions and other corporate liquidity requirements and priorities. The repurchase program may be suspended or terminated at any time without prior notice. Shares repurchased under this program are returned to the status of authorized and unissued on the Company's books and records.

If the Company's pending acquisition of ETFS is ultimately completed, its ability to freely repurchase shares of its common stock will be restricted. Under the terms of the credit agreement governing the credit facilities the Company plans to use to partially finance the acquisition of ETFS, share repurchases only will be permitted to the extent the Company complies with a leverage test and no event of default (as defined in the credit agreement) has occurred and is continuing at the time the share repurchase is made. However, the Company's ability to purchase shares of its common stock withheld pursuant to the terms of equity awards granted to employees to satisfy tax withholding obligations will not be restricted.

During the years ended December 31, 2017, 2016 and 2015, the Company repurchased 697,664 shares, 3,778,932 shares and 1,190,356 shares of its common stock, respectively, under this program for an aggregate cost of \$7,891, \$39,379 and \$24,116, respectively. Shares repurchased under this program were returned to the status of authorized and unissued on the Company's books and records.

As of December 31, 2017, \$88,614 remains under this program for future purchases.

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18. Goodwill and Intangible Assets

Goodwill

Goodwill has been allocated to the Company's U.S. Business reporting unit and is deductible for tax purposes. The Company has designated April 30th as its annual goodwill impairment testing date. The following table summarizes the goodwill activity during the period:

	U.S. Business Reporting Unit
Balance at January 1, 2017	\$ 1,799
Increases/(decreases)	—
Balance at December 31, 2017	<u>\$ 1,799</u>

Goodwill was tested for impairment on April 30, 2017. The fair value of the reporting unit exceeded its carrying value and therefore no impairment was recognized.

Intangible Assets (Indefinite-Lived)

	Advisory Contracts (Questrade AUM)	GCC Advisory Agreement	Total
Balance at January 1, 2017	\$ —	\$ 9,953	\$ 9,953
Increases	2,132	—	2,132
Decreases	—	—	—
Total	<u>\$ 2,132</u>	<u>\$ 9,953</u>	<u>\$12,085</u>

Questrade ETFs

During the fourth quarter of 2017, the Company acquired a suite of eight Canadian listed ETFs from Questrade (the "Questrade ETFs") with approximately CAD \$99,108 (USD \$77,403) in AUM at closing. The purchase price was CAD \$2,675 (USD \$2,132), all of which was allocated to the Company's right to manage AUM in the form of advisory contracts. Most of the Questrade ETFs were merged into the Company's existing Canadian listed ETFs. The intangible assets (which are deductible for tax purposes) were determined to have an indefinite useful life. The Company has designated November 30th as its annual impairment testing date for these intangible assets.

WisdomTree Continuous Commodity Index Fund

As part of the GreenHaven acquisition which occurred on January 1, 2016, the Company identified an intangible asset valued at \$9,953 related to its customary advisory agreement with the GreenHaven Commodities ETF (renamed the WisdomTree Continuous Commodity Index Fund, or "GCC"). This intangible asset (which is deductible for tax purposes) was determined to have an indefinite useful life. The Company has designated November 30th as its annual impairment testing date for this indefinite-lived intangible asset.

During the fourth quarter of 2017, the Company performed its indefinite-lived intangible asset impairment test related to its customary advisory agreement with the WisdomTree Continuous Commodity Index Fund, or GCC. The results of this analysis identified no indicators of impairment to be recognized based upon a qualitative assessment.

19. Segment Reporting

The Company operates as an ETP sponsor and asset manager providing investment advisory services in the U.S., Europe, Canada and Japan. These activities are reported in the Company's U.S. Business and International Business reportable segments. The U.S. Business segment includes the results of the Company's U.S. operations and Japan sales office. The results of the Company's European and Canadian operations are reported as the International Business segment.

Information concerning these reportable segments are as follows:

	Year Ended December 31,		
	2017	2016	2015
Revenues (U.S. Business segment)			
Advisory fees	\$217,021	\$211,066	\$293,788
Settlement gain	6,909	—	—
Other income	2,949	1,424	931
Total revenues (U.S. Business segment)	<u>\$226,879</u>	<u>\$212,490</u>	<u>\$294,719</u>

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Revenues (International Business segment)			
Advisory fees	\$ 10,754	\$ 7,399	\$ 4,156
Other (loss)/income	(234)	(443)	67
Total revenues (International Business segment)	<u>\$ 10,520</u>	<u>\$ 6,956</u>	<u>\$ 4,223</u>
Total revenues	<u>\$237,399</u>	<u>\$219,446</u>	<u>\$298,942</u>
Income/(loss) before taxes			
U.S. Business segment	\$ 70,537	\$ 74,721	\$146,335
International Business segment	(12,345)	(19,159)	(9,150)
Total income before taxes	<u>\$ 58,192</u>	<u>\$ 55,562</u>	<u>\$137,185</u>

Assets are not reported by segment as such information is not utilized by the chief operating decision maker. The vast majority of the Company's assets are located in the U.S.

20. Subsequent Events

The Company has evaluated subsequent events through the date of issuance of the accompanying consolidated financial statements. There were no events requiring disclosure.

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
3.1	<u>Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
3.2	<u>Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
4.1	<u>Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
4.2	<u>Amended and Restated Stockholders Agreement among the Registrant and certain investors dated December 21, 2006 (incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
4.3	<u>Securities Purchase Agreement among the Registrant and certain investors dated December 21, 2006 (incorporated by reference to Exhibit 4.3 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
4.4	<u>Securities Purchase Agreement among the Registrant and certain investors dated October 15, 2009 (incorporated by reference to Exhibit 4.4 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
4.5	<u>Third Amended and Restated Registration Rights Agreement dated October 15, 2009 (incorporated by reference to Exhibit 4.5 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
4.6	<u>Share Sale Agreement among the Registrant, WisdomTree International Holdings Ltd and ETF Securities Limited dated November 13, 2017 (filed herewith)</u>
10.1	<u>Representative Form of Advisory Agreement between WisdomTree Asset Management, Inc. and WisdomTree Trust (incorporated by reference to Exhibit 10.1 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.2	<u>Amended and Restated License Agreement between the Registrant and WisdomTree Trust dated March 1, 2012 (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 14, 2012)</u>
10.3	<u>WisdomTree Investments, Inc. 2001 Performance Equity Plan (incorporated by reference to Exhibit 10.8 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.4	<u>WisdomTree Investments, Inc. 2005 Performance Equity Plan (incorporated by reference to Exhibit 10.9 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.5	<u>Amendment to WisdomTree Investments, Inc. 2005 Performance Equity Plan approved by stockholders on August 20, 2007 (incorporated by reference to Exhibit 10.10 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.6	<u>Amendment to WisdomTree Investments, Inc. 2005 Performance Equity Plan approved by stockholders on August 23, 2010 (incorporated by reference to Exhibit 10.11 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.7	<u>Form of Stock Option Agreement for Executive Officers (incorporated by reference to Exhibit 10.14 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.8	<u>Form of Amendment dated January 26, 2009 to Existing Option Agreements between the Registrant and Employees (incorporated by reference to Exhibit 10.17 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.9	<u>Stock Option Agreement between the Registrant and Luciano Siracusano dated January 26, 2009 (incorporated by reference to Exhibit 10.27 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.10	<u>Amendment dated March 30, 2011 to Stock Option Agreements between the Registrant and Luciano Siracusano dated January 26, 2009 (incorporated by reference to Exhibit 10.28 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>
10.11	<u>Form of Proprietary Rights and Confidentiality Agreement (incorporated by reference to Exhibit 10.34 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)</u>

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<u>Exhibit Number</u>	<u>Description</u>
10.12	Form of Indemnification Agreement for Officers and Directors (incorporated by reference to Exhibit 10.35 of the Registrant's Amendment to Registration Statement on Form 10, filed with the SEC on May 26, 2011)
10.13	WisdomTree Investments, Inc. 2014 Annual Incentive Compensation Plan (incorporated by reference to the Registrant's Definitive Proxy Statement filed with the SEC on April 30, 2014)
10.14	WisdomTree Investments, Inc. 2016 Equity Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2016)
10.15	Form of Employment Agreement for Executive Officers dated December 22, 2016 (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the SEC on December 23, 2016)
10.15(a)	Appendix A to Employment Agreement between the Registrant and Jonathan Steinberg, dated December 22, 2016 (incorporated by reference to Exhibit 10.1(A) of the Registrant's Current Report on Form 8-K filed with the SEC on December 23, 2016)
10.15(b)	Appendix A to Employment Agreement between the Registrant and Gregory Barton, dated December 22, 2016 (incorporated by reference to Exhibit 10.1(B) of the Registrant's Current Report on Form 8-K filed with the SEC on December 23, 2016)
10.15(c)	Appendix A to Employment Agreement between the Registrant and Luciano Siracusano III, dated December 22, 2016 (incorporated by reference to Exhibit 10.1(C) of the Registrant's Current Report on Form 8-K filed with the SEC on December 23, 2016)
10.15(d)	Appendix A to Employment Agreement between the Registrant and Amit Muni, dated December 22, 2016 (incorporated by reference to Exhibit 10.1(D) of the Registrant's Current Report on Form 8-K filed with the SEC on December 23, 2016)
10.15(e)	Appendix A to Employment Agreement between the Registrant and Peter M. Ziemba, dated December 22, 2016 (incorporated by reference to Exhibit 10.1(E) of the Registrant's Current Report on Form 8-K filed with the SEC on December 23, 2016)
10.15(f)	Appendix A to Employment Agreement between the Registrant and Kurt MacAlpine, dated January 26, 2017 (incorporated by reference to Exhibit 10.1(F) of the Registrant's Current Report on Form 8-K filed with the SEC on January 27, 2017)
10.16	Form of Amendment, dated May 5, 2017, to Form of Employment Agreement for Executive Officers, dated December 22, 2016 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 8, 2017)
10.17	Form of Restricted Stock Agreement for Executive Officers (incorporated by reference to Exhibit 10.16 of the Registrant's Annual Report on Form 10-K filed with the SEC on March 1, 2017)
10.18	Form of Restricted Stock Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K filed with the SEC on March 1, 2017)
10.19	Employment Agreement between the Registrant and R. Jarrett Lilien, dated November 27, 2017 (filed herewith)
10.20	Employment Agreement between the Registrant and David Abner, dated July 25, 2016 (filed herewith)
10.21	Amendment to Employment Agreement between the Registrant and David Abner, dated August 9, 2016 (filed herewith)
21.1	Subsidiaries of the Registrant (filed herewith)
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm (filed herewith)
31.1	Rule 13a-14(a) / 15d-14(a) Certification (filed herewith)
31.2	Rule 13a-14(a) / 15d-14(a) Certification (filed herewith)
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101	Financial Statements from the Annual Report on Form 10-K of the Company are attached to this report, formatted in XBRL pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets at December 31, 2017 and December 31, 2016; (ii) Consolidated Statements of Operations for the years ending December 31, 2017, December 31, 2016 and December 31, 2015; (iii) Consolidated Statements of Comprehensive Income for the years ending December 31, 2017, December 31, 2016 and December 31, 2015; (iv) Consolidated Statements of Changes in Stockholders' Equity for the years ending December 31, 2017, December 31, 2016 and December 31, 2015; (v) Consolidated Statements of Cash Flows for the years ending December 31, 2017, December 31, 2016 and December 31, 2015 and (vi) Notes to the Consolidated Financial Statements.

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<u>Exhibit Number</u>	<u>Description</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

DATED 13 NOVEMBER 2017

(1) ETF SECURITIES LIMITED

(2) WISDOMTREE INTERNATIONAL HOLDINGS LTD

(3) WISDOMTREE INVESTMENTS, INC.

SHARE SALE AGREEMENT
RELATING TO
ELECTRA TARGET HOLDCO LIMITED

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Documents in the approved terms

1. 2017 Bonus Payments (*clause 1.1*)
2. Brand and IP Licence (*clause 1.1*)
3. Buyer Group Transitional Services Agreement (*clause 1.1*)
4. Deal Bonus and Retention Payments (*clause 1.1*)
5. Retained Group IP Assignment (*clause 1.1*)
6. Retained Group Transitional Services Agreement (*clause 1.1*)
7. Gold Royalty Agreement (*clause 1.1*)
8. Reorganisation Steps Paper (*clause 1.1*)
9. SMART Software Licence (*clause 1.1*)
10. WI Policy (*clause 1.1*)
11. Certificate of Designations (*clause 1.1*)
12. Investor Rights Agreement (*clause 1.1*)
13. Initial JFSC and FCA submissions (*clause 5.3*)
14. Letters of resignation (*paragraph 1.7 of Part I of Schedule 4*)
15. Deed of Covenant (*paragraph 1.9 of Part I of Schedule 4*)
16. Board resolutions (*paragraph 2.1 of Part I of Schedule 4*)
17. Target Group Reorganisation Documents (*clause 1.1*)
18. Issuer Run Rate (*clause 1.1*)

Annexures

1. Carve-Out Accounts
 2. ETFS UK Accounts
 3. ManJer Accounts
 4. ETC Issuer Accounts
 5. Interim Accounts
 6. Confidentiality Agreement
-

BETWEEN:

- (1) **ETF SECURITIES LIMITED**, incorporated in Jersey with registered number 88370 and whose registered office is at Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW (the “**Seller**”);
- (2) **WISDOMTREE INTERNATIONAL HOLDINGS LTD**, incorporated in England and Wales with registered number 11046784 and whose registered office is at 3rd Floor, 31-41 Worship Street, London EC2A 2DX (the “**Buyer**”); and
- (3) **WISDOMTREE INVESTMENTS, INC.**, a Delaware corporation with executive offices at 245 Park Avenue, 35th Floor, New York, NY 10167 (“**WisdomTree**” or the “**Guarantor**”).

INTRODUCTION

- (A) The Seller has agreed to sell and the Buyer has agreed to buy the Shares on the terms and conditions of this Agreement.
- (B) The Guarantor has agreed to guarantee the Buyer’s obligations under this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 The following words and expressions where used in this Agreement have the meanings given to them below:

1991 Law means the Companies (Jersey) Law 1991.

2006 Act means the Companies Act 2006.

2017 Bonus Payments means the bonus payments in respect of the 2017 bonus year set out in the approved terms and attached to the email from Adam Wyman to Becky Lawton at 00.58 a.m. (London time) on 13 November 2017 including any deferred element to any such bonuses and the timeframe for payment thereof (subject to acceleration in the event of redundancy at the discretion of the Seller) (or such other amounts as may be agreed between the parties in writing).

Accounts Date means 31 December 2016.

Affiliate means, with respect to any person, any other person which directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, such person excluding for the avoidance of doubt, the Excluded Parties (as defined in the Investor Rights Agreement).

Anniversary means an anniversary of the Completion Date.

Anti-Trust Authorities means each of the Jersey Competition Regulatory Authority and the UK Competition and Markets Authority (“**UK CMA**”) and Anti-Trust Authority shall mean any one of them.

Anti-Trust Conditions means those conditions set out in paragraph 3 of Schedule 2 and Anti-Trust Condition shall mean any one of them.

AP Agreements means each of those authorised participant agreements or similar agreements listed in the Excel spreadsheet attached to the email from Stephanie Poulter to Gemma Roberts at 5.22 a.m. (London time) on 13 November 2017.

AP Obligations means any of the representations, warranties, covenants, indemnities or other obligations given or incurred by the Seller or any Retained Group member in respect of any AP Agreement which relates in whole or in part to any covenants, undertakings, liabilities or obligations (whether actual or contingent) of any Target Group Company or which arise as a result of any acts, omissions, default or breaches by any Target Group Company.

Australian Bitcoin Authorisation means an authorisation which has, at the date of this Agreement, been sought by the Seller to issue (or sponsor the issue of), list, trade or otherwise deal in Bitcoin instruments in Australia.

Authority means any local, national or multinational governmental authority or other public or regulatory body which has jurisdiction over the Business, or (where the context requires) any decision, consent or licence which is required to be granted by any such person for the carrying on of the Business, and **Authorities** will be construed accordingly.

Bitcoin Collaboration Agreement means the bitcoin collaboration agreement listed in Part IV of Schedule 13.

Bitcoin Instrument means an exchange traded instrument which tracks price movements of Bitcoin.

Brand and IP Licence means the brand licence and licence of intellectual property in the approved terms to be entered into between (1) the Company and (2) the Seller at Completion.

Business means the European exchange traded commodities business carried on by the members of the Target Group as at the date of this Agreement.

Business Day means any day other than a Saturday, Sunday or English, Jersey, the State of Delaware or New York bank or public holiday.

Buyer Group means the Buyer, any holding company of the Buyer and any subsidiary of the Buyer or such holding company (including, from Completion, every Target Group Company) from time to time and references to “**any member of the Buyer Group**” shall be construed accordingly.

Buyer Group Transitional Services Agreement means the transitional services agreement pursuant to which ETFS UK shall provide services to the Seller in the approved terms to be entered into between (1) the Seller and (2) ETFS UK at Completion.

Buyer's Estimate means a bona fide estimate of the amount to be claimed by the Buyer in respect of a Tax Escrow Claim or General Escrow Claim (as the case may be), as set out in the relevant Notice of Claim.

Buyer's Solicitors' Account means the Buyer's Solicitors' client account with Royal Bank of Scotland with the following details:

Account name:	Goodwin Procter (UK) USD-Client Acc
Account number:	XXXXXXXXXX
Sort code:	XXXXXXXXXX
IBAN:	XXXXXXXXXX
BIC:	XXXXXXXXXX

Buyer's Solicitors means Goodwin Procter (UK) LLP of 100 Cheapside, London EC2V 6DY.

Business Separation Agreements means the Retained Group Transitional Services Agreement, the Target Group Transitional Services Agreement, the Brand and IP Licence, the Retained Group IP Assignment and the SMART Software Licence.

Calculation Date means the relevant Anniversary upon which the Liquidity Threshold Amount is calculated.

CANVAS Business means the Seller's and the Retained Group's European exchange traded funds business.

CANVAS Business Services Agreements means the following agreements (which are in each case to be entered into in materially the form provided to the Buyer and attached to the email from Elise Jones to Gretchen Scott at 21:49 (London Time) on 8 November 2017):

- (a) Sub-Distribution Agreement between the Seller, ETFS UK and the CANVAS Buyer;
- (b) Distribution IP Purchase Agreement between the Seller and CANVAS Buyer;
- (c) Transitional Services Agreement between the Seller and CANVAS Buyer; and
- (d) Software Licence Deed between the Seller and CANVAS Buyer.

CANVAS Business Support Services means Schedule 2 of the Distribution IP Purchase Agreement between ETFSL and Canvas Buyer and paragraphs 1 and 2 of Schedule 2 to the Sub-Distribution Agreement between the Seller, ETFS UK and the Canvas Buyer.

CANVAS Buyer means the buyer of the CANVAS Business.

CANVAS Disposal means the disposal by the Seller and the Retained Group of the CANVAS Business.

Carve-Out Accounts means the ETF Securities European ETC Business Special Purpose Carve-Out Financial Statement prepared to report the historical financial performance of the Business for the financial years ended 31 December 2014 – 2016, comprising the (i) statement of profit or loss and other comprehensive income and (ii) notes, comprising a summary of significant accounting policies and other explanatory notes, a copy of which comprises Annexure 1.

Cash Consideration means the consideration of \$253,000,000 (two hundred and fifty three million dollars) in cash to be paid to the Seller as part of the Consideration.

Certificate of Designations means the Certificate of Designations of Series A Non-Voting Convertible Preferred Stock of WisdomTree substantially in approved terms.

CIF Law means Collective Investment Funds (Jersey) Law 1988.

Common Consideration Shares means those shares of Common Stock to be issued to the Seller pursuant to the terms of this Agreement.

Common Stock means WisdomTree's common stock, par value \$.01 per share.

Company means Electra Target Holdco Limited, details of which are set out in Part I of Schedule 1.

Completion means completion of the sale and purchase of the Shares under this Agreement.

Completion Accounts means the consolidated balance sheet of the Target Group (including the Company and all of its Subsidiaries (excluding the ETC Issuers)), to be prepared in accordance with and on the basis set out in Part III of Schedule 10.

Completion Date means the date on which Completion occurs.

Completion Payment means \$253,000,000 (two hundred and fifty-three million dollars) in cash, less the WI Premium and the Total Escrow Amount.

Completion Statement means a statement setting out the Completion Working Capital Amount and any Excess Amount or Shortfall Amount, in the form set out in Part III of Schedule 10.

Completion Working Capital Amount means the amount of the Working Capital as at the Completion Date as shown in the Completion Accounts and agreed, deemed agreed or determined (as the case may be) pursuant to clause 4.

Conditions means the conditions referred to in clause 5.1 and set out in Schedule 2.

Confidential Information means all information (whether oral or recorded in any medium) relating to the business, financial or other affairs (including future plans) of any Target Group Company, which is treated by that Target Group Company, or the Seller (as the case may be) as confidential, or is marked or is by its nature confidential, together with the contents of this Agreement (including all Schedules and Annexures).

Confidentiality Agreement means the mutual confidentiality agreement entered into between WisdomTree and the Seller dated 17 July 2017, a copy of which is contained in Annexure 6.

Consideration means the consideration for the sale of the Shares, comprising the Cash Consideration and the Consideration Shares.

Consideration Shares means those (i) 15,250,000 shares of Common Stock and those (ii) 14,750 shares of the Series A Preferred Stock to be issued to the Seller pursuant to the terms of this Agreement, in each case subject to adjustment for any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction occurring after the date of this Agreement and before Completion.

Contracts means all contracts, agreements and licences which have been entered into or undertaken by or on behalf of the Company or any other Target Group Company other than contracts of employment.

Conversion Shares means those shares of Common Stock underlying the Series A Preferred Stock which the Series A Preferred Stock is convertible into pursuant to the Certificate of Designations.

Current Products means the European exchange traded commodity products issued by the ETC Issuers as at the date of this Agreement.

Data Room means the Merrill Datasite "Jem – Eagle" data room as at 20:18 p.m. (London time) on 11 November 2017.

Deal Bonus and Retention Payments means the deal bonus payments and retention payments to be paid to certain employees of ETFs UK and the Seller in June 2018 or such other date as may be agreed in writing between the parties from time to time (save that where the recipients become Redundant Employees, the Seller reserves the right to make or require ETFs UK to make any such payments on or around the termination of their employment by reason of redundancy), such payments to be in the approved terms and attached to an email from Adam Wyman to Becky Lawton at 00.58 a.m. (London time) on 13 November 2017 (or such other amounts as may be agreed between the parties in writing).

Debt Commitment Letter means (a) that certain commitment letter dated the date of this Agreement by and among Credit Suisse AG (“CS”), Credit Suisse Securities (USA) LLC (“CS Securities”), the other Commitment Parties from time to time party thereto and the Buyer (together with all exhibits, schedules, term sheets and attachments thereto), as the same may be amended, restated, amended and restated, supplemented or otherwise modified, in accordance with the terms thereof but subject to the requirements set forth in the proviso below; and (b) that certain fee letter dated the date of this Agreement by and among CS, CS Securities, the other Commitment Parties from time to time party thereto and the Buyer, as the same may be amended, restated, amended and restated, supplemented or otherwise modified, in accordance with the terms thereof but subject to the requirements set forth in the proviso below; provided that, without the written consent of the Seller, the Buyer shall not permit any amendment, supplement or modification to the Debt Commitment Letter that (i) directly reduces the aggregate amount of the Debt Financing if, after giving effect to such reduction, the amount of the Debt Financing, together with cash on hand, would be in an amount that is less than an amount sufficient to pay the Cash Consideration in immediately available funds to the Seller when the Cash Consideration becomes due and payable to the Seller in accordance with the terms of this Agreement and any other fees, expenses and other amounts related to the acquisition contemplated herein or the Debt Financing that become due and payable at Completion (collectively, the “**Financing Purposes**”), (ii) would reasonably be expected to materially and adversely affect the ability of the Buyer to enforce its rights against the other parties to the Debt Commitment Letter or any definitive agreements in respect to the Debt Financing, (iii) imposes new or additional conditions, or otherwise expands any of the conditions, to the initial funding of the Debt Financing, or (iv) would reasonably be expected to prevent, materially impede or materially delay the consummation of the transactions contemplated by this Agreement when required pursuant to the terms hereof; provided, however, that for the avoidance of doubt, without the consent of the Seller, the Buyer may amend, supplement, modify and/or replace the Debt Commitment Letter to (1) correct typographical errors or (2) provide for the assignment of a portion of the commitments or obligations under the Debt Commitment Letter to additional agents, arrangers, lenders, bookrunners, syndication agents or similar entities or reallocate commitments or assign or reassign titles or roles to, or between or among, any entities party thereto (including replacement of a lender).

Debt Financing means the debt financing contemplated by the Debt Commitment Letter.

Deed of Covenant means the deed of covenant in the approved terms to be entered into between (1) Graham Tuckwell and (2) the Buyer on Completion.

disclosed has the meaning given to it in clause 6.3.

Disclosed Documents means those documents listed in the schedule(s) to the Disclosure Letters, including the documents which were saved to the Data Room, copies of which have been provided to the Buyer in USB format on or prior to the date of this Agreement.

Disclosure Letter(s) means:

- (a) the Signing Disclosure Letter; and
 - (b) the Supplemental Disclosure Letter,
- and Disclosure Letter shall mean either one of them.

Divestment Loss means:

- (a) in respect of any Target Group business, (i) the EBITDA value of such business which is required to be divested (the **Target Divestment Business**) (such EBITDA value being established by reference to the Issuer Run Rate as at 31 August 2017 in the approved terms (the **Issuer Run Rate**)) multiplied by 15.23; less (ii) the total consideration paid to the Buyer by the purchaser of the Divestment Business; or
- (b) in respect of any Buyer Group business (the **Buyer Divestment Business**), an EBITDA value to be calculated on a basis materially consistent with the determination of the Target Divestment Business.

For the avoidance of doubt, where the Target Divestment Business or Buyer Divestment Business, as applicable, has a negative EBITDA by reference to the Issuer Run Rate as at 31 August 2017, the Buyer shall not receive any payment from the Seller in connection with the sale of such business pursuant to clause 16.15.5.

Due Amount means the amount (if any) determined as the full and final quantum of the liability of the Seller in respect of a Tax Escrow Claim or General Escrow Claim (as the case may be) which has been Finally Determined.

Employer Permitted Actions means any actions taken by the Seller after the date of this Agreement but prior to Completion in accordance with clauses 5.16 and 5.12 of this Agreement.

Employees means those employees shown in the schedule of employees annexed to the Signing Disclosure Letter (save where such individual is or becomes prior to the Completion Date a Transferred Employee, a Redundant Employee or a Retained Employee) and **Employee** shall mean any one of them.

Employment Legislation means any legislation applying in England and Wales affecting contractual or other relations between employers and their employees or workers (including but not limited to) any legislation (and any amendment, extension or re-enactment of such legislation) and any claim arising under European treaty provisions or directives enforceable against the Company or any member of the Retained Group by any Employee or worker.

Encumbrances means any mortgage, charge (whether fixed or floating), lien, option, pledge, assignment, trust arrangement or other security interest of any kind and any agreement whether conditional or otherwise, to create any of the foregoing.

Equity Warranties means the warranties set out in Schedule 4A.

Escrow Account means the interest bearing bank account to be established in accordance with the Escrow Agreement.

Escrow Agent means the third party escrow agent(s) to administer the Escrow Account in accordance with the Escrow Agreement.

Escrow Agreement means the agreement to be entered into between (1) the Buyer and (2) the Seller on Completion instructing and authorising the Escrow Agent to establish and operate the Escrow Account.

Escrow Schedule means the schedule relating to the Escrow Agreement as set out in Schedule 16.

ETC Issuers means each of the Subsidiaries marked as being an ETC Issuer in Part II of Schedule 1.

ETC Issuer Accounts means the report and audited financial statements of each of the ETC Issuers, prepared in accordance with the 1991 Law and the Code of Practice for Certified Funds issued by the JFSC for the year ended on the Accounts Date, copies of which comprise Annexure 4.

ETFS Holdings means ETFS Holdings (Jersey) Limited, details of which are set out in Part II of Schedule 1.

ETFS UK means ETF Securities (UK) Limited, details of which are set out in Part II of Schedule 1.

ETFS UK Accounts means the audited financial statements of ETFS UK, prepared in accordance with the 2006 Act for the year ended on the Accounts Date, a copy of which comprises Annexure 2.

European Bitcoin Authorisation means the authorisation which has, prior to the date of this Agreement, been applied for by the Target Group to issue (or sponsor the issue of), list, trade in or otherwise deal in and/or market Bitcoin Instruments on any market in Europe.

Excess Amount has the meaning given to it in clause 4.2.

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Existing Guarantee means the surety covenants entered into by the Seller and contained in clause 11 and Schedule 4 of the Lease.

FCA means the Financial Conduct Authority and any successor regulatory authority from time to time.

Finally Determined means a Tax Escrow Claim or General Escrow Claim (as the case may be) which has been (i) the subject of an order as to both liability and quantum made by a court or tribunal of competent jurisdiction or arbitration or relevant Tax Authority where no right of appeal lies or the parties are debarred from exercising such right (whether by passage of time or otherwise) or (ii) agreed in writing between the Buyer and the Seller as to quantum and liability.

Financing Information means (a) (i) the ETC Issuer Accounts, the ETFS UK Accounts, the ManJer Accounts and the Carve-Out Accounts and (ii) the IFRS Financial Statements if such fiscal year ends at least 90 days before Completion, and (b) (i) the Interim Accounts and (ii) unaudited consolidated financial position and related statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Target Group prepared in accordance with IFRS (in local currency) for the fiscal quarter ending 31 March 2018 if such fiscal quarter ends at least 45 days before Completion.

First General Escrow Release Amount means \$4,500,000 (four million, five hundred thousand dollars).

First General Escrow Release Date means the date falling 12 months after the Completion Date.

FS Law means Financial Services (Jersey) Law 1998.

FSMA means the Financial Services and Markets Act 2000.

Fundamental Warranties means the warranties set out in clause 7.

Fundamental Warranty Claim means any claim against the Seller pursuant to clause 7.

GAAP means generally accepted accounting principles of the United States of America, as in effect from time to time.

General Escrow Amount means \$10,000,000 (ten million dollars).

General Escrow Claim means any claim made by the Buyer or a member of the Buyer Group under this Agreement (i) to the extent that the Buyer Group is unable to recover an amount under the WI Policy in respect of such claim; or (ii) where the Buyer Group can recover an amount under the WI Policy but only in respect of the Due Amount owed by the Seller for such claim up to the amount of the WI Insurance Deductible, and subject in all cases to the provisions of Schedule 6.

General Escrow Release Date means the First General Escrow Release Date or the Second General Escrow Release Date (as the case may be).

Gold Royalty Agreement means the gold royalty agreement in the approved terms to be entered into between (1) WisdomTree Europe Holdings Limited, (2) the Buyer, and (3) the Seller on Completion as the same may be amended by agreement between the parties.

IFRS Financial Statements means the Target Group Companies' consolidated financial statements prepared in accordance with IFRS and audited by KPMG for the financial years ended 31 December 2015-2017, comprising the (i) consolidated statement of profit or loss and other comprehensive income, (ii) consolidated balance sheet, (iii) consolidated cash flow statement and (iv) notes to the financial statements.

Indemnified Claims means any actions, proceedings, investigations, litigations, costs (including any properly incurred reasonable costs relating to settlement), expenses (including properly incurred reasonable legal costs and expenses), claims, demands, liabilities, losses, damages or awards (including sums paid in settlement of the same).

Indemnity Claim means a claim against the Seller pursuant to clauses 11.1, 11.2 or 11.3.

Insurance Period means the period commencing on the date of this Agreement and ending on the date falling six months after the Completion Date.

Intellectual Property Rights means patents, trade marks, trade names, service marks, domain names, design rights, copyright, rights in databases and other intellectual property rights, in each case whether registered or unregistered and including applications for the grant of any such rights.

Interim Accounts means the unaudited interim financial report for each of the ETC Issuers for the six months to 30 June 2017, copies of which comprise Annexure 5.

Insurance Policies shall have the meaning ascribed to it in paragraph 5 of Part III of Schedule 5.

Investor Rights Agreement means the Investor Rights Agreement by and between WisdomTree, the Seller and the Existing Holders (as defined therein), to be dated as of the Completion Date, substantially in the approved terms.

IPR Agreements means the agreements pursuant to which any member of the Retained Group or Target Group grants rights to use the Intellectual Property Rights or pursuant to which any member of the Retained Group or Target Group is granted rights to use the Intellectual Property Rights.

IT Systems means the computer hardware, data processing systems, computer software, networks, infrastructure and other peripherals used in the Business at the date of this Agreement.

JCRA means the Jersey Competition Regulatory Authority.

JFSC means the Jersey Financial Services Commission.

Know-how means inventions, discoveries, improvements, processes, formulae, techniques, specifications, technical information, methods, tests, reports, component lists, manuals, instructions, drawings and information relating to customers and suppliers, in each case used by the Company or any other Target Group Company and relating to the Business.

Landlord means the person for the time being entitled to the immediate reversion to the Lease and including any superior landlord, mortgagee or other person whose consent is required to the Release.

Lease means the lease dated 15 March 2011 made between (1) Bank House Trustee No. 1 Limited and Bank House Trustee No. 2 Limited (as trustees of the Bank House Unit Trust), (2) ETFS UK and (3) the Seller and any documents supplemental or ancillary thereto.

Liability to Taxation has the meaning given to it in the Tax Schedule.

Liquidity Threshold Amount means the amount that is 125% of the Remaining Exposure Balance.

Long Stop Date means the date falling six calendar months after the date of this Agreement (if such date is not a Business Day, the Business Day immediately following such date) (or such later date as the parties may agree in writing).

Loss means all liabilities, losses, judgments, damages, payments, fines, penalties, costs and expenses (including properly incurred reasonable legal costs and expenses), together with any irrecoverable VAT thereon.

MAC Event means:

- (a) net outflows (being the sum of all redemptions less the sum of all creations, in each case in respect of all Current Products and New Products), at any time after the date of this Agreement and prior to Completion, of assets under management by the Target Group of 20% or more as compared to the aggregate assets under management by the Target Group as at the date of this Agreement;
- (b) the termination by any member of the Retained Group or the Target Group of any material contract, agreement or arrangement directly relating to or necessary for the Target Group to continue to issue any of the Current Products which in aggregate represent not less than 5% of the assets under management of all Current Products (a "**Key Contract**"), in circumstances where no replacement contract, agreement or arrangement relating to the same or substantially the same service or services as that Key Contract and on terms which are not materially more onerous than those of the Key Contract to the Target Group has been put in place within 15 Business Days of such termination and in any event prior to the Completion Date so as to enable the continued issuance of the relevant Current Product; or

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- (c) the failure to take any action by any member of the Retained Group or the Target Group which would otherwise be undertaken in the ordinary and usual course of business and consistent with the way in which the Business has been operated prior to the date of this Agreement, which results in (i) any member of the Target Group being unable to continue to issue any of the Current Products which in aggregate represent not less than 5% of the assets under management of all Current Products; or (ii) the revocation or withdrawal of an approval granted in respect of a Regulatory Condition, in each case where such failure to take any action has not been remedied to the reasonable satisfaction of the Buyer within 15 Business Days of the Seller's receipt of notice of such failure from the Buyer (but in any event prior to the Completion Date); or
- (d) any action by any member of the Retained Group or the Target Group which would not otherwise be undertaken in the ordinary and usual course of business and which is inconsistent with the way in which the Business has been operated prior to the date of this Agreement, which results in (i) any member of the Target Group being unable to continue to issue any of the Current Products which in aggregate represent not less than 5% of the assets under management of all Current Products; or (ii) the revocation or withdrawal of an approval granted in respect of a Regulatory Condition, in each case where such action has not been remedied to the reasonable satisfaction of the Buyer within 15 Business Days of the Seller's receipt of notice in respect of such action from the Buyer (but in any event prior to the Completion Date).

ManJer means ETFS Management Company (Jersey) Limited, details of which are set out in Part II of Schedule 1.

ManJer Accounts means the audited financial statements of ManJer, prepared in accordance with the 1991 Law and the Financial Services (Fund Services Business (Accounts, Audits and Reports)) (Jersey) Order 2007 for the year ended on the Accounts Date, a copy of which comprises Annexure 3.

Material Contracts means all Contracts which are material to the Business.

Measurement Time means immediately prior to Completion.

month means a calendar month.

New Products means any European exchange traded commodity products issued by the ETC Issuers which are not so issued as at the date of this Agreement.

New WGC Agreement shall have the meaning given to it in clause 5.17.

Notice of Claim means a notice of a General Escrow Claim, a Tax Escrow Claim, or a Shareholder Indemnity Claim, specifying (in reasonable detail) the nature of the claim and the Buyer's Estimate.

Population Office Licence means the licence from the States of Jersey Population Office permitting the Company to carry out an undertaking in Jersey;

Preferred Consideration Shares means those shares of Series A Preferred Stock to be issued to the Seller pursuant to the terms of this Agreement.

Previous GBH Agreements means those documents set out at folder 13 of the Data Room relating to the arrangements between the Seller, Graham Tuckwell, The World Gold Council, and Gold Bullion Holdings (Jersey) Limited in respect of the sale and purchase of the entire share capital of Gold Bullion Securities Limited (Jersey) on 18 July 2008.

Private Placement Warranties has the meaning given to it in clause 5.18.2.

Primary Contracts means each of those agreements listed in Part I of Schedule 13.

Pro-forma Completion Accounts means the pro-forma of the Completion Accounts in the form set out in Part I of Schedule 10.

Redundant Employees means the employees or former employees of ETFS UK whose employment was terminated prior to the date of this Agreement, or, subject to consultation, whose employment may be terminated, or who may be given notice of termination of their employment, by reason of redundancy between the date of this Agreement and the Completion Date, provided that no employee of ETFS UK as at the date of this Agreement shall be given notice of termination by reason of redundancy between the date of this Agreement and the Completion Date without the Buyer's prior written consent (such consent not to be unreasonably withheld or delayed).

Regulatory Capital Requirement means the capital that the regulators of each Company, or Subsidiary, requires each Company, or Subsidiary, as applicable, to hold in order to avoid triggering any requirements to notify the regulator about a reduction in regulatory capital as at the time of measurement, with such regulatory capital requirements for (i) ManJer (calculated on a consistent basis with the illustrative calculation as included in the Data Room at 6.1.3.4) and on a consistent basis with historically budgeted expenditure requirements, but only to the extent that such appended calculation is not inconsistent with the regulatory capital requirements in force at the time of measurement, in which case, the regulations in force as at the time of measurement shall be applied, and (ii) ETFS UK to be calculated in accordance with the regulations in force at the time of measurement.

Regulatory Conditions means those conditions set out in paragraph 1 of Schedule 2 and Regulatory Condition shall mean any one of them.

Release means such agreement, deed, waiver or other instrument to be entered into with the consent of the Landlord providing full and final release for the Retained Group from the provisions of the Existing Guarantee in a form satisfactory to the Seller (acting reasonably) including but not limited to any replacement guarantee or substitution or novation of the Existing Guarantee to a member of the Buyer Group.

Remaining Exposure Balance means an amount equal to the difference between the Tax Exposure Limit and the Tax Escrow Amount in each successive year from the Completion Date until the sixth Anniversary, as set out in row (4) of the Escrow Schedule.

Reorganisation Steps Paper means the restructuring steps paper relating to the Target Group prepared by BDO USA LLP dated 11 November 2017 in the approved terms.

Restricted Territory means the geographic area in which the Business currently lists or markets products (or has plans to do so) (including without limit Bitcoin Instruments), being Europe, Latin America or Asia (but excluding Australia).

Retained Employees means those employees to be retained by the Seller as listed in Schedule 14 of this Agreement, together with such other employees as agreed between the Buyer and the Seller from time to time and references to “**Retained Employee**” shall be construed accordingly.

Retained Group means the Seller, any holding company of the Seller and any subsidiary of the Seller or such holding company from time to time (and for those purposes such subsidiary undertakings shall include any entities in which such holding company or any subsidiary of such holding company holds 25% or more in nominal value of the share capital thereof) but excluding any Target Group Company following Completion and references to “**Retained Group member**” or “**any member of the Retained Group**” shall be construed accordingly.

Retained Group IP Assignment means the deed of assignment of intellectual property rights in the approved terms to be entered into between (1) the Seller and (2) the Company at Completion.

Retained Group Transitional Services Agreement means the transitional services agreement pursuant to which the Retained Group shall provide services to members of the Buyer Group in the approved terms to be entered into between (1) the Seller and (2) ETFS UK at Completion.

Sarbanes-Oxley Act means the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated thereunder.

SEC means the United States Securities and Exchange Commission or any successor thereto.

Second General Escrow Release Amount means the balance of the General Escrow Amount held at the Second General Escrow Release Date.

Second General Escrow Release Date means the date falling 36 months after the Completion Date.

Secondary Contracts means each of those contracts listed in Part II of Schedule 13.

Securities Act means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Seller's Solicitors means Travers Smith LLP of 10 Snow Hill, London EC1A 2AL.

Seller's Solicitors' Account means the Seller's Solicitors' client account with National Westminster Bank with the following details:

Account name:	TRIVERS SMITH LLP US\$ CLIENT ACCOUNT
Account number:	XXXXXXXXXX
IBAN:	XXXXXXXXXX
BIC:	XXXXXXXXXX

Seller Working Capital means the current assets of the Seller minus the current liabilities.

Series A Preferred Stock means WisdomTree's Series A Non-Voting Convertible Preferred Stock, par value \$.01 per share.

Shareholder Indemnity Claim means a claim by the Buyer against the Seller in respect of the indemnity in clause 11.1.

Shares means the entire issued share capital of the Company, comprising one ordinary share of no par value.

Shortfall Amount has the meaning given to it in clause 4.1.

Signing Disclosure Letter means the letter dated with the date of this Agreement from the Seller to the Buyer containing disclosures against the Warranties and the Tax Warranties.

SMART Software Licence means the software licence deed in the approved terms to be entered into between (1) the Company and (2) the Seller at Completion.

Subordinated Loan means the subordinated loan agreement between the Seller (as lender), ManJer (as borrower) and JFSC dated 22 December 2010.

Subsidiaries means the companies of which details are set out in Part II of Schedule 1.

Supplemental Disclosure Letter means the letter to be dated on or about the date of Completion from the Seller to the Buyer containing disclosures against the Warranties and the Tax Warranties only in respect of the period between the date of the Signing Disclosure Letter and the date of Completion, and the documents annexed thereto.

Target Group means the Company and the Subsidiaries and references to “**Target Group Company**” and to “**member of the Target Group**” shall be construed accordingly.

Target Group Reorganisation means the transfer by the relevant member of the Retained Group of the entire issued share capital of each of ETFS Holdings, ETFS UK and ManJer to the Company free from all Encumbrances as wholly owned subsidiaries of the Company in accordance with the Reorganisation Steps Paper.

Target Group Reorganisation Documents means together the documents listed in Schedule 8.

Target Working Capital means the aggregate of both (i) ManJer’s Regulatory Capital Requirement and (ii) ETFS UK Regulatory Capital Requirement.

Target Working Capital Amount means £1 *plus* all regulatory capital required to be maintained by the Target Group calculated as of the Completion Date.

Tax Claim shall have the meaning ascribed to it in Schedule 6.

Tax Escrow Amount means £17,820,000 (seventeen million, eight hundred and twenty thousand pounds sterling) to be held in the Escrow Account in accordance with Schedule 15.

Tax Escrow Claim means a claim against the Seller under the Taxation Indemnity.

Tax Escrow Release Date means the date falling 36 months after the Completion Date.

Tax Exposure Limit means the aggregate cap of £41,204,000 on the Seller’s liability under the Tax Indemnity which shall be reduced over a six year period on each Anniversary after the Completion Date by those amounts set out in row (2) in Schedule 16.

Tax Escrow Release Amount means any Tax Escrow Amount not subject to a Tax Claim remaining in the Escrow Account at the Escrow Release Date.

Taxation and Tax shall have the meaning attributed to “Taxation” in the Tax Schedule and the expression “for taxation purposes” shall also have the meaning attributed to it in the Tax Schedule.

Taxation Authority shall have the meaning ascribed to it in the Tax Schedule.

Taxation Indemnity means the tax covenant set out in clause 11.4.

Tax Schedule means Schedule 11.

Tax Warranties means the warranties set out in Part II of the Tax Schedule.

Total Escrow Amount means the aggregate amount of the General Escrow Amount plus the Tax Escrow Amount, which at the Completion Date shall be the aggregate of (i) \$10,000,000 and (ii) £17,820,000;

Transaction Documents means this Agreement and any other document referred to in this Agreement or required to be entered into pursuant to this Agreement including the Confidentiality Agreement.

Transferred Employees means those employees whose employment has transferred or will transfer from ETFS UK and GO ETF Solutions LLP to Legal & General Investment Management (Holdings) Limited by virtue of TUPE prior to the Completion Date.

Transferred Jersey Employees means the individual holding the position of Director—Financial Reporting & Compliance, ETF Securities Limited whose employment contract (together with any other employee employed by the Seller whose employment the Seller and the Buyer mutually agree in writing) will, subject to the Company obtaining the Population Office Licence, be novated from the Seller to the Company prior to the Completion Date.

TUPE means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended).

UK Regulated Entity means ETFS UK.

Warranties means the warranties set out in Schedule 5.

WI Insurance Deductible means the Retention, as defined in the WI Policy, equal to \$5,500,000 (five million, five hundred thousand dollars).

WI Policy means the warranty and indemnity insurance policy in the approved terms in connection with the risk assumed by the Buyer in buying the Shares and all restatements and extensions of it and all excess and related policies dated on the date of this Agreement.

WI Premium means an amount equal to \$1,120,000 (one million, one hundred and twenty thousand dollars).

WisdomTree SEC Filings means all reports, schedules, forms, statements and other documents, including but not limited to the Annual Reports on Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, required to be filed by WisdomTree with the SEC pursuant to the Exchange Act.

Working Capital means (i) the aggregate of asset account captions, less (ii) the aggregate of the liability account captions, classified as Working Capital in Part of Schedule 10.

1.2 Unless the context requires otherwise, words and expressions defined in or having a meaning provided by the 2006 Act at the date of this Agreement shall have the same meaning in this Agreement.

1.3 Unless the context requires otherwise, references in this Agreement to:

1.3.1 any of the masculine, feminine and neuter genders shall include other genders;

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- 1.3.2 the singular shall include the plural and vice versa;
- 1.3.3 a “**person**” shall include a reference to any natural person, body corporate, unincorporated association, partnership and trust;
- 1.3.4 any statute or statutory provision shall be deemed to include any instrument, order, regulation or direction made or issued under it and shall be construed so as to include a reference to the same as it may have been, or may from time to time be, amended, modified, consolidated, re-enacted or replaced except to the extent that any amendment or modification made after the date of this Agreement would increase any liability or impose any additional obligation upon the Seller under this Agreement;
- 1.3.5 any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than that of England, be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
- 1.3.6 any time or date shall be construed as a reference to the time or date prevailing in England;
- 1.3.7 “**dollars**” or “**\$**” denotes the lawful currency of the United States of America;
- 1.3.8 “**material**” or “**materially**” shall be construed as a reference to materiality in the context of the Business as a whole; and
- 1.3.9 a particular government or statutory authority shall include any entity which is a successor to that authority.
- 1.4 The headings in this Agreement are for convenience only and shall not affect its meaning. References to a “**clause**”, “**Schedule**” or “**paragraph**” are (unless otherwise stated) to a clause of and Schedule to this Agreement and to a paragraph of the relevant Schedule. The Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement.
- 1.5 A document expressed to be “**in the approved terms**” means a document, the terms of which have been approved by the parties and a copy of which has been identified as such and initialled by or on behalf of each party.
- 1.6 A document expressed to be an “**Annexure**” means a document a copy of which has been identified as such and initialled by or on behalf of each party.
- 1.7 In construing this Agreement, general words introduced by the word “**other**” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words followed by the word “**including**” shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.
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2. SALE OF SHARES

- 2.1** The Seller shall, as legal and beneficial owner, sell the Shares, free from all Encumbrances, and the Buyer shall buy the Shares on the terms and conditions of this Agreement.
- 2.2** The Buyer shall buy the Shares with effect from and including the Completion Date to the intent that as from that date all rights and advantages accruing to the Shares, including any dividends or distributions declared, made or paid on the Shares on or after that date shall belong to the Buyer.
- 2.3** The Buyer and the Seller shall not be obliged to complete the sale and purchase of any of the Shares unless the sale and purchase of all the Shares is completed simultaneously.
- 2.4** The Seller waives (or agrees to procure the waiver of) any rights or restrictions conferred on it which may exist in relation to the Shares under the articles of association or constitutional documents of the Company and each other member of the Target Group.

3. CONSIDERATION

- 3.1** The Consideration shall comprise:
- 3.1.1** the Cash Consideration, which shall be paid on Completion by the Buyer in accordance with paragraphs 1 and 2 of Part II of Schedule 4; and
- 3.1.2** the Consideration Shares, which shall be issued on Completion by WisdomTree to the Seller in accordance with Part III of Schedule 4.

4. ADJUSTMENT TO THE CONSIDERATION

- 4.1** If the Completion Working Capital Amount is less than the Target Working Capital Amount (the difference being the “**Shortfall Amount**”) then the Seller shall owe to the Buyer the Shortfall Amount (the Consideration being adjusted accordingly) and no later than 5 Business Days after (and excluding) the date on which the Completion Working Capital Amount is agreed or deemed agreed or determined, the Seller shall pay a cash amount equal to the Shortfall Amount to the Buyer.
- 4.2** If the Completion Working Capital Amount is greater than the Target Working Capital Amount (the difference being the “**Excess Amount**”), then the Buyer shall owe to the Seller the Excess Amount (the Consideration being adjusted accordingly) and no later than 5 Business Days after (and excluding) the date on which the Completion Working Capital Amount is agreed or deemed agreed or determined, the Buyer shall pay a cash amount equal to the Excess Amount to the Seller.
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- 4.3** If the Completion Working Capital Amount is the same as the Target Working Capital Amount, no payment shall be made by either the Seller or the Buyer.
- 4.4** As soon as practicable following Completion but in any event within 45 Business Days after the Completion Date, the Seller shall procure the preparation of drafts of the Completion Accounts and the Completion Statement calculating the Completion Working Capital Amount and any Shortfall Amount or Excess Amount on the basis of the requirements, accounting policies and accounting methods set out in Part III and Part IV of Schedule 10, and in substantially the same format as the Pro-forma Completion Accounts and Completion Statement.
- 4.5** When the draft Completion Accounts and Completion Statement have been prepared, the Seller shall forthwith deliver copies thereof, and the documentation requested by the Buyer in accordance with clause 4.8 (or where the release of such documentation requires compliance with a hold harmless, or similar requirement, the form of such hold harmless or similar requirement), to the Buyer. The Buyer and its accountants shall have a period of 90 Business Days from Completion (the “**Review Period**”) within which to review the draft Completion Accounts and Completion Statement and all of the documents requested by the Buyer in accordance with clause 4.8 and to satisfy itself that they have been duly prepared in accordance with this Agreement and that the value of the Completion Working Capital Amount and any Shortfall Amount or Excess Amount have been correctly calculated. The Buyer shall, before the expiry of the Review Period, either:
- 4.5.1** confirm in writing to the Seller that it agrees that the draft Completion Accounts and Completion Statement have been duly prepared and that the value of the Completion Working Capital Amount and any Shortfall Amount or Excess Amount have been correctly calculated; or
 - 4.5.2** give notice in writing to the Seller explaining, in reasonable detail, why it is unable so to confirm and setting out details of its proposed adjustments to the draft Completion Accounts and Completion Statement and, to the extent reasonably possible, to the value of the Completion Working Capital Amount and any Shortfall Amount or Excess Amount.
- 4.6** If the Buyer fails so to confirm or to give such notice in accordance with clause 4.5, the draft Completion Accounts and Completion Statement and the calculations therein of the Completion Working Capital Amount and any Shortfall Amount or Excess Amount shall, upon expiry of the Review Period, be deemed to have been finally accepted and agreed by the parties.
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- 4.7 If the Buyer serves a notice in accordance with clause 4.5.2:
- 4.7.1 the Buyer and the Seller shall endeavour to resolve all matters in dispute as soon as practicable. If they fail to resolve such matters within 25 Business Days of the date on which the Seller received such notice from the Buyer (or such longer period as the parties shall agree) (the “**Resolution Period**”), the Buyer or the Seller may refer any matter in dispute to an independent chartered accountant (the “**Independent Accountant**”) for a resolution. The identity of the Independent Accountant shall be agreed between the parties and he shall be appointed within 15 Business Days of the expiry of the Resolution Period (the “**Appointment Period**”). If the parties fail to make such appointment within the Appointment Period, the appointment shall be made by the President for the time being of the Institute of Chartered Accountants in England and Wales within 5 Business Days of the expiry of the Appointment Period, on the application of either the Buyer or the Seller. Such application shall specify that the appointee shall be experienced in matters in dispute between the parties and the Independent Accountant shall be instructed to determine the dispute in accordance with the provisions of this clause 4 and to make such determination as soon as practicable and in any event within 30 Business Days of his being instructed or such longer period as he shall, in his discretion, reasonably require. In making such determination, the Independent Accountant shall act as an expert and not as an arbitrator and his decision shall (in the absence of manifest error) be final and binding on the parties. The costs of the Independent Accountant shall be borne by the parties in such proportions as he may direct or, in the absence of any such direction, as to one half by the Buyer and as to the other half by the Seller; and
- 4.7.2 each party shall bear its own costs in connection with the resolution of the matters in dispute.
- 4.8 The Buyer and its accountants shall be entitled to examine the working papers relating to the draft Completion Accounts and Completion Statement for the purposes of their review under clause 4.5, subject to the Buyer complying with any hold harmless or similar requirements of the Seller’s external accountants in connection with the release of such working papers to the Buyer. The Buyer undertakes to the Seller to request any such working papers in connection with the draft Completion Accounts and Completion Statement. Subject thereto, the parties agree that they will promptly provide each other and their respective advisers with all information in their respective possession or control relating to the operations of the Target Group as may be relevant for the purposes of the Completion Accounts and Completion Statement, and with all co-operation and assistance as may reasonably be required to facilitate the production, review and agreement of the Completion Accounts and Completion Statement.
- 4.9 All cash sums payable under this clause 4 shall be paid by telegraphic transfer, in the case of sums payable to the Seller, to the Seller’s Solicitors’ Account and, in the case of sums payable to the Buyer to the Buyer’s Solicitors’ Account and the receipt in the Seller’s Solicitors’ Account or the Buyer’s Solicitors’ Account (as the case may be) of a payment pursuant to clauses 4.1 or 4.2 shall be an absolute discharge of the obligation of the Buyer or the Seller (as the case may be) to make such payment.
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5. COMPLETION

Conditions

- 5.1** Completion is conditional upon the satisfaction of, or the satisfaction subject only to Completion of, or waiver of each of the Conditions set out in Schedule 2; provided that, unless otherwise agreed by the Buyer, Completion shall not take place before the date falling four months and three Business Days after the date of the transaction contemplated by this Agreement being publicly announced.

Regulatory Conditions

- 5.2** The Buyer undertakes to the Seller that it shall use its reasonable endeavours to procure the satisfaction of the Regulatory and Anti-Trust Conditions as soon as reasonably practicable after the date of this Agreement in accordance with the provisions of this clause 5.2. In particular (but without limitation), the Buyer shall take such steps to satisfy those conditions and/or commitments or similar measures (whether financial or otherwise) which, in the reasonable opinion of the Buyer, do not have a material adverse effect on any member of the Buyer Group or the Target Group, and the Buyer shall take steps and agree to any conditions and/or commitments or similar measures (whether financial or otherwise) which are reasonable to obtain all consents or approvals of the FCA or the JFSC or any relevant Anti-Trust Authority in each case which are required in connection with or in order to satisfy the Regulatory and Anti-Trust Conditions (including for the avoidance of doubt at its own cost - including the payment of any merger control fees payable—preparing and submitting to the relevant Anti-Trust Authorities an application for merger clearance seeking confirmation that the Transaction will not be referred to a Phase II investigation), including that the Buyer shall for this purpose:
- 5.2.1** provide all information reasonably available to the Buyer which is requested or required by the FCA or the JFSC or any relevant Anti-Trust Authority;
 - 5.2.2** without limiting clause 5.2.4, promptly notify the Seller of any material communications with the FCA or the JFSC or any relevant Anti-Trust Authority relating to any such consent or approval, and so far as reasonably practicable, provide copies of or, in the case of non-written communications, details of, such material communications to the Seller;
 - 5.2.3** communicate with the FCA or the JFSC or any relevant Anti-Trust Authority regarding a material matter only after prior consultation with the Seller or its advisers (and taking into account any reasonable comments or requests of the Seller or their advisers);
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- 5.2.4** so far as reasonably practicable, provide the Seller (or its advisers) with a final draft of all material submissions, notifications, filings or other material communications to or with the FCA or the JFSC or any relevant Anti-Trust Authority at such time as will allow the Seller (or its advisers) a reasonable opportunity to provide comments and for the Buyer to consider any reasonable comments of the Seller (or its advisers) on such drafts prior to their submission and provide the Seller with copies of all such submissions, notifications, filings or other communications in the form submitted;
- 5.2.5** where permitted by the FCA or the JFSC or any relevant Anti-Trust Authority or any relevant Anti-Trust Authority, allow persons nominated by the Seller to attend and participate in all material meetings and, so far as reasonably practicable, conversations with the FCA or the JFSC or any relevant Anti-Trust Authority, and to make submissions at such meetings or conversations;
- 5.2.6** regularly review with the Seller (or its advisers) the progress of any material submissions, notifications or filings (including seeking to identify appropriate conditions and/or commitments or similar measures to address any concerns identified by the FCA or the JFSC or any relevant Anti-Trust Authority) and discuss with the Seller (or its advisers) the scope, timing and approach of any such conditions and/or commitments or similar measures with a view to obtaining consent or approval from the FCA or the JFSC at the earliest reasonable opportunity;
- 5.2.7** submit all appropriate submissions, notifications and filings, in consultation with the Seller (or its advisers) to the FCA or the JFSC or any relevant Anti-Trust Authority as soon as reasonably practicable and in any event submit the initial submissions in the approved terms to the FCA or the JFSC or any relevant Anti-Trust Authority respectively within 15 Business Days (or such other period as the parties may agree in writing) of the date of this Agreement;
- 5.2.8** without prejudice to remainder of this clause 5.2, in the event that the Buyer is the subject of an Initial Enforcement Order issued by the UK Competition and Markets Authority pursuant to section 72 of the UK Enterprise Act 2002 which would make the Target Group Reorganisation or the sale and purchase of the Shares pursuant to clause 2.1 of this Agreement illegal or unenforceable, the Buyer shall use reasonable endeavours to secure the removal or variation of, or derogations from, that Initial Enforcement Order in order to permit the sale and purchase of the Shares, including offering and/or agreeing to make any commitments or take any measures which are reasonable to obtain such removal, variation or derogation. The Seller agrees to comply with any requests reasonably made by the Buyer in connection with obtaining such removal, variation or derogation, including, for the avoidance of doubt, complying with the Seller's obligations pursuant to clause 5.5 of this Agreement.
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- 5.3** The Seller undertakes to the Buyer that it shall procure the consent of each principal person and key person of ManJer and the ETC Issuers on whose behalf an approval or notification of no objection is required from the JFSC under the Financial Services (Jersey) Law 1998 and / or the Collective Investment Funds (Jersey) Law 1988 to the making of the initial submission to the JFSC in the approved terms (where “principal person” and “key person” shall have the meaning given to such terms in the Financial Services (Jersey) Law 1998 and the Collective Investment Funds (Jersey) Law 1988, as the context requires).
- 5.4** If the initial submissions to be made to either of the FCA or the JFSC are not in a form which can properly be submitted to the FCA or the JFSC (as the case may be) at the date of this Agreement, the parties agree that:
- 5.4.1** they shall, from the date of this Agreement until the date which the relevant submissions are submitted to the FCA or the JFSC (as the case may be) (which shall be, for the avoidance of doubt, within 15 Business Days (or such other period as the parties may agree in writing) of the date of this Agreement), discuss the terms of the submissions in good faith and in order to agree the same; and
- 5.4.2** such submissions shall not be submitted to the FCA or the JFSC (as the case may be) without the prior written consent of each of the Buyer and the Seller (such consent not to be unreasonably withheld or delayed).
- 5.5** Without limiting clause 5.2 and subject to all legal and regulatory requirements the Seller agrees to respond promptly to the Buyer’s reasonable requests for information, and to use reasonable endeavours to procure that its relevant directors, officers and employees, and its relevant advisers are, so far as reasonably practicable, made available during normal business hours and upon reasonable notice for any meetings which are necessary with the Buyer, in connection with the matters referred to in clause 5.2.
- 5.6** The Buyer shall promptly give notice to the Seller of the satisfaction of each of the Regulatory and Anti-Trust Conditions, and in any event shall give such notice by 6.00 p.m. on the Business Day following the day on which the Buyer is informed that the relevant Regulatory or Anti-Trust Condition is satisfied.
- 5.7** For the avoidance of doubt, the Target Group Reorganisation shall not be completed unless and until the Regulatory Conditions have been satisfied.
- 5.8** Without prejudice to the accrued rights of any party, if any Condition is not satisfied or waived on or before the Long Stop Date, this Agreement (save for clauses 1 (Definitions and Interpretation), 12 (Confidentiality), 13 (Announcements), 14 (Costs), 18 (Applicable Law and Jurisdiction), 19 (General) and 20 (Notices)) shall cease to have effect (unless the parties shall agree otherwise in writing).
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Signing and position pending Completion

- 5.9** On signing of this Agreement, each party shall comply with its obligations set out in Schedule 3.
- 5.10** From the date of this Agreement until Completion and subject to all applicable legal and regulatory requirements (including without limitation all competition laws) and constraints, the Seller shall, and to the extent within its power to do so, shall procure that each member of the Target Group (where applicable) and the Retained Group (where applicable) shall, comply with the provisions of Schedule 9.
- 5.11** The provisions of clause 5.10 and Schedule 9 shall not prevent:
- 5.11.1** ETFS UK from entering into a deed of covenant in favour of the purchaser of the CANVAS Business under which ETFS UK will agree that it shall not (and shall procure that the ETFS UK group shall not) for a period of 12 months from completion of the CANVAS Disposal solicit or employ or engage (or endeavour to solicit, employ or engage) any of the 10 CANVAS Business employees who are transferring under the CANVAS Disposal. The definition of the ETFS UK group for these purposes shall include any holding company and any subsidiary undertakings of ETFS UK or any such holding company.
 - 5.11.2** the Seller or any other member of the Retained Group taking any action or doing any acts or things necessary to comply with their obligations in Schedule 4;
 - 5.11.3** the Seller or any other member of the Retained Group entering into any authorised participant agreement which does not contain any indemnities granted by any member of the Target Group;
 - 5.11.4** ManJer terminating any and all arrangements to provide services to ETF Securities (Australia) Pty Limited;
 - 5.11.5** any of the ETC Issuers taking any action which it is required to do under the terms of any trust instrument or agreement; or
 - 5.11.6** the Seller or any other member of the Retained Group performing their respective obligations in relation to the CANVAS Business Sales and Marketing Work Schedules, provided that at all times (and irrespective of the terms of the CANVAS Business Support Services):
 - (a) the Seller will ensure the rights and benefits granted to, and enjoyed by, the Buyer Group under the Business Separation Agreements and clause 16.11 are protected and not prejudiced by the performance of the CANVAS Business Support Services;
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- (b) any inconsistency between the CANVAS Business Support Services and the Business Separation Agreements and clause 16.11 is at the sole risk of the Seller and the Retained Group; and
 - (c) nothing in this clause 5.11.6 shall be construed as a waiver of any rights or remedies of the parties under the Business Separation Agreements,

and further provided that, without prejudice to clauses 5.11.6 (a) to (c), the Buyer shall not take any action to prevent the performance by the Retained Group of the CANVAS Business Support Services unless such performance is inconsistent with and/or gives rise to a breach of any of clauses 5.11.6 (a) to (c).

To the extent that any member of the Target Group is a party to any of the CANVAS Business Services Agreements, or is required to supply any goods or services in connection with the CANVAS Business Services Agreements, then the Seller shall immediately upon Completion terminate those agreements (or effect a variation of those agreements) in order to remove the member of the Target Group as a party and ensure the Target Group has no such responsibilities or obligations) with effect from the date of Completion.

5.12 The parties hereby acknowledge and agree that, notwithstanding the provisions of clause 5.10 and Schedule 9, between the date of this Agreement and the Completion Date the Seller shall be entitled to (and may permit or instruct ETFS UK to):

- 5.12.1** make and/or agree to make the 2017 Bonus Payments;
- 5.12.2** make and/or agree to make the Deal Bonus and Retention Payments, where such payments made to Employees are conditional on those Employees remaining employed by ETFS UK or any Target Group Company up to and including 30 June 2018 or such other date as may be agreed in writing between the parties;
- 5.12.3** terminate the employment of, or give notice to terminate the employment of, any of the Employees;
- 5.12.4** agree to make termination payments to any of the Employees in excess of their entitlement to statutory redundancy pay provided that such payments:
- 5.12.5** lapse for the respective Employee if they are not given notice of termination by reason of redundancy by 30 June 2018 or such other date as may be agreed in writing between the parties;

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- 5.12.6** are conditional on the Employees signing a settlement agreement waiving all claims against the Retained Group and the Target Group;
- 5.12.7** make such termination payments to any of the Redundant Employees, conditional on the Redundant Employees signing a settlement agreement waiving all claims against the Retained Group and the Target Group; and
- 5.12.8** transfer the employment of any Retained Employee from the Target Group to any member of the Retained Group on or before the Completion Date.
- 5.13** The Buyer and WisdomTree hereby undertakes and covenants with the Seller, from the date of this Agreement until Completion, to, and to cause their respective subsidiaries to use reasonable endeavours to:
- 5.13.1** maintain the Debt Commitment Letter in full force and effect for so long as the transactions contemplated by this Agreement are required to be consummated;
- 5.13.2** take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and consummate the Debt Financing on the terms and conditions described in the Debt Commitment Letter, including:
- 5.13.2.1** satisfy on a timely basis all of the conditions precedent to the consummation of the Debt Financing set out in the Debt Commitment Letter and such definitive agreements to be entered into pursuant thereto;
- 5.13.2.2** negotiate and enter into definitive agreements with respect to the Debt Financing on terms and conditions not materially less favourable to the Buyer than the terms and conditions (including the “flex” provisions) described in the Debt Commitment Letter (as may be amended or modified in accordance with the definition thereof);
- 5.13.1** to the extent requested by the Seller from time to time, keep the Seller reasonably informed on a current basis in reasonable detail of the status of its efforts to arrange the Debt Financing or any other Available Financing (as defined below);
- 5.13.2** in the event that all of the conditions precedent to the consummation of the Debt Financing set out in the Debt Commitment Letter have been satisfied (other than those conditions that by their nature are to be satisfied on Completion), consummate the Debt Financing at or prior to Completion and use their reasonable endeavours to cause the lenders and the other Persons providing such Debt Financing to provide the Debt Financing on or prior to the Completion Date; provided that in no event shall reasonable endeavours be deemed or construed to require the Buyer to, and the Buyer shall not be required to, initiate, prosecute or maintain any claim, action, suit, demand, grievance, arbitration or similar proceeding against any Person providing the Debt Financing;
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5.13.3 not permit any amendment, supplement or modification to the Debt Commitment Letter other than as permitted in accordance with the definition thereof; and

5.13.4 furnish to the Seller a copy of any amendment, modification, waiver or consent of or relating to the Debt Commitment Letter promptly upon execution thereof.

In the event any portion of the Debt Financing becomes unavailable on the terms and conditions (including any “flex” provisions) contemplated in the Debt Commitment Letter, and such portion is reasonably required for satisfaction of all the Financing Purposes, (A) the Buyer shall promptly notify the Seller and (B) the Buyer and WisdomTree shall use, and shall cause their respective subsidiaries to use, their reasonable endeavours to arrange to obtain alternative financing from alternative sources (the “**Alternative Financing**”), upon terms and conditions not materially less favourable to the Buyer and WisdomTree and their respective subsidiaries than the terms and conditions set forth in the Debt Commitment Letter, in an amount sufficient to replace any unavailable portion of the Debt Financing to consummate the transactions contemplated by this Agreement as promptly as reasonably practicable following the occurrence of such event. The Buyer shall promptly notify the Seller in writing if the Buyer or WisdomTree has actual knowledge of any material breach or material default (or any event or circumstance that, with or without notice, lapse of time or both, would reasonably be expected to give rise to any material breach or material default) by any party to the Debt Commitment Letter, of the receipt by the Buyer or WisdomTree of any written notice or other written communication from any financing source of the Debt Financing with respect to any actual material breach, material default, termination or repudiation by any party to the Debt Commitment Letter or if, for any reason, the Buyer or WisdomTree no longer believes in good faith that it will be able to obtain all or any portion of the Debt Financing contemplated by the Debt Commitment Letter. Upon entry into any Alternative Financing, any commitment letter and/or fee letter entered into in respect of such Alternative Financing shall constitute a Debt Commitment Letter for purposes of the definition thereof.

5.14 The Buyer and WisdomTree hereby undertake and covenant with the Seller, from the date of this Agreement until Completion, to, and to cause their respective subsidiaries to use reasonable endeavours to:

5.14.1 reserve and keep available at all times out of its authorized but unissued shares: (a) the Consideration Shares, and (b) Common Stock, solely for the purpose of providing for the conversion of the Preferred Consideration Shares, such number of shares of Common Stock as shall from time to time equal the number of shares sufficient to permit the conversion of the Preferred Consideration Shares in accordance with their terms;

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- 5.14.2 cause the Common Consideration Shares and the Conversion Shares to be approved for listing or trading on the Nasdaq Global Select Market or such other exchange or market where the Common Stock is trading or expected to trade as of the Completion Date; and
- 5.14.3 not amend the certificate of incorporation of WisdomTree in a manner that would be adverse to the rights of the Series A Preferred Stock as compared to the rights of the Common Stock.
- 5.15 From the date of this Agreement until Completion the Buyer shall disclose to the Seller in writing, as soon as reasonably practicable (and in any event within two Business Days) following the Buyer becoming aware of any fact, matter, event or circumstance which constitutes a breach of the Equity Warranties.
- Employment**
- 5.16 If the Buyer believes that there are more Employees than it will require post Completion, it will deliver to the Seller on or before 1 February 2018 (or such other date as may be agreed in writing between the parties) a list of those Employees it wishes to continue to employ post Completion (which shall be no fewer than 43 Employees). Provided such list contains no fewer than 43 Employees, the Seller shall procure that any Employees not on such list shall become Redundant Employees or Retained Employees on or before the Completion Date (and, for the avoidance of doubt, in such circumstances the Buyer shall not withhold consent to the same). In the event that on the Completion Date the number of Employees totals more than 43 (after excluding any Redundant Employees and any Retained Employees), which directly results in the relevant Target Group Company being required to terminate the employment of any such Employees by reason of redundancy prior to 30 June 2018 (or such other date as may be agreed in writing between the parties), the Seller shall reimburse the Buyer for any statutory redundancy pay incurred in reducing the number of Employees to 43 and, if such redundant Employees are not required to work their notice period, any payment in lieu of their contractual notice period and any redundancy payment provided for in accordance with clause 5.12.4. For the avoidance of doubt, provided the foregoing list provided by the Buyer to the Seller lists 43 Employees, nothing in this Agreement shall oblige the Buyer to accept more than 43 Employees in the Target Group immediately following Completion.
- Gold Royalty Agreement**
- 5.17 In the event that the new agreements between (a) the World Gold Council and a member of the Buyer Group and (b) the Seller or Graham Tuckwell and a member of the Buyer Group, in each case to replace the Previous GBH Arrangements as they apply to Gold Bullion Securities Limited (the “**New WGC Agreement**”) are not executed on or prior to Completion, then the Gold Royalty Agreement shall be entered into on Completion in accordance with the provisions of this Agreement.
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Termination

- 5.18** Upon:
- 5.18.1** the occurrence of a MAC Event before Completion; or
- 5.18.2** subject to clause 5.19, a breach of any of the Fundamental Warranties (except the Private Placement Warranties) if the Fundamental Warranties were repeated at any time before Completion by reference to the facts, matters, events and circumstances then existing and where any such breach has not been remedied to the reasonable satisfaction of the Buyer within 15 Business Days of the Seller's receipt of notice of such breach from the Buyer and in any event prior to the Completion Date, or, in the case of the warranties contained in clauses 7.1.9 through 7.1.19 (the "**Private Placement Warranties**"), if such Fundamental Warranties were repeated on the 10^h Business Day prior to Completion and on each subsequent Business Day until Completion,
- the Buyer shall be entitled to terminate this Agreement by giving written notice to the Seller (i) in the case of clause 5.18.1, within 10 Business Days of the Buyer becoming aware of such MAC Event; and (ii) in the case of clause 5.18.2, within 10 Business Days of the breach having not been remedied in accordance with clause 5.18.2, and in any case prior to the Completion Date, whereupon the provisions of this Agreement (save for clauses 1 (Definitions and Interpretation), 12 (Confidentiality), 13 (Announcements), 14 (Costs), 18 (Applicable Law and Jurisdiction), 19 (General) and 20 (Notices)) shall cease to have effect and (iii) in the case of the Private Placement Warranties, if the warranties given on each day were unable to be cured.
- 5.19** Reference in clause 5.18 to the Fundamental Warranties shall from the date of this Agreement until completion of the Target Group Reorganisation exclude reference to the Fundamental Warranties given in clause 7.3.
- 5.20** Upon a breach of the Equity Warranties contained in paragraphs 4 and 5 of Schedule 4A at any time until Completion, where any such breach has not been remedied to the reasonable satisfaction of the Seller within 30 Business Days of WisdomTree's receipt of written notice of such breach from the Seller and in any event prior to the Completion Date, the Seller shall be entitled to terminate this Agreement by giving written notice to Buyer and WisdomTree, prior to the Completion Date, whereupon the provisions of this Agreement (save for clauses 1 (Definitions and Interpretation), 12 (Confidentiality), 13 (Announcements), 14 (Costs), 18 (Applicable Law and Jurisdiction), 19 (General) and 20 (Notices)) shall cease to have effect.
- 5.21** From the date of this Agreement until Completion the Seller shall disclose to the Buyer in writing as soon as reasonably practicable (and in any event within two Business Days) following the Seller becoming aware of any fact, matter, event or circumstance which constitutes a breach of the Fundamental Warranties.
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Completion requirements

- 5.22** Completion shall take place at such location as the parties may agree as soon as reasonably practicable (and, in any event, within five Business Days) after the day on which the last of the Conditions has become satisfied or been waived (or on such later date as the parties may agree in writing) and in any event before the Long Stop Date.
- 5.23** On Completion, the parties shall each perform their respective obligations in relation to the sale and purchase of the Shares in accordance with and as set out in Schedule 4, and the parties acknowledge that the Escrow Agreement shall become effective on Completion.
- 5.24** The date on which Completion is required to take place in accordance with clause 5.22 is referred to in this Agreement as the **“scheduled Completion Date”** which expression shall include any later date set for Completion in accordance with clause 5.25.1.
- 5.25** Without prejudice to any other remedies or the accrued rights of any party, if either the Buyer or the Seller shall not have complied with all their obligations under clause 5.23, the other party shall be entitled, at its discretion:
- 5.25.1** to defer Completion to any subsequent Business Day falling not more than 20 Business Days after the scheduled Completion Date or any later date set for Completion in accordance with this clause (the period between the scheduled Completion Date and the deferred Completion Date being referred to in this Agreement as the **“Completion Deferral Period”**). In such event this clause 5.25 shall apply to Completion so deferred and, if the relevant party so elects, the Long Stop Date shall be extended by such number of days, not exceeding the number of days equal to the Completion Deferral Period, as the relevant party may determine;
 - 5.25.2** to waive the requirement to fulfil those obligations in whole or in part and following such waiver to complete the sale and purchase of the Shares;
 - 5.25.3** so far as practicable, to complete the sale and purchase of the Shares in accordance with Schedule 4; or
 - 5.25.4** to terminate this Agreement by notice to the other parties, whereupon the provisions of this Agreement (save for clauses 1 (Definitions and Interpretation), 12 (Confidentiality), 13 (Announcements), 14 (Costs), 18 (Applicable Law and Jurisdiction), 19 (General) and 20 (Notices)) shall cease to have effect.
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6. WARRANTIES

Seller's warranties

- 6.1** The Seller, upon the execution of this Agreement, warrants to the Buyer in the terms of the Fundamental Warranties the Warranties and the Tax Warranties.
- 6.2** The Fundamental Warranties, the Warranties and the Tax Warranties shall each be deemed to be repeated immediately before Completion by reference to the facts, matters and circumstances then existing.
- 6.3** Each Warranty and Tax Warranty is given subject only to matters disclosed in the Disclosure Letters and the Disclosed Documents. For this purpose, and all purposes under this Agreement, the expression "**disclosed**" means fairly disclosed in such a manner and in such detail as to enable the Buyer to make an informed and accurate assessment of the matter concerned.
- 6.4** The Fundamental Warranties, the Warranties and the Tax Warranties shall continue in full force and effect notwithstanding Completion.
- 6.5** Each Fundamental Warranty, Warranty and Tax Warranty shall be separate and independent and, save as expressly provided, shall not be limited by reference to any other Fundamental Warranty, Warranty or Tax Warranty.
- 6.6** Where any statement in the Warranties or the Tax Warranties is qualified by the expression "to the best of the knowledge, information and belief of the Seller" or "so far as the Seller is aware" or any similar expression, the Seller shall be deemed only to have knowledge of anything of which Graham Tuckwell, Frank Spiteri, Ian Lansdell, Martyn James, Joseph Roxburgh, Townsend Lansing, Tyler Woollard, Lucy Reynolds, Marco Boldini, Chris Foulds or Mark Week is actually aware, having made reasonable enquiries of Chloe Barlass in respect of the Warranties in Part XI of Schedule 5 only.
- 6.7** Any claim under the Warranties or the Tax Warranties shall be limited in accordance with Schedule 6 provided that none of the provisions in Schedule 6 shall apply in the case of any fraud, dishonesty or deliberate misstatement or concealment on the part of the Seller or any of its agents, officers or employees.
- 6.8** Each Warranty and Tax Warranty which is expressed to be given in relation to the Company shall also be deemed to be given in relation to each member of the Target Group as if it had been repeated with respect to each member of the Target Group naming such member in place of the Company throughout.
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Buyer's and Guarantor's warranties

- 6.9** The Buyer warrants to the Seller that it is a corporation validly existing under the laws of England and Wales and that it has full power and authority and has obtained all necessary consents to enter into and perform the obligations expressed to be assumed by it under the Transaction Documents, that the obligations expressed to be assumed by it hereunder are legal, valid and binding and enforceable against it in accordance with their terms and that the execution, delivery and performance by it of this Agreement and each such other agreement and arrangement will not:
- 6.9.1** result in a breach of, or constitute a default under, any agreement or arrangement to which it is a party or by which it is bound or under its constitutional documents; or
 - 6.9.2** result in a breach of any law or order, judgment or decree of any court, governmental agency or regulatory body to which it is a party or by which it is bound.
- 6.10** The Guarantor warrants to the Seller that it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware in the United States of America and that it has full power and authority and has obtained all necessary consents to enter into and perform the obligations expressed to be assumed by it under the Transaction Documents, the obligations expressed to be assumed by it hereunder are legal, valid and binding and enforceable against it in accordance with their terms and that the execution, delivery and performance by it of this Agreement and each such other agreement and arrangement will not:
- 6.10.1** result in a breach of, or constitute a default under, any agreement or arrangement to which it is a party or by which it is bound or under its constitutional documents; or
 - 6.10.2** result in a breach of any law or order, judgment or decree of any court, governmental agency or regulatory body to which it is a party or by which it is bound.
- 6.11** The Buyer warrants to the Seller that:
- 6.11.1** the Buyer has delivered to the Seller true, correct and complete copies, as at the date of this Agreement, of the Debt Commitment Letter (provided, however, that numerical fees and other commercially sensitive numbers or economic terms (including those contained in any "market flex" provisions) may have been redacted (none of which redacted provisions adversely affect the conditionality, enforceability, or availability of the Debt Financing)) and that, as of the date hereof, the respective commitments contained in the Debt Commitment Letter have not been withdrawn or rescinded in any respect;
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- 6.11.2** the obligations of the Persons providing the Debt Financing contemplated by the Debt Commitment Letter are not subject to any conditions precedent other than as set forth therein and, as of the date hereof, are (x) in full force and effect and (y) the legal, valid, binding and enforceable obligations of the Buyer and, to the actual knowledge of WisdomTree and the Buyer, each of the other parties thereto, subject in each case to bankruptcy, insolvency, reorganization and other Laws of general applicability relating to or affecting creditors' rights and to general equity principles; and
- 6.11.3** all commitment fees and other fees required to be paid under the Debt Commitment Letter prior to the date hereof have been paid in full.
- 6.12** The Buyer and WisdomTree expressly acknowledges that its ability to obtain financing is not a condition to its obligations under this Agreement.
- 6.13** The Buyer warrants to the Seller that, as at the date of this Agreement and subject to each of the terms and conditions set out herein, there is no fact, matter, event or circumstance which is reasonably likely to prevent:
- 6.13.1** it (or any member of the Buyer Group) from satisfying on a timely basis the conditions precedent to the consummation of the Debt Financing set out in the Debt Commitment Letter;
- 6.13.2** the net cash proceeds of the Debt Financing, together with the Buyer's cash on hand, from being in an amount sufficient for satisfaction of all the Financing Purposes; or
- 6.13.3** other than the approval of Nasdaq Global Select Market to list the Common Stock and the Common Stock underlying the Preferred Consideration Shares and assuming the accuracy of the warranties of Seller set forth in clause 6.13 hereof, WisdomTree allotting and issuing the Consideration Shares in accordance with the terms of this Agreement and the Investor Rights Agreement and the Certificate of Designations.
- 6.14** The Guarantor warrants to the Seller as at the date of this Agreement in the terms of the Equity Warranties. The Equity Warranties shall continue in full force and effect notwithstanding Completion.
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7. FUNDAMENTAL WARRANTIES

7.1 The Seller warrants to the Buyer that:

- 7.1.1** it is validly incorporated, in existence and duly registered under the laws of its jurisdiction, and each Target Group Company is validly incorporated, in existence in and duly registered under the laws of its jurisdiction of incorporation;
- 7.1.2** it has full power and authority and has obtained all necessary consents (other than to the extent relevant to the Conditions) to enter into and perform the obligations expressed to be assumed by it under this Agreement (and any other agreement or arrangement required to be entered into by it in connection with this Agreement);
- 7.1.3** the obligations expressed to be assumed by it hereunder are legal, valid and binding and enforceable against it in accordance with their terms;
- 7.1.4** the execution, delivery and performance by it of this Agreement and each such other agreement and arrangement will not:
- (a) result in a breach of, or constitute a default under, any agreement or arrangement to which it is a party or by which it is bound or under its constitutive documents; or
 - (b) result in a breach of any law or order, judgment or decree of any court, governmental agency or regulatory body to which it is a party or by which it is bound; and
- 7.1.5** it is not insolvent under the laws of its jurisdiction of incorporation, it is not unable to pay its debts as they fall due, is not liable to any arrangements (whether by court process or otherwise) under which its creditors (or any group of them) would receive less than the amounts due to them where any such insolvency, inability to pay its debts or arrangements would affect its ability to enter into or perform its obligations under this Agreement or any other agreement or arrangement required to be entered into by it in connection with this Agreement and, so far as the Seller is aware, no declaration, order or other proceeding has been sought, made or commenced in respect of it under the Bankruptcy (Désastre) (Jersey) Law 1990 or any other applicable law relating to bankruptcy;
- 7.1.6** the Shares are legally and beneficially owned by it and are free from all Encumbrances or interests in favour of or claims made by or which could be made by any other person and such Shares are fully paid and have been properly and validly allotted;
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- 7.1.7** the Shares represent the entire allotted and issued share capital of the Company, and no contract has been entered into which requires the Company to allot or issue any share or loan capital;
- 7.1.8** other than this Agreement, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, sale, transfer, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the allotment, issue, sale, transfer, redemption or repayment of any share in the capital of the Company (including an option or right of pre-emption or conversion);
- 7.1.9** the Seller understands that the Consideration Shares are “restricted securities” and have not been registered under the Securities Act or any applicable United States securities law and is acquiring the Consideration Shares as principal for its own account and not with a view to, or for distributing or reselling such Consideration Shares or any part thereof in violation of the Securities Act or any applicable United States state securities laws. Seller does not presently have any agreement, plan or understanding, directly or indirectly, with any person to distribute or effect any distribution of any of the Consideration Shares or the Conversion Shares, in each case, or any securities which are derivatives thereof to or through any person or entity; Seller is not a registered broker-dealer under Section 15 of the Exchange Act or an entity engaged in a business that would require it to be so registered as a broker-dealer;
- 7.1.10** at the time Seller was offered the Consideration Shares, it was, and at the date hereof it is, an “accredited investor” as defined in Rule 501(a) under the Securities Act;
- 7.1.11** the Seller is not receiving the Consideration Shares as a result of any advertisement, article, notice or other communication regarding the Consideration Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general advertisement;
- 7.1.12** the Seller, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Consideration Shares, and has so evaluated the merits and risks of such investment. Seller is able to bear the economic risk of an investment in the Consideration Shares and, at the present time, is able to afford a complete loss of such investment;
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- 7.1.13** the Seller acknowledges that it has had the opportunity to review the WisdomTree SEC Filings and has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of Buyer concerning the terms and conditions of the offering of the Consideration Shares and the merits and risks of investing in the Consideration Shares; (ii) access to information about WisdomTree and its Subsidiaries and their respective financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that WisdomTree possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Seller has sought such accounting, legal and tax advice as it has considered necessary to make an informed decision with respect to its acquisition of the Consideration Shares;
- 7.1.14** other than with respect to the transactions contemplated herein, since the time that Seller was first contacted by WisdomTree or the Buyer or any other person regarding the transactions contemplated hereby, neither Seller nor its Subsidiaries nor to the knowledge of the Seller any Affiliate of Seller has directly or indirectly, nor has any person acting on behalf of or pursuant to any understanding with Seller, effected or agreed to effect any purchases or sales of the securities of WisdomTree (including, without limitation, any short sales involving the WisdomTree's securities);
- 7.1.15** no person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon WisdomTree, the Buyer or the Company for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of Seller;
- 7.1.16** the Seller has independently evaluated the merits of its decision to acquire Consideration Shares pursuant to this Agreement. Seller understands that nothing in this Agreement or any other materials presented by or on behalf of WisdomTree to Seller in connection with the acquisition of the Consideration Shares constitutes legal, tax or investment advice. Seller has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its acquisition of the Consideration Shares;
- 7.1.17** the Seller understands that the Consideration Shares are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that WisdomTree is relying in part upon the truth and accuracy of, and Seller's compliance with, the representations, warranties, agreements, acknowledgements and understandings of Seller set forth herein in order to determine the availability of such exemptions and the eligibility of Seller to acquire the Consideration Shares;
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- 7.1.18** the Seller understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Consideration Shares or the fairness or suitability of the investment in the Consideration Shares nor have such authorities passed upon or endorsed the merits of the offering of the Consideration Shares;
- 7.1.19** the Seller's offices in which its investment decision with respect to the Consideration Shares was made are located at the address immediately following the Seller's name in the recitals to this Agreement; and
- 7.1.20** the warranties given by the Seller in clause 7.1.9 through 7.1.19 shall each be deemed to be repeated immediately before Completion by reference to the facts, matters and circumstances then existing.
- 7.2** The Seller warrants to the Buyer that, as at the date of this Agreement, the entire issued share capital of each Subsidiary is directly or indirectly legally and beneficially held by the Seller free from all Encumbrances and, as at the date of this Agreement, the entire issued share capital of each ETC Issuer is legally and beneficially held by ETFS Holdings.
- 7.3** On Completion and following completion of the Target Group Reorganisation, the Seller shall be deemed to warrant to the Buyer that:
- 7.3.1** the Company (i) has been validly incorporated, is in existence and duly registered under, the laws of Jersey; (ii) has not transacted in any respect (save for those actions carried out in accordance with the Reorganisation Steps Paper); and (iv) has no liabilities of any kind;
- 7.3.2** the Subsidiaries are the only subsidiary undertakings of the Company;
- 7.3.3** the entire issued share capital of each Subsidiary is directly or indirectly legally and beneficially held by the Company free from all Encumbrances, and the entire issued share capital of each ETC Issuer is legally and beneficially held by ETFS Holdings; and
- 7.3.4** with the exception of the Subsidiaries, the Company does not own (and has never agreed to own) any shares or debentures in the capital of any other company, nor does it exercise, or have the right to exercise significant influence or control over any other company or LLP.
- 7.4** The provisions of Schedule 6 shall apply to any claim under this clause 7 as set out therein.
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8. PROTECTION OF GOODWILL

- 8.1** Subject to clause 8.3, the Seller undertakes to the Buyer that it will not, either alone or in conjunction with or on behalf of any other person, directly or indirectly, at any time during the period of 24 calendar months from the Completion Date:
- 8.1.1** Issue, or sponsor the issue of, or serve as an investment manager for, any exchange traded products which are listed or actively marketed in the Restricted Territory;
 - 8.1.2** enter into, or endeavour to enter into, any agreement or arrangement relating to the development, issue or management of any Bitcoin Instrument that the Business has in development at the date of this Agreement or any products which would compete with such instrument (including any exchange traded instruments which track price movements of any other digital cryptocurrency) in the Restricted Territory; and
 - 8.1.3** hire, solicit or entice away, or endeavour to hire, solicit or entice away, in each case from any Target Group Company any person who is at the relevant time, or was in the 12 months prior to the date of this Agreement, an employee of any Target Group Company save that this clause 8.1.3 shall not apply to any employee employed by any Target Group Company in a non-managerial or purely administrative role or to any employee who has been made redundant or otherwise dismissed by any Target Group Company after the Completion Date.
- 8.2** The Seller undertakes to the Buyer that it will not, either alone or in conjunction with any other person, directly or indirectly, at any time, during the period of 24 months from the Completion Date, make any derogatory or critical statements or comments in relation to, or otherwise disparage (whether defamatory or otherwise) any member of the Buyer Group or any shareholder, investor, director, officer or employee of any Buyer Group Company.
- 8.3** Nothing contained in clause 8.1 shall prevent the Seller or any other member of the Retained Group from:
- 8.3.1** entering into, or endeavouring to enter into, any agreement or arrangement relating to the development, issue (or sponsoring the issue of) or management of any Bitcoin Instrument or any products which would compete with such Bitcoin Instrument (including any exchange traded instruments which track price movements of Bitcoin (or any derivative or variation thereof) or any other digital cryptocurrency):
 - (a) outside the Restricted Territory, including without limitation Australia (and for the avoidance of doubt, the Australian Bitcoin Authorisation shall not be deemed to breach clause 8.1 of this Agreement); or
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- (b) Asia:
- (i) from the date falling 12 months from the date of this Agreement in the event that the Target Group fails to secure European Bitcoin Authorisation prior to such date;
 - (ii) in the event that such European Bitcoin Authorisation is granted to the Target Group within 12 months of the date of this Agreement, of which event the Buyer shall notify the Seller as soon as reasonably practicable, from the date falling 12 months after the date of grant of such authorisation; or
 - (iii) in the event that the Buyer decides to abandon the application by the Target Group to secure a European Bitcoin Authorisation, of which event the Buyer shall notify the Seller as soon as reasonably practicable, from the date of such notification by the Buyer; or
- 8.3.2** being directly or directly interested in, or engaging in or carrying on any business of the type which is carried on by any member of the Retained Group in:
- (a) the United States of America; or
 - (b) Australia,
- in each case (i) including the issue of new products by any such businesses and (ii) as at the date of this Agreement and following the date of this Agreement provided that such business is not of the type referred to in clauses 8.1.1 or 8.1.2;
- 8.3.3** being directly or directly interested in, or engaging in or carrying on:
- (a) the CANVAS Business; or
 - (b) any business or ancillary services which is or are necessary as a function of the disposal by the Seller and the Retained Group of the CANVAS Business; or
- 8.3.4** performing their respective obligations in accordance with the terms of any of the CANVAS Business Services Agreements provided that at all times (and irrespective of the terms of the CANVAS Business Services Agreements):
- 8.3.4.1** the Seller will ensure the rights and benefits granted to, and enjoyed by, the Buyer Group under the Business Separation Agreements and clause 16.12 are protected and not prejudiced by the performance of the CANVAS Business Services Agreements;
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- 8.3.4.2** any inconsistency between the CANVAS Business Services Agreements and the Business Separation Agreements is at the sole risk of the Seller and the Retained Group; and
- 8.3.4.3** nothing in this clause 8.3.4 shall be construed as a waiver of any rights or remedies of the parties under the Business Separation Agreements, and further provided that, without prejudice to clauses 8.3.4.1 and 8.3.4.2), the Buyer shall not take any action to prevent the performance by the Retained Group of the CANVAS Business Services Agreements unless such performance gives rise to a breach of any of clauses 8.3.4.1 and 8.3.4.2; or
- 8.3.5** being the holder or beneficial owner of any class of securities in Ultimus Limited (company number: 10428499) (“**Ultimus**”) or any holding company or subsidiary of Ultimus from time to time, or Ultimus carrying on any business from time to time (provided that such business is not of the type referred to in clauses 8.1.1 or 8.1.1); or
- 8.3.6** being the holder or beneficial owner of any class of securities in any other company if such class of securities is listed, or dealt in, on an investment or securities exchange provided that it neither holds nor is beneficially interested in more than a total of 5% of the total voting rights in that company; or
- 8.3.7** placing or procuring the placing of any recruitment advertisement for employees and communicating with or recruiting, employing or otherwise contracting with any person (i) who independently responds to such an advertisement; and (ii) with whom the Seller (and any member of the Retained Group) did not have any direct contact in respect of such that response prior to it being given.
- 8.4** Each of the undertakings contained in clauses 8.1 and 8.2 is a separate undertaking by the Seller and shall be enforceable by the Buyer (on its own behalf and on behalf of each Buyer Group Company) separately and independently of its right to enforce any one or more of the other covenants contained in clause 8.1. The Seller agrees (having taken independent legal advice) that the undertakings contained in clause 8.1 are reasonable and necessary for the protection of the legitimate interests of the Buyer and of each member of the Buyer Group and that these restrictions do not work harshly on it. It is nevertheless agreed that, if any such undertaking shall be found to be void but would be valid if some part were deleted, then such undertaking shall apply with such deletions as may be necessary to make it valid and enforceable.
- 8.5** The consideration for the undertakings contained in clauses 8.1 and 8.2 forms part of the Consideration.
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8.6 For the purposes of clauses 8.1 and 8.2, “**directly or indirectly**” shall (without limiting the expression) mean the Seller or any member of the Retained Group acting either alone or jointly with or on behalf of any other person whether as principal, partner, manager, contractor, director, investor or otherwise.

9. TAX

The provisions of the Tax Schedule shall apply. In the event of a conflict between the provisions of this Agreement and the Tax Schedule, the provisions of the Tax Schedule shall prevail.

10. BUYER GUARANTEE

10.1 The Guarantor hereby unconditionally and irrevocably undertakes to the Seller as primary obligor and not merely as surety:

10.1.1 to procure that the Buyer duly performs and discharges all of its obligations (the“**Obligations**”) under this Agreement;

10.1.2 to guarantee the due and punctual payment of any and all sums payable (the“**Sums Payable**”) by the Buyer arising out of or in connection with this Agreement when the same shall become due and the Guarantor shall pay such sums within five Business Days of a demand; and

10.1.3 as a continuing obligation, to indemnify the Seller against, and to pay within five Business Days of a demand an amount equal to, any Loss which the Seller may incur at any time or from time to time in respect of or as a result of:

(a) any failure by the Buyer to perform and discharge any of the Obligations or to pay the Sums Payable; and

(b) any of the Obligations becoming invalid, illegal, void, voidable or unenforceable for any reason whatsoever,

provided that the aggregate maximum amount payable by the Guarantor under this Agreement shall not exceed the aggregate maximum amount payable by the Buyer under this Agreement, subject to any adjustments set out herein.

10.2 The obligations assumed by the Guarantor in clause 10.1 constitute a continuing security which shall not be capable of being determined by notice and subject always to the proviso in clause 10.1 shall remain in force until all of the Obligations have been fully performed and discharged and all the Sums Payable have been fully paid. Where any discharge (whether in respect of the Obligations or any security for those obligations) is made in whole or in part, or any arrangement is made on the faith of any payment, security or other disposition, which is avoided, or must be restored, on insolvency or liquidation, the liability of the Guarantor under this clause 10 shall continue as if the discharge or arrangement had not occurred.

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- 10.3** Neither the obligations of the Guarantor nor the rights and remedies of the Seller under clause 10.1 or otherwise conferred by law shall be discharged, prejudiced or impaired by reason of:
- 10.3.1** any amendment to this Agreement or any variation of any of the Obligations;
 - 10.3.2** any incapacity or lack of powers, authority or legal personality of, or dissolution or change in the members or status or constitution of, the Buyer, the Guarantor or any other person or the acquisition of all or part of the undertaking of the Buyer;
 - 10.3.3** any of the Obligations being or becoming invalid, illegal, void or unenforceable for any reason;
 - 10.3.4** any time or indulgence given or agreed to be given, or any composition or arrangement made or accepted in respect of any of the Obligations;
 - 10.3.5** any waiver or release of the Obligations;
 - 10.3.6** any postponement, discharge, reduction, non-provability or other similar circumstance affecting any of the Obligations and/or the Sums Payable resulting from:
 - (a) the making of any composition or arrangement by the Buyer with its creditors; or
 - (b) any insolvency, liquidation or dissolution proceedings; or
 - (c) any law, regulation or order.

10.4 The Seller may enforce the obligations of the Guarantor under clauses 10.1.1 to 10.1.3 without first taking any steps or proceedings against the Buyer in the event that the circumstances described in clause 10.3.2 or 10.3.6 apply.

11. INDEMNITIES

11.1 The Seller unconditionally and irrevocably agrees, as a continuing obligation, to indemnify the Buyer against, and to pay on demand an amount equal to, any Loss which the Buyer or any member of the Buyer Group may incur at any time or from time to time (whether by way of damages, settlement, costs or otherwise) arising from any actions, claims, demands and proceedings brought by or on behalf of any shareholder of the Seller as at the date of this Agreement against any member of the Buyer Group arising in connection with the transactions contemplated by this Agreement.

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- 11.2** The Seller shall indemnify and keep indemnified the Buyer and each member of the Buyer's Group from and against any Indemnified Claims arising out of or in connection with:
- 11.2.1** any act or omission of the Seller, any member of the Retained Group and/or ETFS UK in connection with the termination of the employment of the Redundant Employees and the employment of the Redundant Employees up to and including such termination including, but not limited to, those relating to redundancy (whether pursuant to statutory requirements or otherwise), breach of contract, wrongful dismissal, unfair dismissal and discrimination and in each case whether under UK or European legislation or otherwise; and
 - 11.2.2** any failure by the Seller, any member of the Retained Group and/or ETFS UK to comply with its obligations relating to the provision of information and/or consultation pursuant to TUPE and in relation to any act or omission of the Seller, any member of the Retained Group and/or ETFS UK in connection with the employment of the Transferred Employees by ETFS UK; and
 - 11.2.3** any failure by the Seller, any member of the Retained Group and/or ETFS UK to comply with its obligations relating to the novation of the employment contracts of the Transferred Jersey Employees and any act or omission of the Seller, any member of the Retained Group and/or ETFS UK in connection with the employment of the Transferred Jersey Employees by the Seller.
- 11.3** If any Retained Employee or Transferred Employee alleges or claims that their employment or engagement has transferred to or remains with any Target Group Company, such Target Group Company will be entitled to terminate the employment of such Retained Employee or Transferred Employee and the Seller will indemnify and keep indemnified the Buyer from and against any Indemnified Claims arising out of the employment of such Retained Employee or Transferred Employee and the termination of their employment or engagement by the Buyer, provided that prior to terminating the employment of such Retained Employee or Transferred Employee the Buyer shall first notify the Seller within 7 days of becoming aware of the alleged employment with the Target Group and allow the Seller a period of 14 days (or such longer period as agreed in writing between the parties) in which to offer the Retained Employee or Transferred Employee re-employment or engagement with the Retained Group or to settle any claims.
- 11.4** The Seller unconditionally and irrevocably covenants to pay the Buyer and each member of the Buyer's Group within seven Business Days of demand an amount equal to:
- 11.4.1** any Liability to Taxation of a Target Group Company arising out of or in connection with any transactions, arrangements, contracts, agreements or similar made and carried out by any member of the Target Group prior to Completion not being made on arm's length terms or in accordance with relevant transfer pricing legislation or Taxation Authority published practice relating to
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- transfer pricing, including but not limited to any Liability to Taxation arising as a result of or in connection with any management charge (or part thereof) payable by ETFS Management Company Jersey Limited not being wholly or partly deductible for Jersey Tax purposes; and
- 11.4.2** any Liability to Taxation of a member of the Target Group as a result of, or in connection with diverted profits tax in the United Kingdom under Part 3 Corporation Tax Act 2015 where such Liability to Taxation arose in respect of Profits earned or accrued (or deemed to have been earned or accrued for Tax purposes) on or before Completion; and
- 11.4.3** any Tax Claim, (i) to the extent that the Buyer or a member of the Buyer Group is unable to recover an amount under the WI Policy in respect of such Tax Claim or (ii) where the Buyer Group can recover an amount under the WI Policy but only in respect of the Due Amount owed by the Seller for such claim up to the amount of the WI Insurance Deductible and subject in all cases to the provisions of Schedule 6; and
- 11.4.4** all reasonable costs and expenses (including legal costs but excluding recoverable VAT) reasonably and properly incurred by the Buyer, the Company or any member of the Buyer Group in connection with the Tax Indemnity set out in this clause 11.4 or in bringing any successful action in respect thereof;
- 11.5** The provisions of Schedule 6 shall apply to any Indemnity Claim and Tax Escrow Claim as set out therein.
- 11.6** The provisions of paragraphs 1 (Exclusions and Limitations), 4 (Third Party Claims), 5 (Over-provisions and Savings), and 6 (Conduct of Claims) of Part IV of the Tax Schedule shall apply to a Tax Escrow Claim as if specifically referred to therein.
- 12. CONFIDENTIALITY**
- 12.1** The Seller undertakes to the Buyer that, with effect from Completion, it will in all respects keep confidential and will not at any time disclose or make known in any other way to anyone whomsoever or use for its own or any other person's benefit or to the detriment of any Target Group Company any Confidential Information, provided that the Seller shall be entitled at any time to disclose to its officers, employees, agents or advisers (and the officers, employees, agents or advisers of each member of the Retained Group), on a confidential basis, such information as may be necessary to enable them to carry out their duties in the ordinary course and/or in connection with this Agreement.
- 12.2** Each party undertakes to the other to keep confidential in all respects and not disclose in any way to anyone whomsoever or use for its own or any other person's benefit or to the detriment of either party (as the case may be) all information received or obtained as a result of entering into or performing this Agreement which relates to:
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- 12.2.1** the provisions, or subject matter, of this Agreement or any other Transaction Document;
 - 12.2.2** the negotiations relating to this Agreement and the other Transaction Documents;
 - 12.2.3** in the case of the Buyer only, the Seller (other than in relation to the Business), and the businesses carried on by, and the affairs of, the Seller and any other member of the Retained Group; and
 - 12.2.4** in the case of the Seller, the Buyer Group and the businesses carried on by, and the affairs of, the Buyer Group.
- 12.3** Each party may disclose Confidential Information or other information which is otherwise to be treated as confidential under this clause 12 if and to the extent:
- 12.3.1** that the information becomes generally known (other than through a breach by any party of this clause 12) including, for the avoidance of doubt, any information contained in any announcement made pursuant to clause 13;
 - 12.3.2** required by law or by any competent judicial, tax or regulatory authority or by any investment or securities exchange in each case where such party is obliged to comply with such requirements;
 - 12.3.3** in the case of the Buyer, the information is disclosed to any provider of arms-length funding (in whole or in part) for any of the transactions contemplated by this Agreement and/or the refinancing of any such funding, or any provider of warranty and indemnity insurance in connection with this Agreement, subject to the party to whom the information is disclosed entering into a confidentiality undertaking in a form reasonably satisfactory to the Seller prior to any such information being so disclosed or, in the case of any provider of Debt Financing, in compliance with the requirements of Section 12(g) of the Debt Commitment Letter (as in effect on date hereof and provided that the Buyer shall obtain the consent of the Seller prior to agreeing to dissemination of information on terms that are not substantially the same as such applicable paragraph in the Debt Commitment Letter as in effect on date hereof (as is contemplated by the parenthetical in such clause (g)));
 - 12.3.4** in the case of the Buyer, the information is disclosed to any member of the Buyer's Group (or any of its or their respective officers, employees, agents or advisers) on a confidential basis;
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12.3.5 in the case of the Seller, the information is disclosed to any member of the Retained Group (or any of their respective officers, employees, agents or advisers) on a confidential basis; or

12.3.6 that the other party has given its prior written consent to the disclosure, such consent not to be unreasonably withheld or delayed.

13. ANNOUNCEMENTS

13.1 Subject to clause 13.2 or for the purposes of satisfying the Conditions in accordance with clause 5.2, the Seller shall not, without the consent of the Buyer, such consent not to be unreasonably withheld or delayed, issue any press release or publish any circular to shareholders or any other document or make any public statement or otherwise make any disclosure to any person who is not a party to this Agreement, before or after Completion, relating to any of the matters provided for or referred to in this Agreement or any ancillary matter.

13.2 The restriction in clause 13.1 shall not:

13.2.1 apply to any announcement, press release or other statement in the approved terms; or

13.2.2 prohibit any announcement or disclosure required by law or by any competent judicial or regulatory authority or by any investment or securities exchange.

14. COSTS

Save as otherwise expressly provided in this Agreement, each party shall pay its own costs and expenses incurred in connection with the preparation, negotiation and completion or termination of this Agreement.

15. SELLER UNDERTAKINGS

General

15.1 The Seller undertakes to the Buyer that:

15.1.1 during the Insurance Period it shall (at its own cost) maintain policies of insurance (i) on substantially the same terms and cost as the Insurance Policies and (ii) providing at least the same level of cover as that provided by the Insurance Policies in effect as at the date of this Agreement, in each case subject to the availability of the same in the insurance market and as the cost of such policies may be adjusted for inflation by reference to the retail price index;

15.1.2 during the period commencing on the date of this Agreement until immediately after Completion it shall at all times maintain sufficient cash in the Target Group in order to comply with (i) all regulatory capital requirements under Applicable Law (ii) any amount payable by the Target Group to the Seller or the Seller's Retained Group and (iii) to cover any residual net Working Capital liabilities of the Target Group; and

15.1.3 the Seller shall provide such customary assistance and cooperation as the Buyer or any other member of the Buyer Group may reasonably request to facilitate the filing of any tax elections of the Buyer Group, including US tax elections under Section 338 of the Internal Revenue Code of 1986, as amended, and Internal Revenue Service Form 8823.

Transfer of the Secondary Contracts

15.2 On or prior to Completion, the Seller shall assign or novate to the relevant Target Group Company, or procure the assignment or novation to the relevant Target Group Company of, all of the Secondary Contracts on substantially the same terms which are capable of assignment or novation without the consent of any third party. The Seller and the Buyer shall enter into such documentation as may be reasonably required to give effect to the same.

15.3 Insofar as any of the Secondary Contracts cannot be assigned or novated to the relevant Target Group Company by Completion, to the extent permissible under law or the terms of any relevant Secondary Contract:

15.3.1 the Seller shall use all reasonable endeavours with the co-operation of the Buyer to assign or novate such Secondary Contracts as soon as practicable after Completion;

15.3.2 unless and until all such Secondary Contracts have been novated or assigned with all necessary third party consents, approvals or waivers, the Seller shall hold such Secondary Contracts (and all monies received thereunder) on trust for the relevant Target Group Company and promptly pay to the relevant Target Company all monies received in respect thereof, and the relevant Target Group Company shall perform all the obligations of the Seller under such Secondary Contracts and comply with the terms of such Secondary Contracts;

15.3.3 neither party shall knowingly do anything that causes a counterparty to any Secondary Contract to terminate or revoke such Secondary Contract or refuse any proposed assignment or novation of an Secondary Contract; and

15.3.4 from the date of Completion until such time as an assignment or novation is effective, the Buyer shall indemnify and keep indemnified the Seller against any and all reasonably and properly incurred costs or expenses (including legal costs and expenses), liabilities, actions, proceedings, claims and demands (including sums paid in settlement of any of the same) and losses awarded against or incurred or suffered by the Seller (or the Retained Group) arising from any breach of the terms of an Secondary Contract by the Buyer or relevant Target Group Company occurring after Completion.

15.4 Insofar as any of the Secondary Contracts cannot be assigned or novated to the relevant Target Group Company on terms reasonably satisfactory to the parties within 6 months following Completion (or such longer period as the parties may agree), the Buyer and the Seller shall negotiate in good faith and use all commercially reasonable endeavours to resolve such matters and to compensate the Buyer for any increased costs in obtaining alternative arrangements or any loss incurred by the Buyer in the resulting closure of the relevant product(s).

16. POST-COMPLETION ARRANGEMENTS

WI Policy

16.1 The Seller is obligated to pay the WI Premium, such obligation to be satisfied through a reduction of the Cash Consideration upon payment by the Seller of the Completion Payment. Within 3 Business Days of Completion, the Buyer undertakes to provide evidence to the Seller (to the Seller's reasonable satisfaction) of (i) payment of the WI Premium due under the WI Policy and (ii) implementation of the WI Policy.

Records

16.2 Following Completion, the Buyer shall so far as reasonably practicable, procure that all records, papers, documents and data (in whatever form they may exist) in its possession, custody or control, to the extent relating to the Retained Group and/or the CANVAS Business, and all rights in such records, papers, documents and data shall:

16.2.1 to the extent that such records, papers, documents and data do not also relate to the Business, be deemed to be the property of, and shall be held on trust for, the relevant member of the Retained Group and any such items shall be delivered or made available to the relevant member of the Retained Group as soon as reasonably practicable following written request by the Seller; and/or

16.2.2 to the extent that such records, papers, documents and data also relate to the Business, be preserved and the information in such records, papers, documents and data relating to the business or affairs of any member of the Retained Group shall be made available (at reasonable times and on reasonable notice) to the Seller or any of the officers, employees, agents or advisers of the Retained Group.

16.3 Following Completion, the Seller shall so far as reasonably practicable, procure that all records, papers, documents and data (in whatever form they may exist) in its possession, custody or control, or kept or made by or on its behalf, to the extent relating to the Business and all rights in such records, papers, documents and data shall:

16.3.1 to the extent that such records, papers, documents and data do not relate to any Seller or any other member of the Retained Group, be deemed to be the property of, and shall be held on trust for, the relevant member of the Target Group and any such items shall be delivered or made available to the relevant member of the Target Group as soon as reasonably practicable following written request by the Buyer; and/or

16.3.2 to the extent that such records, papers, documents and data also relate to any Seller or any other member of the Retained Group, be preserved and the information in such records, papers, documents and data relating to the business or affairs of any member of the Target Group shall be made available (at reasonable times and on reasonable notice) to the Buyer or any of its officers, employees, agents or advisers.

Seller's covenants

16.4 The Seller shall use reasonable endeavours to procure that any inter-company balances between the Target Group (on the one hand) and any other member of the Seller's Group (on the other hand) (the "**Inter-Company Balances**") are settled prior to the Completion Date. The Seller and the Buyer (as applicable) shall procure that any such Inter-Company Balances not settled by the Completion Date and which are taken account of in the Working Capital shall be settled by the relevant member of the Retained Group or the Target Group (as applicable) as soon as reasonably possible following Completion and in any event by no later than the date falling 10 Business Days after the date that the Completion Accounts are agreed, deemed agreed or otherwise determined in accordance with Schedule 10. Any Inter-Company Balances owed by the Target Group to any member of the Seller's Group which are not included in the Completion Working Capital shall be deemed to have been waived by the relevant member of the Retained Group with effect from the Completion Date, and any such member of the Retained Group shall have no right or claim in respect of any such Inter-Company Balance.

16.5 The Seller shall, following Completion, use reasonable endeavours to procure that Graham Tuckwell will provide the Buyer and the Buyer Group with such assistance as the Buyer reasonably requests, and he is reasonably able to provide, in relation to the Buyer or a member of the Buyer Group obtaining the European Bitcoin Authorisation.

Authorised participant agreements

16.6 The Buyer undertakes to the Seller that it will use all reasonable endeavours to obtain (at the Buyer's cost) the release, as soon as reasonably practicable and in any event by not later than the date falling 12 months after the Completion Date, of the Seller and/or any other relevant member of the Retained Group from the AP Obligations. Pending such release, the Buyer unconditionally and irrevocably agrees, as a continuing obligation, to indemnify the Seller for itself and as agent and trustee for and on behalf of each other relevant member of the

Retained Group against, and to pay on demand an amount equal to, any Loss which the Seller or any member of the Retained Group may incur at any time or from time to time in connection with any Indemnified Claims relating to the AP Obligations and which arises in respect of any fact, matter, event or circumstance occurring from Completion.

16.7 The Buyer:

16.7.1 undertakes and covenants with the Seller for itself and as agent and trustee for and on behalf of each other relevant member of the Retained Group to procure that from Completion each member of the Target Group complies with its obligations under any of the AP Agreements; and

16.7.2 unconditionally and irrevocably agrees, as a continuing obligation, to indemnify the Seller for itself and as agent and trustee for and on behalf of each other relevant member of the Retained Group against, and to pay on demand an amount equal to, any Loss which the Seller or any member of the Retained Group may incur at any time or from time to time in connection with (i) the failure of any member of the Target Group to comply from Completion with its obligations under any of the AP Agreements; and (ii) any breach of the AP Agreements by any member of the Target Group from Completion.

16.8 The Buyer agrees that in order to fulfil its obligations under clause 16.6, it will offer a guarantee, indemnity, letter of comfort or other relevant commercially reasonable and negotiated obligation (including, if required by the relevant counterparties to the AP Obligations, in a form which is substantially the same as the relevant AP Obligation) in place of any given by the Seller or relevant Retained Group member.

16.9 If any release referred to in clause 16.6 has not been obtained by the date falling 12 months after the Completion Date, the Seller shall be entitled, at its sole discretion, to terminate, or procure the termination of, the relevant AP Agreement or AP Agreements, or require the Buyer to terminate, or procure the termination of, the relevant AP Agreement or AP Agreements, provided that nothing in this clause 16.9 shall permit the Seller to take any action in respect of the termination of any AP Agreement which, in the reasonable opinion of the Buyer (acting in good faith), is materially prejudicial to the financial position, prospects or commercial interest of the business of the Buyer or any member of the Buyer Group. The Buyer shall indemnify the Seller for itself and as agent and trustee for and on behalf of each other member of the Retained Group against, and will pay on demand an amount equal to, any Loss which the Seller or any member of the Retained Group may incur at any time or from time to time in connection with or arising from any such termination.

16.10 Without prejudice to the Buyer's obligations pursuant to clauses 16.6 to 16.9, the Seller shall use reasonable endeavours to provide such assistance (and in the event that any document to which any Retained Group member is a party needs modifications, to use reasonable endeavours to effect such modifications) as the Buyer or any other member of the Buyer Group may reasonably request to facilitate the Buyer's entry into new authorised participant agreements or similar agreements as referred to in clause 16.6 on terms mutually acceptable between the Buyer and each relevant counterparty.

16.11 If the legal title to and/or the beneficial interest in and/or possession or control of any asset (other than employees) which is used in or relates to the Business remains vested in the Seller or any member of the Retained Group after Completion, the Seller or relevant member of the Retained Group (as applicable) shall be deemed to hold the asset (the “**Missing Asset(s)**”) in trust (to the extent that title to the Missing Asset(s) has not been transferred to the Buyer) and as bailee (to the extent that title to the Missing Asset(s) has been transferred to the Buyer but possession has not been so transferred) for the Buyer. The Seller shall, at the Buyer’s request, as soon as practicable and on terms that no consideration is provided by any person for such transfer procure that possession and control of the Missing Asset(s) is transferred to the Buyer (or its nominee) and execute or procure the execution of all such deeds or documents as may be necessary for the purpose of transferring (free of any Encumbrance) the relevant interest in the Missing Asset(s) to the Buyer or as it may direct.

Database

16.12 All personal data, including employee, client and customer data, and related data stored on the IT Systems from time to time, excluding data relating exclusively to the businesses of the Retained Group carried on in Australia and/or the United States of America (“**Retained Database**”), shall be and remain the property of the Company. All such data, excluding the Retained Database, is defined in this Agreement as the “**Database**”. Subject to the remainder of this clause the Seller shall not delete, alter, expunge or modify any part of the Database, other than in the ordinary course of business and in accordance with its usual practice in the 12 months prior to the date of this Agreement and the Seller shall not, and shall procure that no member of the Retained Group shall, make any copy of the Database (or part thereof). Seller is entitled to make a copy of any data in the Database that relates exclusively to the Canvas European exchange traded funds business (“**Retained Business Data Copy**”). Seller will own the Retained Business Data Copy and may use it for its own business purposes and for the purposes of (including provision of a copy in relation to) the Canvas Disposal. The Seller shall ensure that the Retained Database is extracted from the IT Systems, and ensure that the Retained Business Data Copy is created, prior to Completion. If Personal Data forming part of the Excluded Database and/or Retained Business Data Copy is transferred to a third party, Seller undertakes to procure that all applicable data protection law and regulation relating to the transfer are complied with.

Liquidity Threshold Amount

16.13 The Seller undertakes and covenants with the Buyer that, from Completion and on a continuous basis until the date falling 7 years after Completion Date (the “**Liquidity Period**”), the Seller Working Capital shall be equal to or exceed the Liquidity Threshold Amount.

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- 16.14** During the Liquidity Period, the Seller shall promptly provide (no later than 45 calendar days after the Calculation Date) the Buyer with copies of the following information and documents which may be requested by the Buyer:
- 16.14.1** a schedule, prepared quarterly (on a calendar-year-end basis) calculating the Liquidity Threshold Amount derived from the financial statements of the Seller prepared under IFRS;
 - 16.14.2** quarterly financial statements of the Seller prepared under IFRS; and
 - 16.14.3** any other documents and/or information as are reasonably requested by the Buyer in order to establish whether the Liquidity Threshold Amount continues to be maintained in accordance with the terms of this Agreement,
- provided always that the provisions of clause 12 shall apply to any such information and documents.

Divestment Loss Sharing

- 16.15** If:
- 16.15.1** at any time prior to Completion, the UK CMA publishes a notice commencing the initial period of a merger investigation pursuant to the Enterprise Act 2002 (as amended) (a “**Phase 1 Investigation**”) into the transaction contemplated by this Agreement (the “**Transaction**”), or the parties receive any other communication from the UK CMA indicating that the UK CMA is considering whether (or considers that) the Transaction will result or has resulted in the creation of a relevant merger situation (and a Phase 1 Investigation is subsequently commenced, before or after Completion); and
 - 16.15.2** in respect of that Phase 1 Investigation, the UK CMA indicates (whether before or after Completion) that it is or may be the case that the Transaction has resulted in or may be expected to result in a substantial lessening of competition within a market or markets in the UK and consequently that it believes it is under a duty to refer the Transaction for a Phase 2 investigation (a “**Phase 2 Referral**”) and/or that it is considering whether to accept undertakings in lieu of such Phase 2 Referral; and either
 - 16.15.3** the Buyer offers such undertakings in lieu of a Phase 2 Referral (such undertakings to be in a form reasonably determined by the Buyer to be necessary to avoid a Phase 2 Referral) and the UK CMA accepts those undertakings; or
 - 16.15.4** (subject to this Agreement not having earlier terminated) the Phase 1 Investigation has proceeded to a Phase 2 Referral, the Buyer offers such undertakings in lieu of a Phase 2 prohibition of the Transaction (such undertakings to be in a form reasonably determined by the Buyer to be necessary to avoid any such Phase 2 prohibition) and the UK CMA accepts those undertakings; then
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16.15.5 to the extent that the Buyer suffers a Divestment Loss arising from or in connection with the implementation of such undertakings, the Seller shall pay to the Buyer no later than 30 days from the Buyer's first written demand an amount which is equivalent to 50% of that Divestment Loss, provided that such sum shall not exceed \$50 million.

17. PROPERTY

17.1 From the date of this Agreement, the Seller shall make an application to the Landlord to request the Release and shall use all reasonable endeavours, at its own cost, to obtain the Release as soon as reasonably practicable prior to Completion and such that the Release shall be effective from Completion or as soon as reasonably practicable thereafter.

17.2 In order to obtain the Release:

17.2.1 the Buyer shall supply to the Seller such information, references and accounts properly required by the Landlord or any relevant other third party; and

17.2.2 the Seller shall (i) keep the Buyer regularly updated on all correspondence with the Landlord in relation to the application to obtain the Release and (ii) pay, and provide such undertakings to pay, the professional and other fees of the Landlord properly incurred in connection with the application for and completion of the Release.

17.3 The Buyer shall if required by the Landlord, in accordance with the terms of the Lease, provide or procure the giving of any guarantees or security required in order to obtain the Release.

18. APPLICABLE LAW AND JURISDICTION

18.1 This Agreement and the rights and obligations of the parties including all non-contractual obligations arising under or in connection with this Agreement shall be governed by and construed in accordance with the laws of England and Wales.

18.2 The parties irrevocably submit to the non-exclusive jurisdiction of the courts of England and Wales in respect of any claim, dispute or difference arising out of or in connection with this Agreement and/or any non-contractual obligation arising in connection with this Agreement.

18.3 Notwithstanding anything in this clause 18 to the contrary, the governing law set forth in any Transaction Document other than this Agreement shall be governed by and construed in accordance with the governing law provisions provided in any such Transaction Document.

19. GENERAL

Entire agreement

19.1 This Agreement (together with the other Transaction Documents) contains the entire agreement and understanding of the parties and supersedes all prior agreements, understandings or arrangements (both oral and written) relating to the subject matter of this Agreement and any such other document.

19.2 Each party acknowledges and agrees that:

19.2.1 it is not entering into this Agreement on the basis of, and is not relying and has not relied on, any statement or representation (whether negligent or innocent) or warranty or other provision (in any case whether oral, written, express or implied) made, given or agreed to by any person (whether a party to this Agreement or not) except those expressly repeated or referred to in this Agreement or the Signing Disclosure Letter and the only remedy or remedies available to the Buyer in respect of any misrepresentation or untrue statement made to it shall be a claim for breach of contract under this Agreement; and

19.2.2 this clause 19.2 shall not apply to any statement, representation or warranty made fraudulently or to any provision of this Agreement (including, for the avoidance of doubt, the Fundamental Warranties, the Warranties and the Tax Warranties) which was induced by fraud for which the remedies shall be all those available under the law governing this Agreement regardless of the other terms of this Agreement.

19.3 The parties acknowledge and agree that the express terms of this Agreement are in lieu of all warranties, conditions, terms, undertakings and obligations implied by statute, common law or otherwise all of which are hereby excluded to the fullest extent permitted by law.

19.4 This Agreement shall not be construed as creating any partnership or agency relationship between the parties.

Variations and waivers

19.5 No variation of this Agreement shall be effective unless made in writing signed by or on behalf of both parties and expressed to be such a variation.

19.6 No waiver by either party of any requirement of this Agreement, or of any remedy or right under this Agreement, shall have effect unless given in writing and signed by such party. No waiver of any particular breach of the provisions of this Agreement shall operate as a waiver of any repetition of such breach.

Assignment

- 19.7** Subject to clause 19.8, neither party shall be entitled to assign, transfer or create any trust in respect of the benefit or burden of any provision of this Agreement (or any of the documents referred to herein) without the prior written consent of the other party.
- 19.8** All or any of the Buyer's rights under this Agreement or any of the documents which are referred to herein and to which the Seller is a party may (notwithstanding any other provisions contained in this Agreement or such other documents) be assigned or transferred by the Buyer to any other member of the Buyer Group (or by any such member to or in favour of any other member of the Buyer Group) provided that:
- 19.8.1** if such assignee company leaves the Buyer Group such rights are assigned or transferred to, or made the subject of a trust in favour of, another member of the Buyer Group;
- 19.8.2** the liability of the Seller under this Agreement or any such documents shall not be increased as a result of any such assignment; and
- 19.8.1** all or any of the Buyer's rights under this Agreement or any of the documents which are referred to herein and to which the Seller is a party may (notwithstanding any other provisions contained in this Agreement or such other documents) be collaterally assigned to, or otherwise subject to an Encumbrance in favour of, any secured creditor of the Buyer for collateral security purposes.

Effect of Completion

- 19.9** The provisions of this Agreement, insofar as the same shall not have been fully performed at Completion, shall remain in full force and effect notwithstanding Completion.

Counterparts

- 19.10** This Agreement may be executed as two or more counterparts and execution by each of the parties of any one of such counterparts will constitute due execution of this Agreement.

Further assurance

- 19.11** Following Completion, each party shall, and shall use all reasonable endeavours to procure that any necessary third party shall, do and execute and perform all such further deeds, documents, assurances, acts and things as may reasonably be required to give effect to this Agreement.

Other remedies

- 19.12** The parties acknowledge and irrevocably agree that they will have no rights, remedies or powers provided by law or otherwise (including any rights of rescission or termination, save for those expressly provided for by this Agreement) for breach of any provision of this Agreement save for a right to claim damages for breach of contract, and each party hereby irrevocably waives any such other rights, remedies and powers.

Third party rights

19.13 No provisions of this Agreement which confer rights upon any third party shall be enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999 by any such third party.

Successors

19.14 This Agreement shall be binding on the Buyer's assigns and successors in title.

20. NOTICES

Form of notice

20.1 Any notice, consent, request, demand, approval or other communication to be given or made under or in connection with this Agreement (each a "**Notice**") for the purposes of this clause shall be in English, in writing and signed by or on behalf of the person giving it.

Method of service

20.2 Service of a Notice must be effected by one of the following methods:

20.2.1 by hand to the relevant address set out in clause 20.4 and shall be deemed served upon delivery if delivered during a Business Day, or at the start of the next Business Day if delivered at any other time; or

20.2.2 by prepaid first-class post to the relevant address set out in clause 20.4 and shall be deemed served at the start of the third Business Day after the date of posting; or

20.2.3 by overnight international courier to the relevant address set out in clause 20.4 and shall be deemed served at the start of the second Business Day after the date of posting.

20.3 In clause 20.2 "**during a Business Day**" means any time between 9.30 a.m. and 5.30 p.m. on a Business Day based on the local time where the recipient of the Notice is located. References to "**the start of [a] Business Day**" and "**the end of [a] Business Day**" shall be construed accordingly.

Address for service

20.4 Notices shall be addressed as follows:

20.4.1 Notices for the Buyer and the Buyer Guarantor shall be marked for the attention of:

Name: Peter Ziemba

Address: 245 Park Avenue, 35th Floor, New York, NY 10167, USA

20.4.2 Notices for the Seller shall be marked for the attention of:

Name: Graham Tuckwell

Address: Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW

Copies of Notices

20.5 Copies of all Notices sent to the Seller shall also be sent or given to Neal Watson of the Seller's Solicitors of 10 Snow Hill, London EC1A 2AL. Such copies shall be sent or given in accordance with one of the methods described in clause 20.2. Copies of such Notices shall not be deemed valid service and failure to communicate such copies shall not invalidate such Notice.

20.6 Copies of all Notices sent to the Buyer shall also be sent or given to Gemma Roberts of the Buyer's Solicitors of 100 Cheapside, London EC2V 6DY. Such copies shall be sent or given in accordance with one of the methods described in clause 20.2. Copies of such Notices shall not be deemed valid service and failure to communicate such copies shall not invalidate such Notice.

Change of details

20.7 A party may change its address for service provided that the new address is within the same country and that it gives the other party not less than 28 days' prior notice in accordance with this clause 20. Until the end of such notice period, service on either address shall remain effective.

Claims

20.8 The provisions of Schedule 6 shall apply to any claim under this Agreement as set out therein.

THIS AGREEMENT has been duly executed on the date first stated above.

SCHEDULE 1

THE COMPANY AND THE SUBSIDIARIES

Part I—The Company

Incorporated:	10 November 2017
Registered in Jersey under No.:	125128
Registered Office:	PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW
Issued Share Capital:	1 Ordinary Share of no par value held by ETF Securities Limited
Directors:	Graham Tuckwell Joseph Roxburgh
Auditors:	N/A
Charges:	N/A

Part II—The Subsidiaries

Name: ETFS Holdings (Jersey) Limited
Incorporated: 2 November 2010
Registered in Jersey under No.: 106817
Registered Office: Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Issued Share Capital: Seven ordinary shares of no par value held by ETF Securities Limited
Directors: Joseph Lindsay Roxburgh
Craig Andrew Stewart
Graham John Tuckwell
Secretary: Joseph Lindsay Roxburgh
Auditors: KPMG LLP
Accounting Reference Date: 30 June
Charges: N/A

Name:	ETF Securities (UK) Limited
Incorporated:	18 November 2010
Registered in England under No.:	07443535
Registered Office:	3 Lombard Street, London EC3V 9AA
Issued Share Capital:	100 ordinary shares of £1 held by ETF Securities (International) Limited
Directors:	Mark Keith Weeks Graham John Tuckwell Tyler James Woollard Martyn Paul James Caspar Bewick Wentworth Robson Francis Spiteri Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A

Name:	ETFS Management Company (Jersey) Limited
Incorporated:	16 November 2010
Registered in Jersey under No.:	106921
Registered Office:	Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Issued Share Capital:	250,000 ordinary shares of no par value held by ETF Securities Limited
Directors:	Hilary Patricia Jones Joseph Lindsay Roxburgh Craig Andrew Stewart Graham John Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A

Name:	Gold Bullion Securities Limited
Incorporated:	17 March 2004
Registered in Jersey under No.:	87322
Registered Office:	Po Box 83, Ordnance House, 31 Pier Road, St Helier Jersey JE4 8PW
Issued Share Capital:	100 ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher Jon Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham John Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

Name:	ETFS Metal Securities Limited
Incorporated:	22 February 2007
Registered in Jersey under No.:	95996
Registered Office:	Po Box 83, Ordnance House, 31 Pier Road, St Helier Jersey JE4 8PW
Issued Share Capital:	Two ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher John Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham John Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

Name:	ETFS Hedged Metal Securities Limited
Incorporated:	6 June 2011
Registered in Jersey under No.:	108311
Registered Office:	Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Issued Share Capital:	Two ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher John Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

Name:	ETFS Commodity Securities Limited
Incorporated:	16 August 2005
Registered in Jersey under No.:	90959
Registered Office:	PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Issued Share Capital:	Two ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher John Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham John Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

Name:	ETFS Hedged Commodity Securities Limited
Incorporated:	11 November 2011
Registered in Jersey under No.:	109413
Registered Office:	Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Issued Share Capital:	Two ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher John Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham John Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

Name:	Swiss Commodity Securities Limited
Incorporated:	27 November 2012
Registered in Jersey under No.:	111924
Registered Office:	Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Issued Share Capital:	Two ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher John Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

Name:	ETFS Equity Securities Limited
Incorporated:	6 December 2012
Registered in Jersey under No.:	112019
Registered Office:	Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Issued Share Capital:	Two ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher John Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham John Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

Name:	ETFS Oil Securities Limited
Incorporated:	20 August 2004
Registered in Jersey under No.:	88371
Registered Office:	PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW
Issued Share Capital:	1,000 ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher John Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham John Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

Name:	ETFS Foreign Exchange Limited
Incorporated:	1 July 2009
Registered in Jersey under No.:	103518
Registered Office:	PO Box, 83 Ordnance House, 31 Pier Road, St Helier, Jersey JE 4 8PW
Issued Share Capital:	Two ordinary shares of no par value held by ETFS Holdings (Jersey) Limited
Directors:	Christopher John Michael Foulds Steven George Ross Joseph Lindsay Roxburgh Graham John Tuckwell
Secretary:	Joseph Lindsay Roxburgh
Auditors:	KPMG LLP
Accounting Reference Date:	31 December
Charges:	N/A
ETC Issuer:	Yes

SCHEDULE 2

THE CONDITIONS

1. REGULATORY APPROVALS

- 1.1** In respect of the Buyer, each parent undertaking of the Buyer and any other person who would, upon Completion, become a controller of the UK Regulated Entity, the FCA having notified in writing, and not withdrawn, any consent required in accordance with Part XII of FSMA in relation to the UK Regulated Entity as a result of the transactions contemplated by this Agreement, such consent being: (i) unconditional in all respects (save as to the period in which the change of control must occur); or (ii) subject to conditions (other than as to timing) which, in the reasonable opinion of the Buyer, do not have and are not likely to have a material adverse effect on any member of the Buyer Group or the Target Group (whether in terms of their actual or prospective financial or regulatory capital position or the manner in which they conduct their operations or in terms of the ownership of any member of the Buyer Group or the Target Group or otherwise).
- 1.2** For the purposes of paragraph 1.1, “**parent undertaking**” shall have the meaning given to it in section 1162 of the 2006 Act, “**controller**” shall have the meaning given to it in section 422 of FSMA and “**control**” shall be construed in accordance with the provisions of Part XII of FSMA.
- 1.3** In respect of (i) the Buyer, each parent undertaking of the Buyer and any other person who would, upon Completion, become a principal person of ManJer or the ETC Issuers and (ii) the Seller and each other principal person of ManJer and the ETC Issuers, the JFSC having given notice in writing, and not withdrawn, any consent or notification of no objection required in accordance with:
- 1.3.1** Articles 14(1) and 14(2) of the Financial Services (Jersey) Law 1998;
- 1.3.2** Articles 12B(1) and 12B(2) of the Collective Investment Funds (Jersey) Law 1988; and
- 1.3.3** the Control of Borrowing (Jersey) Order 1958 (with regard to the consents granted to Swiss Commodity Securities Limited),
- as a result of the transactions contemplated by this Agreement, such consent being: (i) unconditional in all respects (save as to the period in which the change of control must occur); or (ii) subject to conditions (other than as to timing) which, in the reasonable opinion of the Buyer, do not have and are not likely to have a material adverse effect on any member of the Buyer Group or the Target Group (whether in terms of their actual or prospective financial or regulatory capital position or the manner in which they conduct their operations or in terms of the ownership of any member of the Buyer Group or the Target Group or otherwise).
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- 1.4 For the purposes of paragraph 1.3, “**principal person**” shall have the meaning given to it in the Financial Services (Jersey) Law 1998 and the Collective Investment Funds (Jersey) Law 1988, as the context requires.
- 1.5 In respect of ManJer, the JFSC having issued, and not withdrawn, an amended registration certificate pursuant to article 9 of the Financial Services (Jersey) Law 1998, such registration certificate to provide that ManJer is authorised to conduct the following classes of fund services business: U—manager and Z – distributor.
- 1.6 The Central Bank of Ireland (the “**CBI**”) having given notice in writing that it does not object to the Seller or any person acting on behalf of the Seller becoming a qualifying shareholder in the Irish Regulated Entity, or the CBI’s assessment period in relation to the acquisition has ended and the CBI has not notified the Buyer that it opposes the acquisition, pursuant to Regulation 180 of the MIFID Regulations, as amended and as applied by Regulation 21 of the UCITS Regulations, as amended (the “**Irish Consent**”).
- 1.7 For the purposes of paragraph 1.6:
- 1.7.1 “**MIFID Regulations**” means Regulation 180 of the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007) as amended or replaced from time to time;
- 1.7.2 “**UCITS Regulations**” means Regulation 21 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011), as amended or replaced from time to time;
- 1.7.3 “**the Irish Regulated Entity**” means WisdomTree Management Limited;
- 1.7.4 “**a qualifying shareholder**” means a person who has or controls a qualifying holding; and
- 1.7.5 “**a qualifying holding**” means (i) a direct or indirect holding of shares or other interest in the Irish Regulated Entity which represents 10% or more of the capital of, or the voting rights in, the Irish Regulated Entity or (ii) a direct or indirect holding of shares or other interest in the Irish Regulated Entity which is less than 10% of the capital or the voting rights in the Irish Regulated Entity which in the opinion of the Central Bank of Ireland makes it possible to exercise significant influence over the management of the Irish Regulated Entity in which the holding subsists.

2. **TARGET GROUP REORGANISATION**

The completion of the Target Group Reorganisation in accordance with the Reorganisation Steps Paper.

3. **ANTI-TRUST CONDITION**

- 3.1 The Jersey Competition Regulatory Authority issuing a decision (which is not withdrawn, amended or lapsed) in writing to approve the transaction contemplated by this Agreement (“**Transaction**”) pursuant to Article 22 of the Competition (Jersey) Law 2005, such decision being either unconditional in all respects or subject to conditions or obligations satisfactory to the Buyer and the Seller (both acting reasonably).
- 3.2 The Buyer and/or Seller and/or each member of the Target Group not being the subject of an Initial Enforcement Order issued by the UK Competition and Markets Authority pursuant to section 72 of the UK Enterprise Act 2002 which would make the Target Group Reorganisation or the sale and purchase of the Shares pursuant to clause 2.1 of this Agreement illegal or unenforceable.

4. **EQUITY-RELATED CONDITIONS**

- 4.1 The Common Consideration Shares and the Conversion Shares having been listed on the Nasdaq Global Select Market subject to official notice of issuance.
- 4.2 No suspension of trading having been imposed by the Nasdaq Global Select Market with respect to public trading in the Common Stock.

5. **FINANCING COOPERATION CONDITION**

- 5.1 The Seller and each relevant member of the Target Group having materially complied with their obligations in paragraph 1.6 of Schedule 9 (the “**Obligations**”), provided that:
- 5.1.1 the Seller and each relevant member of the Target Group shall be deemed to have materially complied with the Obligations unless they have knowingly and willingly taken any action (or not taken any action) to cause a material breach, and that is a material breach, of the Obligations (a “**Material Breach**”); and
- 5.1.2 in the event that there is a Material Breach, then the Buyer shall promptly upon becoming aware thereof give notice to the Seller of the same (explaining in reasonable detail the nature of such Material Breach) and provided that the Material Breach is then remedied by the Seller and any relevant member of the Target Group as soon as is reasonably practicable after the receipt of the Buyer’s notice so that it will not cause the Buyer to be unable to drawdown the Debt Financing, then such Material Breach shall have no effect in determining whether this Condition is satisfied or not and shall be deemed not to have occurred.
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SCHEDULE 3

SIGNING OBLIGATIONS

Part I—Obligations of the Seller

1. DELIVERY OBLIGATIONS

The Seller shall deliver, or (if the Buyer shall so agree) make available to the Buyer:

- 1.1** certified copies of board resolutions of the Seller in the approved terms authorising the execution and performance by the Seller of its obligations under this Agreement and each of the documents to be executed by the Seller (as the case may be) pursuant to this Agreement;
- 1.2** certified copies of all incorporation documents of the Company, including the certificate of incorporation, memorandum and articles of association and the shareholders register (in each case to the extent not previously delivered);
- 1.3** the Signing Disclosure Letter, duly executed by the Seller; and
- 1.4** initialled copies of each of the documents in the approved terms.

Part II—Obligations of the Buyer

1. DELIVERY OBLIGATIONS

The Buyer shall deliver, or (if the Seller shall so agree) make available to the Seller:

- 1.1** certified copies of board resolutions of each of the Buyer and the Guarantor respectively authorising the execution and performance by the Buyer and the Guarantor of their obligations under this Agreement and each of the documents to be executed by the Buyer or the Guarantor (as the case may be) pursuant to this Agreement;
 - 1.2** the Signing Disclosure Letter, duly executed by the Buyer; and
 - 1.3** initialled copies of each of the documents in the approved terms.
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SCHEDULE 4

COMPLETION OBLIGATIONS

Part I—Obligations of the Seller

1. DELIVERY OBLIGATIONS

The Seller shall deliver, or (if the Buyer shall so agree) make available to the Buyer:

Target Group Reorganisation

- 1.1 certified copies of all documents entered into in connection with the Target Group Reorganisation, including capital contribution agreement(s), share transfer forms and an updated shareholders register for each company (to the extent not previously delivered and in the approved terms where applicable);
 - 1.2 duly executed documentation evidencing the novation of the Transferred Jersey Employees' contracts of employment;
 - 1.3 copies of all correspondence and documentation relating to the Seller's application to the States of Jersey Population Office in connection with the Population Office Licence;
- Share transfers, statutory books etc;**
- 1.4 a form of transfer of the Shares executed by the Seller in favour of the Buyer (or a person nominated by the Buyer) and the share certificates in respect of such Shares;
 - 1.5 the certificate of incorporation and all certificates of incorporation on change of name, the common seal, the statutory books and other record books of each Target Group Company;
 - 1.6 the share certificates in respect of all issued shares in the Subsidiaries;

Resignations

- 1.7 resignation letters in the approved terms executed as deeds by each of Graham Tuckwell and Joseph Roxburgh resigning from their role as directors of each Target Group Company;
- 1.8 resignation letter in the approved terms executed as a deed by Joseph Roxburgh resigning from his role as company secretary of each Target Group Company;

Other documents in the approved terms etc.

- 1.9 the Supplemental Disclosure Letter, duly executed by the Seller;
 - 1.10 the Deed of Covenant, duly executed by Graham Tuckwell;
 - 1.11 the Buyer Group Transitional Services Agreement, duly executed by the Seller and ETFS UK;
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- 1.12 the Brand and IP Licence, duly executed by the Company and the Seller;
 - 1.13 the SMART Software Licence duly executed by the Company and the Seller;
 - 1.14 the Retained Group IP Assignment duly executed by the Seller and the Company;
 - 1.15 the Retained Group Transitional Services Agreement, duly executed by the Seller and ETFS UK;
 - 1.16 the Escrow Agreement, duly executed by the Seller;
 - 1.17 in the event that a New WGC Agreement has not otherwise been entered into with effect from Completion, the Gold Royalty Agreement, duly executed by the Seller;

Payoff letters and release letters

- 1.18 The Seller shall procure that the Subordinated Loan is cancelled and no ongoing repayment obligations remain thereunder in respect of the Target Group;

Miscellaneous

- 1.19 the IFRS Financial Statements;
- 1.20 written evidence that ManJer has terminated any and all arrangements to provide services to ETF Securities (Australia) Pty Limited; and
- 1.21 the Investor Rights Agreement, duly executed by the Seller.

2. PROCUREMENT OBLIGATIONS

The Seller agrees with the Buyer to procure that at Completion:

Board resolutions

- 2.1 (with the co-operation of the Buyer) board resolutions, in the approved terms, of the Company and, as the case may be, each other Target Group Company are passed:
 - 2.1.1 sanctioning for registration the transfer to the Buyer in respect of the Shares and resolving to update the register of members of the Company to reflect the Buyer as the registered holder of the Shares and to execute and deliver a share certificate in respect of the Shares in the name of the Buyer on Completion; and
 - 2.1.2 appointing Gregory Barton and Peter Ziembra to be the directors of the Company and each other Target Group Company and accepting the resignations of the directors referred to above; and
 - 2.1.3 appointing Rawlinson & Hunter to be the company secretary of the Company and each other Target Group Company and accepting the resignation of Joseph Roxburgh as Company Secretary of the Company and each other Target Group Company.

Transfer of Primary Contracts

- 2.2 Each of the Primary Contracts, having been either (i) transferred, assigned and/or novated from the relevant member of the Retained Group to the relevant member of the Target Group, or (ii) negotiated with the relevant counter-parties and entered into by the relevant member of the Target Group on commercially agreed terms (as applicable).

Part II—Obligations of the Buyer

The Buyer shall:

1. arrange for the telegraphic transfers by CHAPS of the Completion Payment to the Seller's Solicitors' Account receipt of which shall discharge the Buyer from its obligation to pay such amount of the consideration to the Seller and, for the avoidance of doubt, the Buyer shall not be concerned with the onward payment of such consideration to the Seller or otherwise;
2. arrange for the telegraphic transfers by CHAPS of the Total Escrow Amount into the Escrow Account, which amount shall be maintained in accordance with the provisions of Schedule 16;
3. deliver to the Seller's Solicitors:
 - 3.1 the Supplemental Disclosure Letter, duly executed by the Buyer;
 - 3.2 the Brand and IP Licence, duly executed by the Seller;
 - 3.3 the Escrow Agreement, duly executed by the Buyer and the Escrow Agent; and
 - 3.4 in the event that a New WGC Agreement has not otherwise been entered into with effect from Completion, the Gold Royalty Agreement, duly executed by the Buyer and WisdomTree Europe Holdings Limited.

Part III - Obligations of WisdomTree

WisdomTree shall:

1. deliver to the Seller's Solicitors the Investor Rights Agreement, duly executed by WisdomTree;
2. deliver the Common Consideration Shares credited as fully paid in book-entry form to the Seller. Certificates evidencing the Common Consideration Shares shall bear any legend as required by the "blue sky" laws of any state and a restrictive legend in substantially the following form:

THESE SECURITIES ARE SUBJECT TO THE TERMS OF AN INVESTOR RIGHTS AGREEMENT DATED AS OF _____, 2018 BY AND BETWEEN THE COMPANY AND _____. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS TRANSFER AGENT;

3. file the Certificate of Designations with the Secretary of State of the State of Delaware;

4. issue the Preferred Consideration Shares credited as fully paid in certificated form to the Seller. Certificates evidencing the Preferred Consideration Shares shall bear any legend as required by the "blue sky" laws of any state and a restrictive legend in substantially the following form:

THESE SECURITIES ARE SUBJECT TO THE TERMS OF AN INVESTOR RIGHTS AGREEMENT DATED AS OF _____, 2018 BY AND BETWEEN THE COMPANY AND _____. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS TRANSFER AGENT.

SCHEDULE 5

WARRANTIES

Part I—Constitution

1. MEMORANDUM AND ARTICLES OF ASSOCIATION

The copy of the memorandum and articles of association of the Company annexed to the Signing Disclosure Letter is accurate and complete, have attached to them all resolutions and other documents required by law to be so attached and fully set out the rights and restrictions attaching to the shares in the Company.

2. REGISTER OF MEMBERS

The register of members of the Company contains an accurate and complete record of the current members of the Company and the Company has not received any notice or allegation that the register is incorrect or incomplete or should be rectified.

3. STATUTORY BOOKS

The statutory books of the Company are up to date, in its possession or control and the Company has not received any notice or allegation that any of them is incorrect or incomplete or should be rectified in any material respect.

4. REGISTER OF PEOPLE WITH SIGNIFICANT CONTROL

ETFS UK's PSC register contains an accurate and complete record of all registrable people with significant control over the ETFS UK (including, for the avoidance of doubt, all registrable relevant legal entities of the Company), or, to the extent that the Company's PSC register is incomplete, it contains an accurate and complete statement(s) to that effect in accordance with The Register of People with Significant Control Regulations 2016, and the company has not received any notice or allegation that the register is incorrect or incomplete or should be rectified.

5. FILINGS

All resolutions, annual returns and other documents required to be delivered to the Registrar of Companies or the JFSC Companies Registry or to any other governmental or regulatory body or to any local authority have been properly prepared and filed and a form C17S was filed with the JFSC prior to 30 June 2017 in respect of each member of the Target Group incorporated in Jersey. No such resolutions, annual returns or other documents have been so delivered or filed during the period of 14 days ending on the date of this Agreement.

6. COMPLIANCE

Due compliance has been made with all the provisions of the Companies Acts, and all other legal requirements, in connection with:

- 6.1 the formation of the Company;
- 6.2 any allotment, issue, purchase or redemption of shares, debentures or other securities in the Company;
- 6.3 any reduction of the share capital of the Company;
- 6.4 any amendment to the memorandum or articles of association, or other constitutional documents of the Company;
- 6.5 the passing of any resolutions by the Company;
- 6.6 the payment of any dividends by the Company; and
- 6.7 the keeping of all records by the Company.

7. INTRA VIRES

So far as the Seller is aware, the Company has not entered into any transaction ultra vires the Company or outside of the authority or powers of the directors of the Company and is not in breach of the provisions of its articles of association or constitution.

8. POWERS OF ATTORNEY

The Company has not given a power of attorney which is still outstanding or effective to enter into any contract or commitment or to do anything on its behalf (other than any authority to its directors, officers and employees to enter into routine trading contracts in the normal course of their duties).

Part II—Accounts

GENERAL

1.1 The ETFS UK Accounts:

1.1.1 show a true and fair view of the:

- (a) state of ETFS UK's affairs as at the Accounts Date; and
- (b) profit of ETFS UK for the year ended on the Accounts Date;

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- 1.1.2 have been properly prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board in force for the accounting period ended on the Accounts Date; and
 - 1.1.3 have been prepared in accordance with the requirements of the 2006 Act.
 - 1.2 The ManJer Accounts:
 - 1.2.1 give a true and fair view of the:
 - (a) state of ManJer's affairs as at the Accounts Date; and
 - (b) profit of ManJer for the year ended on the Accounts Date;
 - 1.2.2 have been properly prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board in force for the accounting period ended on the Accounts Date; and
 - 1.2.3 have been prepared in accordance with the requirements of the 1991 Law and the Financial Services (Fund Services Business (Accounts, Audits and Reports)) (Jersey) Order 2007.
 - 1.3 Each of the ETC Issuer Accounts:
 - 1.3.1 give a true and fair view of:
 - (a) the state of the relevant ETC Issuer's affairs as at the Accounts Date; and
 - (b) the relevant ETC Issuer's result for the year ended on the Accounts Date;
 - 1.3.2 have been properly prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board in force for the accounting period ended on the Accounts Date; and
 - 1.3.3 have been prepared in accordance with the requirements of the 1991 Law and (other than in respect of the ETC Issuer Accounts of Swiss Commodity Securities Limited) the Code of Practice for Certified Funds issued by the JFSC.
- 2. INTERIM ACCOUNTS**
- 2.1 The Interim Accounts give a true and fair view of:
 - 2.1.1 the state of affairs of the ETC Issuer to which they relate as at the date to which they have been prepared; and
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2.1.2 the relevant ETC Issuer's profit or loss for the period in respect of which they have been prepared.

3. CARVE-OUT ACCOUNTS

3.1 The Carve-Out Accounts, having regard for the purpose for which they were prepared and the assumptions made, show with reasonable accuracy the profit of the Target Group for the period to which the Carve-Out Accounts relate.

3.2 The assumptions and judgments used in the preparation of the financial statement of the Carve-Out Accounts are appropriate to achieve the carve-out of the Business of the Target Group from the business of the Retained Group.

4. BANK ACCOUNTS

Details of all bank accounts maintained or used by the Company are set out in the Data Room and the total amount borrowed by the Company from its bankers does not exceed its agreed overdraft facilities.

5. BUSINESS SINCE THE ACCOUNTS DATE

Since the Accounts Date:

5.1 there has been no material deterioration in the financial or trading position of the Company;

5.2 the Company has carried on its business in the ordinary and usual course and in the same manner (in all material respects) as in the 12 month preceding the Accounts Date;

5.3 the Company has not closed any products, changed published fee rates or put in place any rebates except as set out in the Data Room;

5.4 no distribution of capital or income has been declared, made or paid by the Company;

5.5 no resolution of the Company's shareholders has been passed (except for those representing the ordinary business of an annual general meeting);

5.6 the Company has not repaid or redeemed any share or loan capital;

5.7 the Company has not borrowed or raised any money or taken up any Financial Facilities or repaid any borrowing or indebtedness in advance of its stated maturity other than trade credit in the ordinary and usual course of business; and

5.8 no share or Loan capital has been allotted, issued repaid or redeemed or agreed to be allotted, issued, repaid or redeemed by the Company.

Part III—Assets

1. OWNERSHIP

- 1.1** All the assets necessary for the operation of the Business as currently carried on (and excluding any assets acquired or disposed of in the ordinary course of business) are legally and beneficially owned by the Company, free from Encumbrances.
- 1.2** As part of the Target Group Reorganisation, no assets or contracts will be transferred out of the Target Group and no liabilities, debts or guarantees will be transferred into the Target Group.
- 1.3** Save for those assets in respect of which:
- 1.3.1** the Company is granted the right to use; or
- 1.3.2** the Company grants a Retained Group member the right to use,
- under the terms of the Buyer Group Transitional Services Agreement or the Retained Group Transitional Services Agreement, the Company does not share the use of any assets or facilities with any person (including any Retained Group member) nor does the Company rely upon a Retained Group member to provide it with access to, or the use of, any assets or facilities in order to operate the Business.
- 1.4** Save for entering into the Buyer Group Transitional Services Agreement or the Retained Group Transitional Services Agreement:
- 1.4.1** no material assets or facilities will be required to be acquired;
- 1.4.2** no services will be required to be procured by the Company; and
- 1.4.3** no services will be required to be provided by the Retained Group,
- to enable the Company, on Completion, to carry on the Business in the manner in which it is carried on at the date of this Agreement independently from the business of the Retained Group.
- 1.5** The Company's fixed asset register is annexed to the Signing Disclosure Letter and, so far as the Seller is aware, sets out a materially accurate record of the equipment owned or used by it.
- 1.6** The Company has not acquired or agreed to acquire any asset on terms that the property in such asset does not pass to it until full payment is made.
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2. POSSESSION

2.1 All of the assets owned by the Company or in respect of which the Company has a right of use which are capable of possession are in the possession or under the control of the Company.

2.2 Where any assets are used but not owned by the Company or any facilities or services are provided to the Company by a third party, so far as the Seller is aware, no event of default has occurred or is subsisting which entitles any third party to terminate any agreement or licence in respect of the provision of such facilities or services.

3. HIRE PURCHASE AND LEASED ASSETS

Complete and accurate copies of any material bill of sale or any hiring or leasing agreement, hire purchase agreement, credit or conditional sale agreement, agreement for payment on deferred terms or any other similar agreement to which the Company is a party, of which the Seller is aware, are annexed to the Signing Disclosure Letter.

4. DEBTS

The Company has not factored, sold or discounted any of its debts.

5. INSURANCE

A list of all current insurance policies in respect of which the Company has an interest is annexed to the Signing Disclosure Letter ("**Insurance Policies**"). Such list is, so far as the Seller is aware, complete and accurate. In respect of each Insurance Policy:

5.1 it is, so far as the Seller is aware, valid and enforceable;

5.2 there is no outstanding premium due; and

5.3 no claim exceeding \$10,000 in any single case or in aggregate \$20,000 is outstanding under any of the Insurance Policies and, so far as the Seller is aware, there are no circumstances which will result in any such claim.

Part IV—Liabilities

1. FACILITIES

1.1 Complete and accurate details of all overdrafts, loans, notes, letters of credit, bank guarantees or other financial facilities (the "**Financial Facilities**") currently outstanding or available to the Company (other than trade indebtedness) are annexed to the Signing Disclosure Letter. So far as the Seller is aware, nothing has been done or omitted to be done whereby the continuance of the Financial Facilities in full force and effect might be prejudiced.

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- 1.1 As at Completion, no amounts will be outstanding under the Financial Facilities and all such Financial Facilities will have been settled in full.
 - 1.2 The Company is not exceeding any borrowing limit imposed on it by its bankers, other lenders, its articles or otherwise nor has the Company entered into any commitment or arrangement to do so.
 2. **GUARANTEES AND INDEMNITIES**

There is not outstanding any guarantee, indemnity, security, bond, letter of comfort or other similar obligation given by or for the benefit of the Company.
 3. **EVENTS OF DEFAULT**

No written notice has been received by the Company to the effect that the Company is in material default under the terms of any borrowings made by it.

Part V—Trading arrangements

1. **CONTRACTS**
 - 1.1 Complete and accurate copies of all Material Contracts have been disclosed.
 - 1.2 The document entitled “ETFS Contracts List for Project Eagle dated 11 November 2017” provided in the Data Room contains a complete and accurate list of all contractual arrangements to which either the Seller or any member of the Retained Group is a party and that are necessary for the operation of the Business.
 - 1.3 So far as the Seller is aware, each of the Material Contracts is in full force and effect and there are no grounds for its termination.
 - 1.4 Save as disclosed in the Data Room, the Company is not a party to any contract or arrangement which:
 - 1.4.1 is of an abnormal nature or was entered into otherwise than in the ordinary course of the Company’s business;
 - 1.4.2 cannot readily be fulfilled or performed by the Company without undue or unusual expenditure or effort;
 - 1.4.3 imposes any commitment on the Company to obtain or supply goods or services exclusively from or to any person;
 - 1.4.4 involves any agency, distributorship, franchise, consortium, partnership, joint venture or profit sharing arrangement;
 - 1.4.5 requires the Company to pay any commission, royalty or licence fee;
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- 1.4.6** restricts the Company's ability to solicit the employment or services of any person;
 - 1.4.7** is having, or is likely to have, a material negative effect on the financial or trading position or prospects of the Company;
 - 1.4.8** limits or excludes the right of the Company to do business and/or to compete in any area or in any geography or in any field or with any person; and/or
 - 1.4.9** restricts the ability to transfer all or part of the Business; and/or
 - 1.4.10** is incapable of termination in accordance with its terms by the Company on six months' notice or less.
- 1.5** No counterparty to any Material Contract has given written notice to terminate it nor, so far as the Seller is aware, has any such counterparty sought to repudiate or disclaim it or to suspend its performance for whatever reason.
 - 1.6** The Company has not received written notice from any counterparty to a Material Contract that it is in breach of such Contract and, so far as the Seller is aware, the Company is not in material breach of any Material Contract and no counterparty to any Material Contract in material breach of such Contract.
 - 1.7** So far as the Seller is aware, the Company has paid in full all amounts due and payable up until the date of Completion under all Material Contracts (including but not limited to the Previous GBH Agreements).
 - 1.8** Other than pursuant to the Transaction Documents, the Company:
 - 1.8.1** is not a party to any contract or arrangement with a Retained Group member;
 - 1.8.2** does not procure any services by or through a Retained Group member; or
 - 1.8.3** does not procure any services on behalf of a Retained Group member.
 - 1.9** Other than pursuant to the Transaction Documents, no Retained Group member:
 - 1.9.1** is a party to any contract or arrangement with the Company;
 - 1.9.2** procures any services by or through the Company; or
 - 1.9.3** procures any services on behalf of the Company.
 - 1.10** ManJer provides services to the ETC Issuers only and does not and has not previously provided services to any other person.
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- 1.11 There are no agreements relating to the CANVAS Disposal to which the Target Group is a party or is otherwise subject to any obligations, liabilities or responsibilities, which cannot be terminated by the Target Group on notice for convenience and without incurring any liability.

Part VI—Compliance

1. LICENCES AND CONSENTS

- 1.1 The Company holds and has at all relevant times held all licences, permits, certificates, qualifications, registrations, permissions, exemptions, waivers, approvals, registrations and other authorisations (public and private) necessary for the operation of the Business in the places and in the manner in which the Business is now carried on (together the “**Licences**”). Copies of all Licences which are currently in force (the “**Current Licences**”) are annexed to the Signing Disclosure Letter. All of the Current Licences are in full force and effect and all of the Licences have been complied with in all material respects. No written notice has been received which indicates that any of the Current Licences will or are reasonably likely to be revoked or not renewed, in whole or in part, whether as a result of the transactions contemplated by this Agreement or otherwise.
- 1.2 Copies of all material written correspondence received by the Company or any Retained Group member from or sent by the Company or any Retained Group member to any governmental agency or regulatory body, including the FCA and JFSC, during the past 24 months are included in the Disclosed Documents.

2. FINANCIAL SERVICES COMPLIANCE

In this paragraph 2, unless the context otherwise requires:

Applicable Financial Services Law means all financial services laws and all laws, regulations and rules in Jersey and the United Kingdom relating to the marketing or trading of financial instruments applicable from time to time to the Business, including, but not limited to:

- (a) the CIF Law and the FS Law including in each case all predecessor and subordinate legislation;
- (b) the Control of Borrowing (Jersey) Order 1958;
- (c) the Proceeds of Crime (Jersey) Law 1999, the Money Laundering (Jersey) Order 2008 and the Terrorism (Jersey) Law 2002 and all other legislation applicable in Jersey which relates to anti-money laundering and/or the handling of the proceeds of crime including in each case all predecessor and subordinate legislation and the relevant Handbook for the Prevention and Detection of Money Laundering and the Financing of Terrorism issued by the JFSC;
- (d) FSMA;

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- (e) the Criminal Justice Act 1993, the Proceeds of Crime Act 2002 and all other legislation which relates to the handling of the proceeds of crime, including in each case all predecessor legislation; and
 - (f) the Money Laundering Regulations 2007 and all other subordinate legislation made under the legislation referred to in (e);
in each case as in force at the relevant time.

Codes means the Code of Practice for Certified Funds and the Code of Practice for Fund Services Business including all related guidance, policies and handbooks issued by the JFSC in each case.

FSMA means the Financial Services and Markets Act 2000.

- 2.1 The Company currently complies and has in the last 24 months complied in all material respects with all Applicable Financial Services Law in relation to the operation of the Business (as far as applicable and subject to any derogations granted). In particular, the Company has operated within the scope of the permission granted to it by the FCA under Part 4A of FSMA.
- 2.2 The Company has not received in the last 24 months any written notice that it is in violation of, or in default with respect to, any Applicable Financial Services Law from an Authority where the relevant violation or default would have a material adverse effect upon the Business.
- 2.3 No fines or penalties have been imposed on the Company or, so far as the Seller is aware, threatened in respect of the Company by any Authority in any jurisdiction in which the Business is conducted by the Company and, so far as the Seller is aware, there are no circumstances which would give rise to the possible imposition of any such fine or penalty.
- 2.4 The operation of the Business does not involve the creation of a collective investment scheme under section 235 of FSMA or an alternative investment fund as defined under the relevant law of any European Union member state implementing the Alternative Investment Fund Managers Directive (2011/61/EU) into which the Target Group Companies may have been marketed.

3. COMPLIANCE WITH LAWS

- 3.1 The Company has complied in all material respects with all applicable laws, regulations, orders and rules (including applicable codes of practice or conduct, guidance policies and handbooks issued by the JFSC and the FCA) of the United Kingdom, the European Union, Jersey and any foreign jurisdiction in which the Business is carried on and, so far as the Seller is aware, the Company is not the subject of, and no circumstances exist that would be reasonably likely to result in the Company becoming the subject of, any regulatory fines or other penalties imposed by any Authority.

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- 3.2 So far as the Seller is aware, none of the officers, agents or employees of the Company (during the course of their duties to the Company and for whose actions the Company is responsible) has committed or omitted to do any act or thing in material contravention of any applicable law, regulation, order or rule (including applicable codes of practice or conduct, guidance, policies and handbooks issued by the JFSC).
- 3.3 So far as the Seller is aware, there is not in existence nor has there been any investigation or enquiry by, or on behalf of, any authority in respect of the affairs of the Business and so far as the Seller is aware no such investigations or enquiries are pending or threatened in relation to compliance with applicable laws, regulations, orders and rules (including applicable codes of practice or conduct, guidance, policies and handbooks issued by the JFSC and/or the FCA).

Part VII—Litigation

1. LITIGATION

- 1.1 Neither the Company, nor any member of the Retained Group, nor any person for whose acts and defaults it is vicariously liable, is, at present engaged or otherwise involved whether as claimant, defendant or otherwise, and has not, during the four years ending on the date of this Agreement been involved in any material civil, criminal, arbitration, mediation or administrative investigation, inquiry or proceedings in any jurisdiction:
- 1.1.1 arising out of or in connection with the Financial Facilities or any securities platform documents or arrangements, including but not limited to any (i) authorised participant agreement; (ii) trust instrument; (iii) security deed; (iv) collateral account control agreement; (v) security agreement; or (vi) security assignment; or
- 1.1.2 in relation to any other matter or circumstance,
- (together the “**Proceedings**”).
- 1.2 No Proceedings have been threatened in writing or, so far as the Seller is aware, otherwise, against the Company and, so far as the Seller is aware (i) no Proceedings are pending and (ii) there are no facts likely to give rise to any Proceedings.
- 1.3 There is no outstanding or unsatisfied judgement, decree, order, award or decision of a court, tribunal, arbitrator, mediator, expert or governmental agency against the Company and the Company is not party to any undertaking or assurance given to a court, tribunal or any other person in connection with the determination or settlement of any claim or Proceedings.
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Part VIII—Insolvency

1. RECEIVERSHIP

No receiver or administrative receiver or manager or receiver and manager or trustee or similar person has been appointed of the whole or any part of the assets or undertaking of the Company.

2. ADMINISTRATION

No administration order has been made in relation to the Company and, so far as the Seller is aware, no petition for such an order has been threatened or presented.

3. COMPROMISES

No voluntary arrangement, compromise, composition, scheme of arrangement, standstill or standfast agreement, deferral, rescheduling or other readjustment or reorganisation or other arrangement between the Company and its creditors and/or its members (or any class of either of them) has been proposed by the Company.

4. WINDING-UP AND BANKRUPTCY

No winding-up petition has been threatened or presented against the Company by any third party and, so far as the Seller is aware, no declaration, order or other proceeding has been sought, made or commenced in respect of the Company under the Bankruptcy (Désastre) (Jersey) Law 1990 or any other applicable bankruptcy law.

5. PAYMENT OF DEBTS

The Company has not stopped paying its debts as and when they fall due nor is it insolvent or unable to pay its debts within the meaning of section 123(1) of the Insolvency Act 1986.

6. ANALOGOUS PROCEEDINGS

The Company has not been the subject of any proceedings or events analogous to those described in Part VII in any jurisdiction.

Part IX—Intellectual property

1. REGISTERED RIGHTS

1.1 The Company has not received written notice to indicate that the validity or enforceability of, or ownership by the Company of, any Intellectual Property is being challenged or attacked by any third party or by any relevant registry.

1.2 So far as the Seller is aware, there are no circumstances which are reasonably likely to give rise to any claims or oppositions in respect of any of validity or enforceability of, or ownership by the Company of, the Company's Intellectual Property Rights.

1.3 So far as the Seller is aware, all steps have been taken for the maintenance and protection of the Company's Intellectual Property Rights.

2. OWNERSHIP OF IPR

2.1 There are no Intellectual Property Rights necessary for carrying on the Business other than:

2.1.1 Intellectual Property Rights of which a Target Group Company is the sole legal and beneficial owner; and

2.1.2 Intellectual Property Rights owned by third parties which the Company or any other Group Company is permitted to use.

2.2 Save as otherwise set out in the Transaction Documents, the Business does not use any Intellectual Property Rights which are owned by a Retained Group member.

2.3 Other than pursuant to the Transaction Documents, no Retained Group member has the right to use any Intellectual Property Rights which are owned by the Company.

2.4 Save as provided for in the Transaction Documents, all works, software, documents, and other materials created for or on behalf of the Company and which are required for the operation of the Business (“**Works**”) have been created by either:

2.4.1 an employee of the Company acting within the ordinary course of the employee’s employment; or

2.4.2 by a person bound by a written agreement vesting ownership in the Company resulting in ownership of the Works and all Intellectual Property Rights in the Works automatically vesting in the Company.

3. IPR AGREEMENTS

3.1 Details of all IPR Agreements which are material to the Business have been disclosed to the Buyer.

3.2 So far as the Seller is aware, the Company is not in default under any IPR Agreement and no counterparty to any of the IPR Agreements is in default and, in the 12 months preceding the date of this Agreement, there have not been any disputes relating to or arising out of any of the IPR Agreements.

4. INFRINGEMENTS

4.1 So far as the Seller is aware:

4.1.1 none of the Intellectual Property Rights used in the Business is being infringed; and

4.1.2 during the 12 month period prior to the date of this Agreement there has been no actual or threatened infringement or any event likely to constitute an infringement or breach by any person of any Intellectual Property Rights owned by the Company.

4.2 There are not currently, and in the 2 years preceding the date of this Agreement there have not been, and there are not pending or threatened, any proceedings, actions or claims:

4.2.1 that the Company infringes any Intellectual Property Rights of any other person; or

4.2.2 in respect of the validity or enforceability of, or ownership by the Company of, or right of the Company to use, any Intellectual Property Rights used in the Business.

5. KNOW-HOW AND CONFIDENTIALITY

5.1 So far as the Seller is aware, all Know-how material to the Business and any other technical, financial, commercial and other information of a confidential nature relating to the Business (together, "**Proprietary Information**") has been kept confidential and has not been disclosed otherwise than in the ordinary course of business subject to an obligation of confidentiality on the person to whom it was disclosed.

5.2 Save as set out in the Transaction Documents, the Company has in its possession all Proprietary Information and there are no restrictions on the Company's right to use such Proprietary Information.

5.3 So far as the Seller is aware, no person has breached any obligations of confidentiality owed by that person to the Company in respect of the Proprietary Information.

5.4 So far as the Seller is aware, the Company has not disclosed any information to any person in breach of a duty of confidentiality owed to any other person in respect of such information.

Part X—IT Systems

1. IT SYSTEMS AND DATA PROTECTION

1.1 The Data Room contains complete and accurate details in respect of:

1.1.1 the IT Systems;

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- 1.1.2 all agreements in place with suppliers of material support and/or maintenance services in connection with the IT Systems; and
 - 1.1.3 the IT security and disaster recovery and business continuity arrangements in place in respect of the IT Systems.
 - 1.2 The IT Systems are used exclusively by the Company.
 - 1.3 The Company is the sole legal and beneficial owner of the IT Systems, save for:
 - 1.3.1 software licensed to the Company under an off-the-shelf licence;
 - 1.3.2 bespoke software which is material to the Business and is licensed to the Company under the terms of an agreement, a complete and accurate copy of which is contained in the Data Room; and
 - 1.3.3 IT Systems used by the Company under the terms of a hiring or leasing agreement, hire purchase agreement, credit or conditional sale agreement, agreement for payment on deferred terms or any other similar agreement to which the Company is a party, and of which a complete and accurate copy of which is contained in the Data Room.
 - 1.4 The IT Systems are substantially adequate for the current information technology requirements of the Company.
 - 1.5 The IT Systems perform materially in accordance with their specifications and, so far as the Seller is aware, do not contain any defect or feature (other than normal errors in off-the-shelf software) which significantly and adversely affect their performance.
 - 1.6 The Company has not in the 12 months preceding the date of this Agreement experienced a material failure or breakdown of the IT Systems.
 - 1.7 The Company has the exclusive right to use and control the Domain Names.
 - 1.8 All registration and renewal fees applicable to the use of the Domain Names have been paid in full, when due.
 - 1.9 So far as the Seller is aware, the Company has at all times complied with the Data Protection Act 1998 and the Privacy and Electronic Communications (EC Directive) Regulations 2003, and all other data protection and privacy laws applicable to the Business (“**Data Protection Laws**”).
 - 1.10 The Company has not received a notice or allegation from any relevant data protection supervisory authority, a data subject or other individual alleging non-compliance with the Data Protection Laws.
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- 1.11 The Company has not transferred any “personal data” in respect of which it is a “controller” (as those terms are defined in the Data Protection Act 1998) outside the European Economic Area.

Part XI—Officers and employees

1. PARTICULARS

- 1.1 Those persons named as such in the schedule of officers annexed to the Signing Disclosure Letter are the only persons currently appointed to the board of directors of the Company and to the office of secretary of the Company respectively.
- 1.2 The particulars shown in the schedule of employees annexed to the Signing Disclosure Letter together with the template employment contracts contained in the Data Room, disclose in relation to the Employees all material terms and conditions of employment including the commencement date of each contract and the date on which continuous service began (if different), job title or job function, job grade, salary, notice periods, the type of contract (whether full or part-time or other) contractual benefits and holiday entitlements.
- 1.3 The Signing Disclosure Letter includes copies of all handbooks and material policies that apply to the Employees.
- 1.4 The Signing Disclosure Letter includes particulars of all Employees who are on secondment, maternity, paternity, adoption, shared parental leave or other leave or who are absent due to ill-health or for any other reason where such absence has lasted or is expected to last for one month or more.
- 1.5 The Company is under no legal obligation to make any future change in the remuneration or benefits of any of the Employees other than salary or wage increases in the ordinary course of business.
- 1.6 No offer of employment or engagement has been made by the Company that has not yet been accepted, or that has been accepted but where the employment or engagement has not yet started.
- 1.7 All contracts between the Company and its or their Employees are terminable at any time on not more than three months’ notice.
- 1.8 No employment-related securities or securities options (as defined in Part 7 of the Income Tax (Earnings and Pensions) Act 2003) (including, without limitation, shares in the Company and options over them) have been issued, granted or transferred by any person in connection with any current, former or proposed employment or office with the Company or any member of the Retained Group.
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- 1.9** No securities, options over securities or interests in securities (which do not fall within paragraph 1.8 above) have been issued, granted or transferred to any director or former director or any Employee (or any of their respective nominees or associates), that may give rise to a liability of the Company to account for PAYE income tax or National Insurance contributions (or equivalent liabilities in any other jurisdiction).
- 1.10** Save as set out in the Data Room and save for any Employer Permitted Actions, neither the Company nor any member of the Retained Group is a party to or bound by or proposing to introduce for the benefit of any Employees or former employees (or any of their respective associates or nominees) any incentive arrangement (including without limitation, any share option or share award plan, commission, profit sharing or bonus scheme).
- 1.11** Save as set out in the Data Room and save for any Employer Permitted Actions, neither the Company nor any member of the Retained Group has made or agreed to make a payment or provided or agreed to provide a benefit to any Employee or Consultant or former employee, worker or consultant, or to their dependants, in connection with the actual or proposed termination or suspension of employment or variation of an employment contract.
- 1.12** No Employee is subject to a current disciplinary warning or to ongoing disciplinary proceedings.
- 1.13** In the period of five years preceding the date of this Agreement, neither the Company nor any member of the Retained Group (nor any predecessor or owner of any part of their business) has been a party to a relevant transfer for the purposes of TUPE affecting any of the Employees and so far as the Seller is aware, no event has occurred that may involve such persons in the future being a party to such a transfer in each case save as in respect of the Transferred Employees.
- 1.14** Save as set out in the Data Room and save for any Employer Permitted Actions, no Employee will become entitled to terminate their employment or to receive a payment or other benefit by virtue of Completion of this Agreement save as set out in the Data Room.

2. COMPLIANCE

- 2.1** So far as the Seller is aware, the Company and any member of the Retained Group has complied in all material respects with all its obligations to or in respect of the Employees and its former employees arising out of their terms and conditions of employment and/or its legal obligations in respect of the Employees whether arising under English law, Jersey law or European law.
- 2.2** The Company, and/or any member of the Retained Group has maintained, in all material respects, adequate, suitable and up-to-date records in respect of the Employees.
- 2.3** The Company and/or any member of the Retained Group has complied with the provisions of the applicable Home Office and UK Visas and Immigration Codes of Practice and Guidance documents for the prevention of illegal working for the purposes of employer liability under the Immigration Asylum and Nationality Act 2006, the Asylum and Immigration Act 1996, the Immigration Act 2014 and the Immigration Act 2016.
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- 2.4 The Company and/or any member of the Retained Group is not knowingly employing an illegal worker contrary to the terms of the Asylum and Immigration Act 1996, the Immigration, Asylum and Nationality Act 2006, the Immigration Act 2014 or the Immigration Act 2016 and neither the Company nor any member of the Retained Group has received or been threatened with a civil penalty as defined by the Immigration, Asylum and Nationality Act 2006 (as amended).
- 2.5 At the Completion Date, the Company has complied with any applicable provisions of the Control of Housing and Work (Jersey) Law 2012, and related regulations.
3. **NOTICE**
- 3.1 Save for the Redundant Employees, no Employee is under notice of dismissal.
- 3.2 No Employee has given notice to terminate their contract of employment.
- 3.3 So far as the Seller is aware, no dispute under any Employment Legislation or otherwise is outstanding between the Company or any member of the Retained Group and any Employee or former employee relating to their employment, or its termination or any member of the Retained Group regarding such employee or former employee.
- 3.4 No subject access request made to the Company or any member of the Retained Group pursuant to the Data Protection Act 1998 by any Employee is outstanding.
4. **TRADE UNIONS**
- There is no recognition agreement between the Company and any trade union in relation to any of the Employees.
5. **INDUSTRIAL ACTION**
- So far as the Seller is aware, there is no, nor at any time during the 2 years preceding the date of this Agreement has there been any, strike or similar industrial action taken by or in relation to the Employees.
6. **PROPERTY**
- No Employee resides in or occupies or is entitled to reside in or occupy any property belonging to the Company.
7. **LOANS AND LIABILITIES**
- 7.1 There are no outstanding loans made by the Company to any of the Employees.
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- 7.2 Save as set out in the Data Room and save for any Employer Permitted Actions, there are no sums owing to any Employee or any former employees, workers or consultants other than reimbursement of expenses, wages for the current salary period, holiday pay for the current holiday year and bonus payments in respect of the current financial year.
8. **RIGHT TO RETURN**
- No person previously employed by the Company has a right to return to work or a right to be reinstated or re-engaged by the Company.
9. **REDUNDANCIES**
- 9.1 The Company has not consulted with appropriate representatives (as defined in section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992) nor has the Company issued a form HR1 at any time during the 3 months prior to the date of this Agreement.
- 9.2 Save as set out in the Data Room and save for any Employer Permitted Actions, neither the Company nor any member of the Retained Group is party to bound by or proposing to introduce in respect of any of the Employees any redundancy payment scheme in addition to statutory redundancy pay, nor is there any agreed procedure for redundancy selection.

Part XII—Pensions

In this Part X:

Relevant Benefits means any benefits that are provided under a pension scheme (as defined in section 150(1) Finance Act 2004).

Relevant Person means any past or present employee, officer or director of any member of the Target Group.

Scheme means the ETF Securities (UK) Limited Pension and Investment Plan.

- 1.1 Save for the Scheme and for any arrangements disclosed under paragraph 1.5 below, the Company does not participate in or contribute to any scheme, agreement or arrangement for the provision of any Relevant Benefits for or in respect of any Relevant Person, and nor has the Company given to any Employee an undertaking or assurance as to the introduction or improvement of any Relevant Benefit or the Scheme. The Company is not, nor has it been at any time since 27 April 2004, connected or associated with an employer that participates in or has at any time in the past participated in a defined benefit pension scheme in the United Kingdom. For the purposes of this clause, “connected” and “associated” shall have the meanings given to them in section 249 and 435 of the Insolvency Act 1986 respectively.
- 1.2 All material details in relation to the Scheme are annexed to the Signing Disclosure Letter, including details of the rates of contribution payable in respect of the Employees.

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- 1.3 All benefits payable, or prospectively or contingently payable, under the Scheme are “money purchase benefits” within the meaning of section 181(1) of the Pension Schemes Act 1993.
 - 1.4 All contributions and other amounts which have fallen due for payment by the Company in relation to the Scheme have been paid.
 - 1.5 Details of the benefits payable in respect of the Employees on their death in service are annexed to the Signing Disclosure Letter.
 - 1.6 The Company has complied with its duties under Part 1 of the Pensions Act 2008 (to the extent that such provisions apply).
 - 1.7 The Company has not unlawfully discriminated against any Employee on grounds of age, sex, disability, marital status, hours of work, fixed term or temporary agency worker status, sexual orientation, religion or belief in the provision of Relevant Benefits under the Scheme.
 - 1.8 The Pensions Regulator has not issued and, so far as the Seller is aware, does not have cause to issue any notices, penalties, determinations or directions to the Company.
 - 1.9 No Employee has a right to enhanced pension benefits on redundancy or early retirement as a result of their employment having previously transferred to the Company by operation of TUPE.

Part XIII – Real estate

In this Part XI each warranty which is expressed to be given in relation to the “**Properties**” shall be deemed to be given in relation to each of the Properties listed at Schedule 7.

1. Schedule 7 contains a complete and accurate list of the properties owned, controlled, used or occupied by the Target Group or in which the Target Group has any interest or liability (whether actual or contingent).
2. ETFS UK is in exclusive physical occupation and possession of the Properties.
3. There is no material subsisting breach, nor any material non-observance of any covenant, condition or agreement contained in the Lease on the part of ETFS UK and no known material subsisting breach or non-observance by the relevant landlord of which ETFS UK is aware.
4. No alterations have been made to the Properties at the expense of ETFS UK without all necessary consents and approvals and all such alterations to the Properties are to be disregarded on rent reviews and do not have to be reinstated at the expiry of the term of the Lease.
5. No rent reviews are or should be currently under negotiation or the subject of a reference to an expert or arbitrator or the courts of England and Wales.

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6. There are no arrears of rent under the Lease and, so far as the Seller is aware, no landlord has refused to accept rent and the receipt for the payment of rent which fell due immediately prior to the date of this Agreement has been accepted unqualified.
 7. All stamp duty land tax liabilities relating to the Lease have been discharged and there are no further stamp duty land tax payments to be made or land transaction returns to be filed in respect of any transaction involving the Lease which has an effective date prior to the date of this Agreement.
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SCHEDULE 4 A

EQUITY WARRANTIES

WisdomTree warrants to the Seller that:

1. Since January 1, 2016, WisdomTree has filed, on a timely basis, the WisdomTree SEC Filings. The WisdomTree SEC Filings as of their respective dates, or, if amended, as of the date of the last such amendment (i) complied as to form in all material respects in accordance with the requirements of the Exchange Act, and the rules and regulations thereunder and (ii) did not contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein, in the light of the circumstances under which they were made, not misleading.
 2. WisdomTree has established and maintains disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. WisdomTree's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by WisdomTree in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to WisdomTree's management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act. WisdomTree maintains a system of internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f), as applicable, under the Exchange Act) reasonably designed to provide reasonable assurance regarding the reliability of WisdomTree's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.
 3. The consolidated financial statements included in or incorporated by reference into WisdomTree SEC Filings (including the related notes and schedules) fairly present in all material respects, the consolidated financial position of WisdomTree and its consolidated subsidiaries as of the respective dates thereof and their consolidated statements of operations and cash flows for the respective periods set forth therein (subject, in the case of unaudited statements, to notes and normal year-end audit adjustments), in each case in conformity with GAAP (except, in the case of unaudited statements, to the extent permitted by the SEC), applied on a consistent basis during the periods involved, except as may be noted therein or in the notes thereto.
 4. When issued at Completion, the Common Consideration Shares will be duly authorized, validly issued, fully paid, and nonassessable and not subject to, or issued in violation of, any preemptive right or similar rights under any provision of the Delaware General Corporation Law or the certificate of incorporation or bylaws of WisdomTree, except as provided for by the Transaction Documents or imposed by applicable securities laws.
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5. Upon filing of the Certificate of Designations with the Secretary of State of the State of Delaware, the Preferred Consideration Shares will be duly authorized, validly issued, fully paid, and nonassessable and not subject to, or issued in violation of preemptive right or similar right under any provision of the Delaware General Corporation Law or the certificate of incorporation or bylaws of WisdomTree, except as provided for by the Transaction Documents or imposed by applicable securities laws. Upon the due conversion of the Preferred Consideration Shares, the Conversion Shares will be validly issued, fully paid, and nonassessable and not subject to, or issued in violation of any preemptive right or similar right under any provision of the Delaware General Corporation Law or the certificate of incorporation or bylaws of WisdomTree, except as provided for by the Transaction Documents or imposed by applicable securities laws.
 6. Assuming the accuracy of the Seller's warranties set forth in clause 7.1 of this Agreement, no registration under the Securities Act is required for the issuance of the Consideration Shares by the by WisdomTree to Seller pursuant to the Transaction Documents.
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SCHEDULE 6

LIMITATIONS ON CLAIMS

1. DEFINITIONS AND INTERPRETATION

1.1 In this Schedule (unless the context otherwise requires):

1.1.1 a **“Claim”** means any claim under the Warranties;

1.1.2 a **“Compliance Claim”** means a claim under the warranties in Part VI of Schedule 5;

1.1.3 a **“Tax Claim”** means a Tax Warranty Claim and/or a Tax Covenant Claim;

1.1.4 a **“Tax Covenant Claim”** means a claim under the covenants in Part III of the Tax Schedule;

1.1.5 a **“Tax Warranty Claim”** means a claim in respect of a breach of any of the Tax Warranties;

1.1.6 **“determination”** means a final determination by a court of competent jurisdiction or a final award or decision of a duly appointed arbitrator or expert (as the case may be) and **“determined”** shall be construed accordingly; and

1.1.7 references to the **“Relevant Date”** shall mean the date on which any claim is finally settled or determined.

1.2 This Schedule shall apply with respect to any Tax Claim to the extent set out herein.

2. FRAUD

Nothing in this Schedule shall have the effect of excluding, limiting or restricting any liability of the Seller in respect of a Fundamental Warranty Claim or Claim or Tax Claim arising as a result of fraud by the Seller or any member of the Retained Group.

3. TIME LIMITS

3.1 The Buyer shall give the Seller written notice of any Claim (other than a Compliance Claim) on or before the date which is 18 months after the Completion Date, failing which the Seller shall have no liability in respect of the relevant Claim.

3.2 The Buyer shall give the Seller written notice of any Compliance Claim on or before the date which is two years after the Completion Date, failing which the Seller shall have no liability in respect of the relevant Compliance Claim.

3.3 The provisions of paragraph 2.1 of Part IV of the Tax Schedule shall apply to limit Tax Claims as set out therein.

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- 3.4 The Buyer shall give the Seller written notice of any Indemnity Claim on or before the date which is 12 months after the Completion Date, failing which the Seller shall have no liability in respect of the relevant Indemnity Claim.
- 3.5 The Buyer shall give the Seller written notice of any Tax Escrow Claim on or before the date which is seven years after the Completion Date, failing which the Seller shall have no liability in respect of the relevant Tax Escrow Claim.
- 3.6 The written notice of the Claim, Compliance Claim or Indemnity Claim shall give reasonable details of the nature of the Claim, Compliance Claim or Indemnity Claim (as they are then known to the Buyer), the circumstances giving rise to it and the Buyer's bona fide estimate of any alleged loss.
- 3.7 Any Claim, Compliance Claim or Indemnity Claim shall be deemed to be withdrawn (if it has not been previously satisfied, settled or withdrawn) (and no new Claim, Compliance Claim or Indemnity Claim may be made in respect of the facts giving rise to such withdrawn Claim, Compliance Claim or Indemnity Claim) unless legal proceedings in respect thereof have been commenced within nine months of the giving of written notice of the Claim, Compliance Claim or Indemnity Claim. For this purpose such legal proceedings shall not be deemed to have commenced unless both issued and served.

4. UPPER LIMIT

- 4.1 The aggregate liability of the Seller respect of all Claims, Tax Claims (excluding for the avoidance of doubt, any Tax Claim which is a Tax Escrow Claim or any other Tax Escrow Claim) and Fundamental Warranty Claims shall not exceed \$5,500,000 or, if lower, the amount standing to the credit of the Escrow Account in respect of the General Escrow Amount and, in respect of such amount, the Buyer's only recourse shall be against the amount standing to the credit of the Escrow Account in respect of the General Escrow Amount and/or the insurance cover provided under the WI Policy. For the purposes of this limit, the liability of the Seller shall be deemed to exclude the amount of any and all costs, expenses and other liabilities (together with any irrecoverable VAT thereon) payable by the Seller in connection with the satisfaction, settlement or determination of any such Claims and Tax Claims. For the avoidance of doubt, this paragraph shall not reduce or limit the amount recoverable under the WI Policy.
- 4.2 The aggregate liability of the Seller in respect of all Indemnity Claims shall not, in any event, exceed \$50,000,000 (fifty million dollars).
- 4.3 The aggregate liability of the Seller from time to time in respect of any Tax Escrow Claim shall not, in any event, exceed the Tax Exposure Limit.
- 4.4 The aggregate liability of the Seller in respect of all claims under this Agreement shall not, in any event, exceed an amount equal to 50% of the Cash Consideration.
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5. LOWER LIMITS

The Seller shall not be liable for any Claim or Tax Warranty Claim unless the amount of such Claim or Tax Warranty Claim, when taken together with the aggregate amount of all other Claims or Tax Warranty Claims, exceeds \$550,000 (the “**Threshold**”), in which event the Seller shall, subject to the other limits contained in this Schedule (and, in respect of a Tax Warranty Claim, the Tax Schedule), be liable for the whole amount of the Claim or Tax Warranty Claim and not just for the amount by which such aggregate amount exceeds the Threshold.

6. KNOWLEDGE

The Seller shall not be liable for any Claim or Tax Warranty Claim if and to the extent that (i) the Buyer has knowledge, at the date of this Agreement, of the fact, matter, event or circumstance which is the subject matter of the Claim or Tax Warranty Claim and (ii) the Buyer is aware that the fact, matter, event or circumstance in question could be reasonably expected to give rise to a Claim or Tax Warranty Claim. For this purpose, the Buyer shall be treated as having knowledge of matters within the actual awareness of each of Jonathan Steinberg, Peter Ziemba, Amit Muni, Will Peck, Bryan Edmiston, Bryan Governey and Marci Frankenthaler.

7. PROVISION OF INFORMATION

Upon any Claim, Fundamental Warranty Claim, Indemnity Claim or other claim under this Agreement being made, the Buyer shall, and shall procure, where relevant, that the relevant Target Group Company shall, to the extent that it is legally able:

- 7.1** make available to the Seller and its advisers and agents any relevant information and assistance (including access to personnel, properties, management, records, papers, documents and data) as the Seller may reasonably request; and
- 7.2** use reasonable endeavours to procure that the auditors (both past and then present) of the relevant Target Group Company make available their audit working papers in respect of audits of the accounts of the relevant Target Group Company for any relevant accounting period in connection with such claim.

8. ALLOWANCES, PROVISIONS AND RESERVES

The Seller shall not be liable for any Claim to the extent that:

- 8.1** any specific allowance, provision or reserve has been made in the Accounts or the Interim Accounts or the Completion Accounts in respect of the fact, matter, event or circumstance giving rise to such Claim (up to the amount of such specific allowance, provision or reserve); or

8.2 any specific allowance, provision or reserve made in the Accounts or the Interim Accounts or the Completion Accounts in respect of the fact, matter, event or circumstance giving rise to such claim is insufficient by reason of any change to legislation, any increase in rates of taxation or any change in the published practice of a revenue authority (other than a change specifically targeted at countering a tax avoidance scheme), in each case made on and/or after Completion with retrospective effect.

9. CHANGES ON AND/OR AFTER COMPLETION

The Seller shall not be liable for any Claim to the extent that it arises, or is increased or extended by (in such circumstances to the extent of such increase or extension only):

- 9.1** any decision of any court or tribunal or the passing or coming into force of or any change in any legislation, regulation, directive, requirement or any practice of any government, government department or agency or regulatory body (including the withdrawal of any extra statutory concession of a revenue authority), or any increase in rates of taxation, in each case made on and/or after Completion (other than a change specifically targeted at countering a tax avoidance scheme);
- 9.2** any change in the accounting reference date of the Buyer or any Target Group Company made on and/or after Completion;
- 9.3** any change in any accounting basis, policy, practice or approach of, or applicable to, any Target Group Company or the Buyer or any member of the Buyer Group, or any change in the way an accounting basis is adapted for tax purposes, in each case, made on and/or after Completion save where such change is required to conform such policy or practice with generally accepted policies or practices or where such change is necessary to correct an improper policy or practice;
- 9.4** any voluntary cessation of, or any voluntary material change in, the nature or conduct of any business carried on by the Buyer or any Target Group Company, occurring on and/or after Completion other than as a result of an act or omission of the Seller of any member of the Target Group occurring before Completion; or
- 9.5** any voluntary act, omission, transaction or arrangement carried out or effected on and/or after Completion by, or at the request or with the approval of, the Buyer or any member of the Buyer Group save to the extent such act, omission, transaction or arrangement is:
- 9.5.1** carried out or effected pursuant to a legally binding obligation entered into or otherwise in force on or before Completion;
 - 9.5.2** required by law or regulation or any regulatory or statutory authority which has authority over the Buyer or the relevant member of the Buyer Group and which requires such act, omission, transaction or arrangement;

9.5.3 carried on in the ordinary and usual course of the business of the Buyer or the relevant member of the Buyer Group; or

9.5.4 in accordance with the Reorganisation Steps Paper.

10. DOUBLE CLAIMS

The Buyer shall not be entitled to recover from the Seller more than once in respect of the same Loss.

11. THIRD PARTY CLAIMS

11.1 Subject to paragraph 11.2, in respect of any fact, matter, event or circumstance which comes to the notice of the Buyer or any Target Group Company which would or is reasonably likely to result in a claim against it or any Target Group Company (a “**Third Party Claim**”) and which, in turn, would or is reasonably likely to result in a Claim, Fundamental Warranty Claim or Indemnity Claim against the Seller, the Buyer shall (and shall procure, where relevant, that any Target Group Company shall):

11.1.1 as soon as reasonably practicable give written notice and reasonable details of the Third Party Claim to the Seller;

11.1.2 keep the Seller informed of any material matters relevant to the progress of the Third Party Claim;

11.1.3 consult in good faith with the Seller as to any ways in which the Third Party Claim might be avoided, disputed, resisted, mitigated, settled, compromised, defended or appealed;

11.1.4 not make any admission of liability, agreement, settlement or compromise with any person, body or authority in relation to the Third Party Claim without prior consultation with the Seller;

11.1.5 take such action, at the written request of the Seller, as the Seller may reasonably require to avoid, dispute, resist, mitigate, settle, compromise, defend or appeal the Third Party Claim, subject to the Buyer being indemnified to its reasonable satisfaction by the Seller in respect of all reasonable out-of-pocket costs and expenses (including properly incurred reasonable legal costs) which may thereby be incurred by the Buyer or any member of the Buyer Group; and

11.1.6 subject to all applicable legal and regulatory requirements and to the extent within its power to do so, make available during normal business hours and on reasonable notice (and shall use its reasonable endeavours to procure that any of its auditors, past or present, shall make available) to the Seller and its advisers and agents all such information (including access to properties, management, records, papers, documents and data) as it may reasonably require relating to the Third Party Claim, subject to such confidentiality undertaking as the Buyer may reasonably request being entered into.

11.2 Nothing in paragraph 11.1 shall permit the Seller to take, or require the Buyer or any member of the Buyer Group to take, any action in relation to a Third Party Claim which (i) the Buyer is prohibited from taking due to applicable law and regulation; and/or (ii) in the reasonable opinion of the Buyer, is, or is reasonably likely to be, materially prejudicial to the financial position, prospects or commercial interest or reputation of business of the Buyer or any member of the Buyer Group.

12. REMEDIABLE BREACHES

The Seller shall not be liable for any claim under this Agreement to the extent that the fact, matter, event or circumstance giving rise to such claim is remediable and is remedied to the reasonable satisfaction of the Buyer by, or at the expense of, the Seller within 60 days of the date on which written notice of such claim is given to the Seller pursuant to paragraph 2.

13. REIMBURSEMENT OF CLAIMS

If, after the Seller has made any payment in respect of a Claim, Fundamental Warranty Claim or Indemnity Claim, the recipient of that payment (or any other member of the Buyer Group) recovers from a third party (including any tax authority but excluding under or in connection with the WI Policy) (whether by payment, discount, credit, relief or otherwise) a sum which is referable to that payment (the **“Recovery Amount”**), then the Buyer shall forthwith repay (or procure the repayment of) to the Seller such sum of the Recovery Amount as does not exceed the sum paid by the Seller less all reasonable costs, charges and expenses incurred by the Buyer or any other member of the Buyer Group in recovering such amount from the third party and any Taxation payable by the Buyer Group on that amount.

14. UNASCERTAINABLE CLAIMS

The Seller shall not be liable for any Claim, Fundamental Warranty Claim or Indemnity Claim which arises by reason of a liability which, at the time when written notice of the Claim, Fundamental Warranty Claim or Indemnity Claim is given to the Seller, is contingent only or is otherwise not capable of being quantified and the Seller shall not be liable to make any payment in respect of such Claim, Fundamental Warranty Claim or Indemnity Claim unless and until the liability becomes an actual liability or (as the case may be) becomes capable of being quantified provided that this shall not avoid any Claim, Fundamental Warranty Claim or Indemnity Claim notified with respect to any contingent liability or liability that is not capable of being quantified within the time limits set out in paragraph 3.1 of this Schedule.

15. MITIGATION

The Buyer shall (and shall procure that any relevant Target Group Company shall) take reasonable action to mitigate any loss suffered by it or the relevant Target Group Company which would or is reasonably likely to result in a Claim against the Seller.

16. REDUCTION IN CONSIDERATION

Any amount paid by the Seller in respect of any Claim, Fundamental Warranty Claim or Tax Claim shall be treated as a reduction in the consideration payable by the Buyer for the Shares.

17. TAX SCHEDULE

17.1 The Seller shall not be liable for any breach of the Warranties to the extent of any amount recovered by the Buyer from the Seller under the Tax Schedule.

17.2 The Seller shall not be liable for any claim under the Tax Schedule to the extent that the Buyer has recovered an amount in respect of such Liability to Taxation from the Seller under the Warranties.

17.3 If any limits on the liability of the Seller under the Tax Schedule conflict with the provisions of this Schedule insofar as they may relate to liability for Taxation matters (and any costs, expenses, interest, penalties or other amounts in respect of Taxation), then the provisions of the Tax Schedule shall prevail only in relation to any such liability for Taxation matters or costs, expenses, interest, penalties or other amounts in respect of Taxation.

SCHEDULE 7

PROPERTIES

Registered proprietor (owner)	ETF Securities (UK) Limited
Title number	AGL233619
Tenure	Leasehold
Nature and date of document	Lease dated 15 March 2011
Parties	(1) Bank House Trustee No.1 Limited and Bank House Trustee No. 2 Limited (“Landlord”) (2) ETF Securities (UK) Limited (“Tenant”) (3) ETF Securities Limited (“Guarantor”)
Use	Offices

SCHEDULE 8

TARGET GROUP REORGANISATION DOCUMENTS

1 Definitions

In this Schedule 8:

EHJL means ETFS Holdings (Jersey) Limited, a company incorporated in Jersey with registration number 106817 whose registered office is at Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW

EMC means ETFS Management Company (Jersey) Limited, a company incorporated in Jersey with registration number 106921 whose registered office is at Ordnance House, 31 Pier Road, St Helier Jersey JE4 8PW

ESI means ETF Securities (International) Limited, a company incorporated in England and Wales with registration number 07447871, whose registered office is at 3 Lombard Street, London EC3V 9AA

2 Target Group Reorganisation Documents

- 2.1 Board resolution of ESI to approve the reduction of capital
 - 2.2 Solvency Statement of ESI
 - 2.3 Written special resolution of ESI to be signed by the Seller to consent to the reduction of share premium account
 - 2.4 Compliance statement of ESI
 - 2.5 Companies House form SH19
 - 2.6 Board resolution of ESI to approve:
 - (a) the written resolution for circulation to the Seller
 - (b) dividend in specie
 - 2.7 Written special resolution of ESI consenting to dividend in specie
 - 2.8 Stock transfer form in relation to the transfer for ETFS UK to the Seller
 - 2.9 Share certificate in respect of the Seller's shareholding in ETFS UK
 - 2.10 Board resolution of the Seller to approve capital contribution
 - 2.11 Board minutes of the Company to approve entry into the contribution agreement
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- 2.12 Boards minutes to confirm transfers to the Company of:
- (a) ETFS UK
 - (b) EHJL
 - (c) EMC
- 2.13 Contribution agreement to be entered into between the Seller and the Company
- 2.14 Stock transfer forms to be entered into by the Seller in respect of:
- (a) ETFS UK
 - (b) EHJL
 - (c) EMC
- 2.15 Share certificates to be issued to the Company in respect of:
- (a) ETFS UK
 - (b) EHJL
 - (c) EMC
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SCHEDULE 9

POSITION PENDING COMPLETION

- 1.** From the date of this Agreement until Completion the Seller shall procure that the relevant members of the Target Group shall:
 - 1.1** regularly keep the Buyer informed about the conduct of the Business, including any material communication with any regulatory or other governmental authority and any significant developments in relation to the Business that are outside its ordinary and usual course;
 - 1.2** use reasonable endeavours to procure that any relevant directors, officers and employees of the Company and the other members of the Target Group are made available during normal business hours and upon reasonable notice to attend such meetings which the Buyer considers to be reasonably necessary to discuss the conduct of the Business;
 - 1.3** disclose to the Buyer in writing, as soon as reasonably practicable (and in any event within two Business Days) following any member of the Target Group becoming aware of the same, such details of any fact, matter, event or circumstance which constitutes a MAC Event as are then available to the Target Group;
 - 1.4** carry on the Business in the ordinary and usual course as regards its nature, scope and manner in compliance with all applicable laws including applicable Codes of Practice or Conduct, Guidance and Handbooks issued by the JFSC and minimum regulatory capital requirements;
 - 1.5** use reasonable endeavours to:
 - 1.5.1** allow the Buyer and its relevant advisers and agents access during normal business hours and upon reasonable notice to the books of account and financial and other records of the Company and the other members of the Target Group insofar as they relate to the Business;
 - 1.5.2** as soon as reasonably practicable supply, and instruct the directors, officers and employees of each member of the Target Group to as soon as reasonably practicable supply, any information reasonably requested by the Buyer or its relevant advisers and agents relating to the Target Group and the Business (including board papers, monthly management accounts, reports and other financial and business information, each in an appropriate format, related to the Target Group and as may be reasonably requested by the Buyer); and
 - 1.5.3** provide such assistance as the Buyer may reasonably request with the preparation of the Buyer's Annual Report on Form10-K for the year ending 31 December 2017 insofar as such Annual Report relates to the terms of this Agreement,

provided that the foregoing shall not require any member of the Target Group to incur any extraordinary or material costs or expenses or take any action which unreasonably disturbs or interferes with the normal operations of the relevant member of the Target Group; and

- 1.6** use its reasonable endeavours to, and procure that the directors, officers, employees, consultants, legal counsel, agents and other representatives of the Company and the other members of the Target Group use reasonable endeavours to, provide such customary assistance and cooperation as the Buyer or any other member of the Buyer Group may reasonably request to facilitate the arrangement and syndication of the Debt Financing, including by taking the following actions:
- 1.6.1** reasonably cooperating with the marketing efforts of the Buyer and its debt financing sources, including reasonably assisting the Buyer in its preparation of any offering documents, private placement memoranda, bank information memoranda and similar documents,
 - 1.6.2** participating (including by video conference or similar facility, other than for the primary lenders' meeting) in a reasonable number of meetings (including customary one-on-one meetings between prospective debt financing sources and senior management of the Company and the other members of the Target Group, but limited to one primary bank meeting), lender presentations, road shows and due diligence sessions in connection with, and customary for financings of a type similar to, the Debt Financing at reasonable times to be mutually agreed,
 - 1.6.3** furnishing to the Buyer the Financing Information as promptly as reasonably practicable (and using its reasonable endeavours to furnish the Financing Information within the time periods set forth in such defined term) and any other information or documents with respect to the Target Group Companies reasonably necessary to prepare any offering documents, private placement memoranda, bank information memoranda and similar documents relating to the Debt Financing; provided that it is understood and agreed that the Financing Information set forth in clauses (a)(i) and (b)(i) of the definition thereof has already been delivered to the Buyer as of the date hereof and is attached hereto,
 - 1.6.4** assisting in the preparation of customary definitive loan, guaranty and collateral documentation and perfection certificates (including any schedules thereto), including reasonably facilitating the pledging and delivery of collateral thereunder for actual delivery promptly after Completion; provided that none of such loan documentation shall be executed or delivered by the Seller,
 - 1.6.5** at least 3 Business Days prior to Completion, providing all documentation and other information regarding the Company and the other members of the Target Group as has been reasonably requested in writing by the Buyer at least 10
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Business Days prior to Completion that is required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including, without limitation, the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001),

1.6.6 providing financial information and other data reasonably requested by the Buyer and reasonably available to the Company to facilitate the preparation by the Buyer of the pro forma financial statements identified in paragraph 5 of Exhibit B to the Debt Commitment Letter,

provided, that (i) none of the Company and the members of the Target Group (or their respective directors, officers or employees) shall be required to (x) enter into or perform under any agreement, document or instrument with respect to the Debt Financing that would be effective prior to Completion or adopt resolutions approving the agreements, documents and/or instruments pursuant to which any Debt Financing is obtained or (y) incur any liability or obligation (including any obligation to pay any commitment or other fee) in respect of any assistance provided in connection with the Debt Financing, (ii) the Buyer shall reimburse the Company and the members of the Target Group for all reasonable out-of-pocket costs and expenses incurred by them in connection with complying with the terms of this clause 1.6 (other than in connection with the preparation of the Financing Information), (iii) the Buyer shall indemnify and hold harmless the Company and the members of the Target Group and their respective directors, officers, employees, consultants, legal counsel, agents and other representatives from and against any and all losses suffered or incurred by them in connection with the arrangement or marketing of, or any assistance or cooperation provided in respect of, the Debt Financing, and any information utilized in connection therewith (other than any such losses resulting from information provided in writing by the Company, any member of the Target Group or any of their respective directors, officers, employees, consultants, legal counsel, agents or other representatives or in the case of fraud by the Company, any member of the Target Group or any of their respective directors, officers, employees, consultants, legal counsel, agents or other representatives), (iv) nothing in this clause 1.6 will require any cooperation to the extent the same would cause any condition to Completion hereunder to not be satisfied or otherwise cause any breach of this Agreement (in each case, unless waived by the Buyer) or reasonably be expected to conflict with, violate, breach or otherwise contravene (1) any organizational document of the Company or any members of the Target Group, (2) any law and/or (3) Material Contract, provided, however, for the avoidance of doubt, the delivery of the Financial Information shall not be prevented as a result of this clause and nothing herein shall require such cooperation to the extent it would interfere unreasonably with the business or operations of the Company or any member of the Target Group; provided, however, that for the avoidance of doubt, the delivery of the Financing Information shall not be deemed to interfere unreasonably with the business or operations of the Company or any member of the Target Group. The Company hereby expressly authorises the use of the financial statements and other information to be provided

pursuant to this clause 1.6 for the purposes of the Debt Financing, and the Company is not aware of any limitation on the use of such financial statements. The Company shall provide Buyer, promptly upon its request, with an electronic version of the trademarks, service marks and corporate logos of the Company and the members of the Target Group for customary use in marketing materials for the purpose of facilitating the syndication of the Debt Financing, and the Company hereby consents to the use of such trademarks, service marks and corporate logos in connection with the Debt Financing; provided, that such trademarks, service marks and corporate logos are used solely in a manner that is not intended to, nor reasonably likely to, harm or disparage the Company or any member of the Target Group.

2. Without prejudice to the general provisions contained in paragraphs 1.1 to 1.4 of this Schedule 9, from the date of this Agreement until Completion no member of the Target Group shall, without the prior written consent of the Buyer (such consent not to unreasonably withheld or delayed):
 - 2.1 make any change to its constitutional documents or propose or pass any resolution of its shareholders;
 - 2.2 admit any person as a member (whether by subscription, transfer or transmission);
 - 2.3 make any increase or reduction or other alteration whatsoever (including by way of allotment, redemption, purchase, sub-division, consolidation, re-designation or variation of rights) of its share or loan capital or membership interests (as the case may be) or grant any option to subscribe for or acquire any of its shares or loan capital or membership interests or issue any securities convertible into any of its shares or grant any option or enter into any contractual commitment in relation to the foregoing;
 - 2.4 declare or pay any dividend or make any other distribution (whether actual or deemed) in respect of its profits, assets or reserves or in any other way reduce its reserves or grant any option or enter into any contractual commitment in relation to the foregoing;
 - 2.5 grant, create or allow to arise or exist any Encumbrance over any of its assets (other than charges arising by operation of law in the ordinary and usual course of trading) or enter into any contractual commitment in relation to the foregoing;
 - 2.6 borrow any monies or incur or assume any indebtedness or other liability other than trade credit in the ordinary and usual course of trading;
 - 2.7 incur any capital expenditure on any individual item in excess of \$100,000, which together with all other capital expenditure entered into between the date of this Agreement and Completion exceeds the sum of \$500,000 in aggregate;
 - 2.8 incur any capital commitment in excess of \$100,000, which together with all other capital commitments entered into between the date of this Agreement and Completion exceeds the sum of \$500,000 in aggregate;
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- 2.9** otherwise than in the ordinary and usual course of trading, sell, lease, transfer, license or otherwise dispose of or purchase, lease, license or otherwise acquire assets, businesses or undertakings (or any interest therein) whether by a single transaction or by a series of transactions (related or not) or grant any option or enter into any contractual commitment in relation to the foregoing;
- 2.10** enter into any guarantee or indemnity or other agreement to secure, or incur financial or other obligations with respect to, another person's obligations,
- 2.11** make any loan other than trade credit in the ordinary and usual course of trading;
- 2.12** appoint or terminate or give notice to terminate any officer or director (other than for cause);
- 2.13** in relation to the Business, enter into any leasing, hire purchase or other similar agreement or arrangement for payment on deferred terms;
- 2.14** in relation to the Business, enter into any contract or commitment other than in the ordinary and usual course of trading;
- 2.15** make or agree to any variation to any Contract other than in the ordinary and usual course of trading;
- 2.16** save for any Employer Permitted Actions, in relation to the Business, employ or engage (or offer to employ or engage) any new employee, worker or consultant, terminate or give notice to terminate the employment or engagement of any employee or consultant or make or propose to make any material change in the terms or conditions of employment or engagement (including benefits and changes to remuneration packages and the provision of non-contractual benefits) or pension benefits of any directors, employees, workers or consultants engaged in the Business (other than as required by law or regulation), other than in the ordinary and usual course of trading or in accordance with clause 5.12 of this Agreement provided that the foregoing shall not apply in respect of any Transferred Employee or any Retained Employee;
- 2.17** save as provided for in this Agreement (including, without limitation, the Employer Permitted Actions), declare, make or pay any bonus payment or other material benefit (whether in cash or kind) to any employees (or any of their dependents) whether in connection with an ordinary course annual bonus payment or any or all of the transactions contemplated by this Agreement or otherwise provided that the foregoing shall not apply in respect of any Transferred Employee or any Retained Employee;
- 2.18** in relation to the Business, permit any insurance to lapse;
- 2.19** launch or issue any New Products or close any Current Products;
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- 2.20** de-list any exchange traded commodities which are, as at the date of this Agreement, listed on the Tokyo Stock Exchange;
- 2.21** commence or settle any Proceedings (as defined in paragraph 1.1 of Part VI of Schedule 5) connected to the Business;
- 2.22** cancel any debts owed to the Business including intra company;
- 2.23** agree any material changes to any fees or rebates (or agree any new material fees or rebates) or other arrangements with any counterparty of the Business (existing or prospective) provided always that the foregoing provision shall not prevent the Seller from taking good faith pricing decisions in the ordinary course of business and that in the event that Completion fails to occur in accordance with the provisions of this Agreement, the Buyer shall return to the Seller or destroy all and any confidential information it may possess at that time regarding fees or rebates of the Seller or Target Group;
- 2.24** enter into voluntary liquidation; or
- 2.25** agree to do any of the actions referred to in paragraphs 2.1 or 2.25 above.
- 3.** The Seller shall:
- 3.1** from the date of this Agreement until Completion, procure that no Target Group Company nor any member of the Retained Group shall induce, or attempt to induce, any Employees (save for the Redundant Employees), whether directly or indirectly to terminate their employment before the Completion Date; and
- 3.2** at the Buyer's reasonable request and the Seller's expense, provide the Buyer with such information or documents as the Buyer may reasonably require relating to the terms of employment or the employment of any Employee.
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SCHEDULE 10
COMPLETION ACCOUNTS

SCHEDULE 11

TAX SCHEDULE

Part I - Definitions and interpretations

1. Definitions and interpretation

1.1 The following words and expressions where used in this Schedule have the meanings given to them below:

Accounts means the ETC Issuer Accounts, ETFS UK Accounts, and the Carve-Out Accounts.

Auditors the auditors of the Company from time to time.

Buyer's Relief any Relief to the extent that the same either:

- (a) has been shown as an asset of the Company in the Completion Accounts; or
- (b) arises to the Company in respect of any period or part of a period after Completion; or
- (c) has been taken into account in computing (and so reducing or eliminating) any provision for deferred Tax which appears or which, but for the availability or presumed availability of the Relief would have appeared in the Completion Accounts.

Event any transaction, act, event, omission or occurrence of whatever nature, including without limitation the acquisition, disposal or realisation of any asset, the making of any claim relevant for taxation purposes, the expiry of a period of time, the Company becoming or ceasing to be associated with any other person for any Taxation purpose or ceasing to be, or becoming, resident in any country for any Taxation purpose, the commencement or cessation of any trade or other activity, the appropriation of any trading stock, the death, winding up or dissolution of any person, the earning, receipt or accrual for any Taxation purpose of any income, profit or gains, the incurring of any loss or expenditure, and any reference to an Event occurring on or before a particular date shall include Events that, for tax purposes, are deemed to have, or are treated or regarded as having occurred on or before that date.

FATCA	means the Foreign Account Tax Compliance Act of 2010, including the taxes imposed under Sections 1471 through 1474 of the Code
ITEPA	means the Income Tax (Earnings and Pensions) Act 2003
Liability to Taxation	<ul style="list-style-type: none">(a) a liability to make a payment of or in respect of, or on account of, Tax, whether or not the Company has or may have a right of reimbursement against any other person, in which case the amount of the Liability to Taxation will be the amount of the actual payment or an amount in respect of Taxation;(b) the loss of any Buyer's Relief in which case the amount of the Liability for Taxation will be the amount of Tax that would (on the basis of Tax rates current at the date of that loss) have been saved but for the Loss, assuming for this purpose that the Company had sufficient profits or was otherwise in a position to use the Relief or where the Relief is the right to repayment of Tax or to a payment in respect of Tax, the amount of the repayment or payment; and(c) the utilisation (whether by offset or deduction against or from Profits or Tax) of any Buyer's Relief in circumstances where, but for the utilisation, the Company could have a liability to Tax falling within paragraph (a) of this definition in which case the amount of the Liability to Taxation will be the amount of Tax for which the Seller would have been liable but for the set-off or use.
Profits	gross income, profits, gains (including capital gains) or the value of supplies and any other consideration, value or receipts used or charged for taxation purposes and includes Profits deemed to have been earned, accrued or received for Tax purposes.

Relief	any relief, exemption, allowance, set-off, deduction or credit relevant to the computation of any liability to make a payment of or relating to Taxation.
Seller' Relief	any Relief other than a Buyer's Relief.
Tax Claim	a claim under this Schedule including (other than a claim under paragraph 8 of Part IV of this Schedule), for the avoidance of doubt, a claim by the Buyer against the Seller for a breach of any of the Tax Warranties.
Tax Covenant	the covenants in Part III of this Schedule.
Tax Statute	any directive, statute, enactment, law or regulation wherever enacted or issued, coming into force or entered into providing for or imposing any Tax including orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute or statutory provision and any directive, statute, enactment, law, order, regulation or provision that amends, extends, consolidates or replaces the same or that was amended, extended, consolidated or replaced by the same.
Tax Warranties	the warranties set out in Part II of this Schedule.
Taxation or Tax	all forms of taxes and all duties, charges, levies, imposts, contributions, withholdings, liabilities or amounts in the nature thereof (but for the avoidance of doubt excluding water rates, business rates and other utility or local authority charges and including National Insurance contributions in the UK and corresponding obligations elsewhere), whenever and by whatever authority imposed and whether of the United Kingdom or elsewhere, irrespective of the person to which any such taxes, duties, charges, levies, imposts, contributions, withholdings or amounts are directly or primarily chargeable, together with all interest, fines, penalties, surcharges and charges relating to any of the foregoing.

Taxation Authority	any taxation or other authority which seeks to determine liability for and/or administers Taxation.
VAT	value added tax or any similar, replacement or additional tax chargeable in the United Kingdom or in any other jurisdiction and taxes, charges and levies imposed under Goods and Services Tax (Jersey) Law 2007, as amended, and associated Regulations (“ GST Law ”).

1.2

In this Schedule:

- 1.2.1** References to a “**Tax Assessment**” means any notice, demand, assessment (including a self-assessment), letter, return, accounts, computations or other document or action taken indicating that the Company is or may be placed under a liability to make a payment of or in respect of Taxation.
- 1.2.2** References to Profits earned, accrued or received shall include Profits deemed to have been or treated as earned, accrued or received for taxation purposes and references to the time at which, or in respect of which, Profits are earned, accrued or received shall include the time at which, or in respect of which, those Profits are deemed for taxation purposes to have been earned, accrued or received.
- 1.2.3** References to any payment, dividend or distribution shall include anything which is deemed, for taxation purposes, to be a payment, dividend or distribution and references to the time at which a payment, dividend or distribution has been paid or made shall include the time at which any such amount has fallen due to be, or is deemed for taxation purposes to be, paid or made.
- 1.2.4** References to something being deemed or treated “**for taxation purposes**” in a certain way shall mean that for the purposes of any applicable legislation, secondary legislation, rules, regulations or decided case law relating to or having reference to Taxation such things are deemed or treated in the way described.
- 1.2.5** References to a “**person**” include references to any unincorporated association, body of persons, partnership, trust or company.
- 1.2.6** References to any statute or statutory provision shall be construed so as to include a reference to such statute or statutory provision as it may have been, or may from time to time be, amended, modified, consolidated, restated, re-enacted or replaced.

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- 1.2.7** Except as are specifically provided, references to paragraphs and to Parts are to the paragraphs of and Parts of this Schedule. Headings are for convenience only and shall not affect the construction or interpretation of this Schedule.
- 1.2.8** Words and expressions defined in the Agreement shall have the same meaning in this Schedule, unless the Schedule expressly provides a different meaning.
- 1.2.9** References to the Company shall include references to each member of the Target Group, so that each provision of this Schedule (including the Tax Warranties and the Tax Covenant) shall apply by reference to and/or shall be given in relation to each member of the Target Group as if repeated with respect to each such member naming it in place of the Company throughout except where the context otherwise requires.
- 1.2.10** References to a claim under or arising under this Schedule, a payment under this Schedule or a liability under this Schedule shall include a claim, payment or liability in respect of breach of the Tax Warranties.
- 1.2.11** References to any specific UK legal term or statutory reference shall be deemed to include to the equivalent legal term or statutory reference in Jersey where relevant.
- 1.2.12** Any reference to something occurring in the ordinary course of business shall not include:
- (a) anything that involves, or leads directly or indirectly to, any liability of the Company that is (or but for an election would have been) the primary liability of, or properly attributable to, or due from another person (other than a member of the Buyer Group);
 - (b) anything that relates to or involves the acquisition or disposal (or deemed acquisition or disposal) of an asset or the supply of services (including the lending of money, or the hiring or licensing of tangible or intangible property) in a transaction that is not entered into on arm's length terms;
 - (c) anything that relates to or involves the making of a distribution or deemed distribution for Tax purposes, the creation, cancellation or reorganisation of share or loan capital, the creation, cancellation or repayment of any intra-group debt or the Company becoming or ceasing to be, or being treated as ceasing to be, a member of a group of companies, or becoming or ceasing to be associated or connected with any other company for any Tax purposes;
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- (d) anything that relates to any scheme, transaction or arrangement that gives rise, or may give rise, to a Liability for Tax under any anti-avoidance legislation, that is designed partly or wholly (or contains steps or stages designed partly or wholly) to avoid, reduce or defer a Liability for Tax or that gives rise to a duty to notify a Tax Authority under any legislation introduced to counter tax avoidance;
 - (e) anything that gives rise to a Liability for Tax on deemed (as opposed to actual) profits or to the extent that it gives rise to a Liability for Tax on an amount of profits greater than the difference between the sale proceeds of an asset and the amount attributable to that asset in the Completion Accounts or, in the case of an asset acquired since the Date, the cost of that asset;
 - (f) anything that involves, or leads directly or indirectly to, a change of residence of the Company for Tax purposes; or
 - (g) any liability arising as a result of the failure to properly deduct or account for Tax, or to comply with the provisions of any Tax legislation or subordinate legislation (including regulations) and any act, omission or transaction that gives rise to any fine, penalty, surcharge, interest or other imposition relating to any Tax.

1.2.13 Any stamp duty charged on any document (or in the case of a document that is outside the UK, any stamp duty that would be charged on the document if it were brought into the UK) that is necessary to establish the title of the Company to any asset, and any interest, fine or penalty relating to the stamp duty, shall be deemed to be a liability of the Company to make an actual payment of Tax because of an Event arising on the later of (i) the last day on which it would have been necessary to pay the stamp duty to avoid any liability to interest or penalties arising on it, and (ii) the date on which the relevant document is brought into the UK.

1.2.14 References to the due date for payment of any Tax shall mean the last day on which that Tax may, by law, be paid without incurring any penalty, fine, surcharge, interest, charges, costs or other similar imposition (after taking into account any postponement of the date that was obtained for the payment of that Tax).

1.2.15 References to a repayment of Tax shall include any repayment supplement or interest in respect of it.

1.3 Any payment under this Schedule shall, so far as legally possible, constitute an adjustment to the consideration payable by the Buyer to the Seller under the Agreement.

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- 1.4 The Tax Covenant and paragraph 8 of Part IV of this Schedule shall come into effect at Completion. All other provisions of this Schedule shall come into effect on signing of this Agreement, provided that, for the avoidance of doubt, the Tax Warranties are repeated in accordance with Clause 6 of this Agreement.

Part II - Tax Warranties

1. General

- 1.1 The Accounts include proper provision or reserve (as appropriate) in accordance with generally accepted accounting practice for Taxation liable to be assessed on the Company or for which the Company is accountable at that date. Proper provision has been made and shown in the Accounts for deferred tax in accordance with generally accepted accounting principles.
- 1.2 All Tax (whether of the UK or Jersey elsewhere), for which the Company has been liable to account, has been duly paid (insofar as such Tax ought to have been paid) and no penalties, fines, surcharges or interest have been incurred.
- 1.3 The Company is not, nor so far as the Seller is aware will it become, liable to make to any person (including any Tax Authority) any payment in respect of any liability to Tax which is primarily or directly chargeable against, or attributable to, any other person (other than the Company or a Subsidiary).
- 1.4 The Company has not entered into or been a party to any scheme, arrangement or transaction in respect of which any disclosure has been made or any information has been provided in compliance with part 7 of the Finance Act 2004 (disclosure of tax avoidance schemes) or schedule 11A VATA 1994 (disclosure of avoidance schemes) or any regulations made under that part or that schedule and has not been advised that any such disclosure ought to be made.
- 1.5 So far as the Seller is aware, the Company has not been a party to, nor has otherwise been involved in, any transaction, scheme or arrangement designed wholly or mainly or containing steps or stages having no commercial purpose and designed wholly or mainly for the purpose of avoiding or deferring Tax or reducing a liability to Tax or amounts to be accounted for under PAYE.
- 1.6 The Company has within the past seven years, where legally obliged to do so, deducted or withheld amounts in respect of Taxation and has properly and punctually accounted to the relevant Taxation Authority for the Taxation so deducted or withheld.
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2. Compliance

- 2.1** The Company has, within the past seven years, made all notices, returns, claims for relief, applications, notifications, computations, reports, accounts, statements, supplies of information, registrations and assessments it is or was required by law to submit to a Taxation Authority (“**Returns**”). All Returns have been in the required form and have been properly submitted by the Company within any relevant time limits. The Returns were and, so far as the Seller is aware, remain complete, true and accurate, give full disclosure of all material facts and circumstances and are not the subject of any question or dispute nor are they, so far as the Seller is aware, likely to become the subject of any question or dispute with any Taxation Authority.
- 2.2** The Company has complied with FATCA and the Organisation for Economic Co-operation and Development’s Common Reporting Standard and Model Competent Authority Agreement (as amended from time to time) (the “**CRS**”) and any intergovernmental agreements, legislation and regulations in connection with the foregoing.
- 2.3** The Company has prepared, kept and preserved sufficient records as required by law and to enable it to deliver correct and complete Returns and to ensure compliance with FATCA and CRS. Such records are accurate and up-to-date. The Company has maintained arrangements for keeping accounting records which meet all legal requirements and which are sufficient to enable the Company’s liabilities to Tax to be calculated accurately in all respects.
- 2.4** The Company has not, within the last seven years, paid or become liable to pay, nor so far as the Seller is aware are there any circumstances which may cause it to become liable to pay, any penalty, fine, surcharge or interest in connection with Taxation.
- 2.5** No Taxation Authority has agreed to operate any special arrangement (being an arrangement which is not based on the generally accepted application of the relevant legislation, statements of practice or published extra-statutory concessions) in relation to the Company’s affairs.
- 2.6** The Company is not and, so far as the Seller is aware, is not likely to be involved in a material dispute with any Taxation Authority. The Company has not, within the past seven years, been subject to, nor, so far as the Seller is aware, is it likely to be subject to, any material non-routine visit, audit, investigation, enquiry, discovery or access order by any Taxation Authority.

3. Groups of companies

- 3.1** The Company comprises a group with certain UK resident members of the Seller’s group as set out in the Disclosure Letter for the purposes of Part 5 CTA 2010 (Group relief). The Company has not, in the last seven years, been a member of a different group for those tax purposes.

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- 3.2 Save as set out in the Disclosure Letter, there are no claims to or surrenders of group relief (within the meaning of Part 5 CTA 2010 by or to the Company (other than any claims by or surrenders to another Target Group Company) which have yet to be finally agreed or determined, and no payments for group relief (within the meaning of Part 5 CTA 2010) by or to the Company (other than payment to or by another Target Group Company) which remain outstanding or could be reduced or increased. There are no arrangements that will or may remain in place at Completion for the claim to or surrender of group relief by or to the Company except between Target Group Companies.
- 3.3 The Company is not, and has not within the last seven years been, party to any such arrangement as is mentioned in section 59F Taxes Management Act 1970 (group payment arrangements).
4. **Value added tax**
- 4.1 The Company has, within the past seven years, complied materially with its legal obligations relating to value added tax, including maintaining and retaining complete, accurate and up to date records, invoices and other documents in such form and for such periods as required by law.
- 4.2 ETFS UK and ETF Securities (International) Limited form a group for the purposes of sections 43 to 42C Value Added Tax Act 1994 (group of companies), of which ETF Securities (International) Limited is the representative member. No other member of the Target Group is in a group for the purposes of sections 43 to 42C Value Added Tax Act 1994 (group of companies).
- 4.3 VAT has been duly paid by the Company, or provision has been made in the Accounts for all amounts of VAT for which the Company is liable.
- 4.4 The Company has validly claimed International Services Entity (“ISE”) status as allowed by GST Law for the five years up to and including the current year, and paid the requisite ISE fee within the time limit laid out in the GST Law.
- 4.5 The Company is not, nor has agreed to become, liable for VAT under sections 47, 48 or 55 of VATA 1994. No direction has been given, or may be given, by HM Revenue & Customs under paragraph 2 of Schedule 6 to VATA 1994.
5. **Employees**
- 5.1 The Disclosure Letter contains details of any payments or loans made to, any assets made available or transferred to, or any assets earmarked, however informally, for the benefit of, any employee or former employee (or anyone linked with such employee or former employee) of the Company by an employee benefit trust or another third party, falling within the provisions of Part 7A to the Income Tax (Earnings and Pensions) Act 2003 and details of any trust or arrangement capable of conferring such a benefit.
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- 5.2 All Tax and national insurance contributions deductible under the PAYE system, the Construction Industry Scheme and/or any other Tax Statute have, within the past five years so far as required to be deducted, been deducted from all payments made (or treated as made) by the Company. All amounts due to be paid to the relevant Tax Authority on or before the date of this agreement in respect of such deductions have been so paid.
- 5.3 All employees of the Company who hold employment related securities in any member of the Sellers' Group by reason of their employment with the Company have signed elections pursuant to section 431(1) of ITEPA in respect of such employment related securities.
6. **Stamp taxes**
- 6.1 All stamp duties and stamp duty land tax and similar taxes or duties have been paid (where due and payable) in respect of all Transactions carried out by the Company.
- 6.2 There is no instrument to which the Company is a party, or which is necessary to establish the Company's rights or the Company's title to any asset, which is or could become liable to stamp duty (or any similar duty or Tax in a jurisdiction outside the UK) which has not been duly stamped or in respect of which the relevant duty or Tax has not been paid and which would attract stamp duty or any other form of transfer tax or registration tax if it were brought into the United Kingdom.
7. **International**
- 7.1 The Company was incorporated in and is and always has been resident only in its country of incorporation for Taxation purposes and for the purposes of any double taxation agreement.
8. **Distributions and other payment**
- 8.1 No distribution or deemed distribution, within the meaning of section 1000 or sections 1022-1027 of CTA 2010, has been made (or will be deemed to have been made) by the Company, except dividends shown in its audited accounts, and the Company is not bound to make any such distribution.
- 8.2 The Company has not, within the period of five years preceding the date of this agreement, been engaged in, nor been a party to, any of the transactions set out in Chapter 5 of Part 23 of CTA 2010 (demergers).
9. **Close Companies**
- 9.1 Any loans or advances made, or agreed to be made, by the Company within sections 455, 459 and 460 of CTA 2010 and which remain outstanding at the date of this agreement have been disclosed in the Disclosure Letter. The Company has not in the past five years released or written off, or agreed to release or write off, the whole or any part of any such loans or advances.
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10. Transfer Pricing

- 10.1** All transactions or arrangements made by the Company have been made on arm's length terms and the processes by which prices and terms have been arrived at have, in each case, been fully documented. No notice, enquiry or adjustment has been made by any Tax Authority in respect of any such transactions or arrangements.

11. Inheritance Tax

- 11.1** Neither the Company nor the Shares, is subject to any Inland Revenue charge as mentioned in sections 237 and 238 of IHTA 1984 or is liable to be subject to any sale, mortgage or charge by virtue of section 212(1) of IHTA 1984.

Part III - Tax Covenant

1. Covenants

- 1.1** Subject to the other provisions of this Schedule, the Seller covenants to pay to the Buyer an amount equal to any:
- 1.1.1** Liability to Taxation of the Company resulting from, or by reference to, any Event occurring or deemed, for taxation purposes, to have occurred on or before Completion; or
 - 1.1.2** Liability to Taxation of the Company resulting from, or by reference to, any Profits earned, accrued or received in respect of any period ending on or before Completion whether or not the liability was discharged on or before Completion; or
 - 1.1.3** Liability to Taxation of the Company, including liability for payments in respect of Tax, that arises solely due to the relationship for Tax purposes before Completion of the Company with any person other than a member of the Target Group or the Buyer Group, whether arising before or after Completion; or
 - 1.1.4** Liability to Taxation that is a liability of the Company to account for income tax and/or National Insurance contributions or other social security contributions, arising before Completion and whether of the United Kingdom, Jersey or elsewhere; or
 - 1.1.5** Liability to Taxation that is a liability of the Company to account for income tax and/or National Insurance contributions or other social security contributions, whether arising before or after Completion and whether of the United Kingdom, Jersey or elsewhere in respect of the grant, exercise, surrender, exchange or other disposal of an option or other right to acquire securities, or in respect of any acquisition, holding, variation or disposal of employment-related securities (as defined for the purposes of Part 7 of ITEPA) where the acquisition of the security or the grant of the option or other right to acquire the security occurred on or before Completion; or
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- 1.1.6** Liability to Taxation of the Company under Part 7A of ITEPA, whether arising before or after Completion, including any liability arising as a consequence of any payments or loans made to, any assets made available or transferred to, or any assets earmarked (however informally) for the benefit of any employee or former employee of the Company, or for the benefit of any relevant person, by an employee benefit trust or another third party where the arrangement giving rise to the charge was entered into at a time when the third party was acting on the instructions of the Seller and, after Completion, without the consent of the Buyer; or
- 1.1.7** Liability to Taxation being a liability for inheritance tax that:
- (i) is a liability of the Company and arises because of a transfer of value occurring (or being deemed to occur) on or before Completion (whether or not in conjunction with the death of any person whenever it happens);
 - (ii) gives rise at Completion to a charge on, or a power to sell, mortgage or charge, any of the Shares or assets of the Company; or
 - (iii) gives rise after Completion to a charge on, or a power to sell, mortgage or charge, any of the Shares or assets of the Company because of the death of any person within seven years of a transfer of value that occurred before Completion;
- and in determining for the purposes of this sub-paragraph 1.1.8 whether a charge on, or power to sell, mortgage or charge any of the shares or assets of the Company exists at any time, the fact that the inheritance tax is not yet payable, or may be paid by instalments, shall be disregarded, and the inheritance tax shall be treated as becoming due, and a charge or power to sell, mortgage or charge as arising, on the date of the transfer of value or other date or event on or in respect of which it becomes payable or arises, and the provisions of section 213 of the IHTA 1984 shall not apply;
- 1.1.8** Liability to Taxation in Australia resulting from, or by reference to, any activities of ManJer occurring or deemed, for taxation purposes, to have occurred in Australia on or before Completion;
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- 1.1.9** Liability to Taxation arising out of, or in connection with, the pre-Completion reorganisation carried out in accordance with the Reorganisation Steps Paper; and
- 1.1.10** reasonable costs and expenses (including reasonable legal costs but excluding recoverable VAT), properly and reasonably incurred by the Buyer, the Company or any member of the Buyer Group in connection with any Liability to Taxation, or other liability in respect of which the Sellers are liable under this Schedule, any Tax Claim or taking or defending any successful action under this Schedule.

2. Date For Payment

- 2.1** Where a Tax Assessment in respect of which the Buyer is entitled to a payment under this Schedule requires the Buyer or the Company to make a payment in respect of a Liability to Taxation within limb (a) of the definition of Liability to Taxation, the Seller shall pay to the Buyer the amounts claimed in respect of that Tax Assessment under this Schedule on or before the date which is the later of (i) the date seven Business Days after formal written demand is made by the Buyer and (ii) the fifth Business Day prior to the due date for Payment.
- 2.2** In the case of the loss of a right to repayment of Tax the later of (i) seven Business Days following the date on which the Buyer serves a written demand for such payment and (ii) the date on which the Company would have received the repayment of Tax.
- 2.3** In a case that involves the loss of a Buyer's Relief (other than a right to repayment of Tax) the later of (i) seven Business Days after the date on which the Buyer serves a written demand for such payment and (ii) the last date on which the Tax is or would have been required to be paid to the relevant Tax Authority in respect of the earlier of:
- (i) the period in which the Loss of the Relief gives rise to an actual liability to pay Tax; or
 - (ii) the period in which the Loss of the Relief occurs (assuming for this purpose that the Company had sufficient profits or was otherwise in a position to use the Relief).
- 2.4** In a case that falls within sub-paragraph (c) of the definition of Liability to Taxation or the definition of Liability for Tax, the later of (i) seven Business Days after the date on which the Buyer serves a written demand for such payment and (ii) date on which the Tax saved by the Company is or would have been required to be paid to the relevant Tax Authority.
- 2.5** In the case of a liability under sub-paragraph 1.1.10 seven Business Days following the date on which the Buyer makes a written demand for such payment.
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Part IV - Exclusions, Conduct, Others

1. Exclusions and limitations

The Seller shall not have a liability for any Tax Claim to the extent that:

- 1.1** provision, reserve or allowance (other than a provision for deferred tax) in respect of such Liability to Taxation was made in the Completion Accounts; or
- 1.2** the Profits in respect of which the said Liability to Taxation arises were actually (and not merely deemed for a Tax purpose), earned, accrued or received by the Company on or before Completion but were not reflected in the Completion Accounts; or
- 1.3** a Seller's Relief is available to the Company after Completion or would have been available but for its use after Completion to reduce or mitigate a Liability to Taxation for which the Seller would not have been liable under this Schedule; or
- 1.4** such Liability to Taxation arises or is increased wholly or partly as a result of any change in any law regulation or directive, or the published practice of any Tax Authority announced and taking effect after Completion (other than a change specifically targeted at countering a tax avoidance scheme where the Liability to Taxation arises in respect of such tax avoidance scheme) provided that this paragraph 1.4 shall not apply to any payment made under paragraph 3 of this Part IV; or
- 1.5** the Liability to Taxation arises or is increased as a result of any increase in the rates of Taxation or variation in the method of applying or calculating the rate of Taxation made after the date of Completion (other than a change specifically targeted at countering a tax avoidance scheme where the Liability to Taxation arises in respect of such tax avoidance scheme or made in order to comply with generally accepted accounting practices applicable to the Company); or
- 1.6** the Liability to Taxation arises or is increased as a result of any change made after Completion to the accounting periods or the accounting basis, policy, practice or principles on which the accounts of the Company are prepared except in each case other than any change made in order to comply with generally accepted accounting practice applicable to the Company at Completion; or
- 1.7** the Liability to Taxation would not have arisen or would have been reduced or eliminated but for:
 - 1.7.1** the making of a claim, election, surrender or disclaimer or the giving of a notice or consent or the doing of any other thing after Completion by the Buyer, the Company or any member of the Buyer Group where the making of such claim, election, surrender, disclaimer or the giving of such notice or consent was not assumed or reflected in computing any provision or reserve for Tax in the Completion Accounts or in determining that no such provision or reserve needed to be made; or

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- 1.7.2** the failure or omission on the part of the Buyer, the Company or any member of the Buyer Group to make any valid claim, election, surrender or disclaimer or give any notice or consent or do any other thing the making, giving or doing of which was taken into account in computing any provision or reserve for Taxation in the Completion Accounts of which the Buyer was aware or ought reasonably to have been aware and the making, adjustment, revision, giving or doing of which was not required under applicable legislation to be done before Completion in order to be effective or to avoid the imposition of any fine, penalty or surcharge; or
- 1.8** the Liability to Taxation is a liability to interest and/or penalties which arises or is increased as a result of the failure by the Buyer to comply with any of its obligations under paragraphs 6 or 7 of Part IV of this Schedule;
- 1.9** the Liability to Taxation would not have arisen but for any voluntary action, transaction or omission after Completion on the part of the Buyer or the Company outside the ordinary course of business at Completion, except that this exclusion shall not apply where any such action, transaction or omission is carried out or effected by the Buyer or the Company:
- 1.9.1** pursuant to a legally binding commitment created on or before Completion; or
- 1.9.2** at the written request of the Seller after Completion; or
- 1.9.3** imposed on the Company or the Buyer by any legislation in force before Completion or to avoid or mitigate a penalty imposable by any such legislation.
- 1.10** the Buyer has been compensated in respect of that Liability to Taxation elsewhere under this Agreement; or
- 1.11** the Seller has made payment in respect of the Liability to Taxation pursuant to any provision imposing liability on the Seller for Taxation primarily chargeable against the Company; or
- 1.12** the Liability to Taxation would not have arisen but for the winding up of, or the cessation of the trade or business of the Company, or any change in the nature or conduct of such trade or business, where the winding up, cessation or change occurs after Completion.
- 2. Time And Financial Limitations**
- 2.1** The Seller shall not be liable for any Tax Claim unless written notice of the claim has been given to the Seller by or on behalf of the Buyer as soon as reasonably practicable after the Buyer or the Company becomes aware of a Tax Claim, provided that giving notice shall not be a condition precedent to the Seller's liability under this Schedule.
- 2.2** The Seller shall not be liable for any Tax Claim unless written notice of the claim has been given to the Seller by or on behalf of the Buyer not later than the seventh anniversary of Completion.
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- 2.3 The written notice of the Tax Claim shall give reasonable details of the nature of the claim and the circumstances giving rise to it.
- 2.4 The provisions of Schedule 6 (Limitations on Claims) of this Agreement shall apply to limit the Seller's liability in respect of Tax Claims to the extent set out therein.
3. **Withholdings and deductions**
- 3.1 All amounts due under this Agreement from the Seller to the Buyer shall be paid in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax required by law). If any deductions or withholdings are required by law to be made from any of the sums payable under this Agreement, the Seller shall provide any evidence of the relevant withholding as the Buyer may reasonably require and shall pay to the Buyer any sum as will, after the deduction or withholding is made, leave the Buyer with the same amount as it would have been entitled to receive without that deduction or withholding.
- 3.2 If any sum payable by the Sellers to the Buyer under this Agreement is subject to Tax in the hands of the Buyer, the Seller shall pay any additional amount required to ensure that the net amount received by the Buyer shall be the amount that the Buyer would have received if the payment was not subject to Tax.
- 3.3 If the Buyer would, but for the availability of a Buyer's Relief, incur a Liability to Taxation falling within paragraph 3.2 above, it shall be deemed for the purposes of that paragraph 3.2 to have incurred and paid that liability.
- 3.4 Paragraphs 3.2 shall not apply, and the Seller shall not be required to make any increased payment under paragraph 3.1, to the extent that the deduction or withholding or liability to Taxation would not have arisen but for the Buyer being resident in any jurisdiction other than the United Kingdom.
- 3.5 If an increased payment is made under paragraph 3.1, and the Buyer receives a credit for or refund of Taxation by reason of the relevant deduction or withholding, it shall, provided it determines in good faith it can do so without prejudice to the retention of that credit or refund, reimburse the Sellers with such amount as shall leave the Buyer in no better or worse position than it would have been in had no deduction or withholding been required within 15 Business Days of obtaining such credit for or a refund of Taxation.
4. **Third party claims**
- 4.1 If (i) the Seller has made a payment to the Buyer under this Schedule, then the following provisions of this paragraph 4 shall apply:
- 4.1.1 If the Buyer or the Company receives from any person (other than the Buyer, the Company or other member of the Buyer Group) a payment in respect of the Liability to Taxation in question (including any interest or repayment supplement) the payment shall be dealt with in accordance with paragraph 4.2.
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- 4.1.2** If the Buyer or the Company is or becomes entitled to a payment in respect of the Liability to Taxation in question from any person other than the Buyer, the Company or other member of the Buyer Group or a person connected with any of them for taxation purposes, then:
- 4.1.2.1** the Buyer shall as soon as reasonably practicable notify the Seller of the entitlement; and
- 4.1.2.2** the Buyer shall, if so required by the Seller and subject to being secured and indemnified by the Sellers for any Tax which may be suffered on receipt of that amount and any reasonable costs and expenses reasonably and properly incurred by the Buyer in recovering that amount, at the Seller's expense, take or procure that the Company shall take all reasonable steps to enforce that entitlement (keeping the Seller fully informed of the progress of any action taken) provided that the Buyer shall not be required to take any action under this paragraph 4 that, in the Buyer's reasonable opinion, is likely to materially harm its, the Company's or other member of the Buyer Group's commercial or employment relationship with that person,
- and any payment received shall be dealt with in accordance with paragraph 4.2.

4.2 Where it is provided under paragraph 4.1 that a payment is to be dealt with in accordance with this paragraph 4.2 the Buyer shall account to the Seller for the lesser of:

4.2.1 any amount recovered (including any related interest or related repayment supplement) at any time not later than seven years from Completion, less any Tax suffered in respect of that amount and any costs and expenses incurred in recovering that amount to the extent such costs and expenses have not already been paid or indemnified by the Seller in accordance with paragraph 4.1; and

4.2.2 the amount paid by the Sellers under the Tax Covenant in respect of the Liability for Tax in question.

Where the amount under paragraph 4.2.1 exceeds the amount under paragraph 4.2.2, such excess shall be carried forward and set off against future claims under this Schedule.

5. Over-provisions and Savings

5.1 If on or before the seventh anniversary of Completion the Buyer discovers (or is made aware) that:

5.1.1 the Completion Accounts may contain an over-provision, as defined in paragraph 5.5 (an **“Over-provision”**); or

5.1.2 any Liability to Taxation which may result in a payment under this Schedule by the Seller may give rise to a saving, as defined in paragraph 5.6, of Taxation by the Buyer or the Company (a **“Saving”**);

the Buyer shall give or shall procure that the Company gives notice to the Seller. If the parties cannot reach agreement as to the amount of the Over-provision or Repayment or the value of the Saving, the Buyer shall (at the Seller’ request and expense) procure that the Auditors certify such amount or value and that the Seller is provided, on request, with such information as it reasonably requires to check the accuracy of the certificate.

5.2 In the case of an Over-provision or Saving, the Buyer shall as soon as reasonably practicable after the amount of the Over-provision or Saving is agreed, or is certified by the Auditors in accordance with paragraph 5.1:

5.2.1 set off the Over-provision or Saving against any payment then due from the Seller under this Schedule;

5.2.2 to the extent that there is an excess, refund to the Seller any previous payment or payments made by the Seller under this Schedule; and

5.2.3 to the extent that there is still an excess, carry such amount forward and set it off against any future payment to be made by the Seller under this Schedule.

5.3 Where any such certification as is mentioned in paragraph 5.1 has been made, the Seller or the Buyer (in either case at the expense of the person requesting the review) may request the Auditors to review such certification in the light of all relevant circumstances, including any facts which have become known only since such certification, and to certify whether such certification remains correct or whether, in the light of those circumstances, it should be amended, provided that such review shall not delay the payment of any amounts which would otherwise be due under this Schedule.

5.4 If the Auditors certify under paragraph 5.3 that an amount previously certified should be amended, that amended amount shall be substituted for the purposes of paragraph 5.2 as the amount of the Over-provision or Saving (as appropriate) in place of the amount originally certified, and such adjusting payments (if any) as may be required shall be made as soon as practicable.

5.5 For the purposes of this paragraph 5, an Over-provision exists if any provision for Tax (other than deferred Tax) in the Completion Accounts is overstated, except where the overstatement arises due to:

5.5.1 a change in law;

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- 5.5.2 a change in the accounting bases on which the Company values its assets;
 - 5.5.3 a voluntary act or omission of the Buyer outside the ordinary course of business and excluding any act or omission;
 - 5.5.3.1 pursuant to a legally binding commitment created on or before Completion; or
 - 5.5.3.2 at the written request of the Seller after Completion; or
 - 5.5.3.3 imposed on the Company or the Buyer by any legislation in force before Completion or to avoid or mitigate a penalty imposable by any such legislation,

that, in each case, occurs after Completion.

- 5.6 For the purposes of this paragraph 5, a “**Saving**” means a reduction, or the elimination, of any liability of the Company or the Buyer to make an actual payment of Taxation (in respect of which the Seller would not be liable to make a payment to the Buyer under this Schedule) as a result of the use or set-off of any Relief arising as a result of a Liability to Taxation, or of the matters giving rise to a Liability to Taxation, which has resulted in a payment by the Seller in full discharge of a liability under this Schedule.

6. Conduct of claims

- 6.1 If the Buyer or the Company becomes aware of a Tax Assessment or any other matter which may give rise to a Tax Claim, the Buyer shall as soon as reasonably practicable give written notice to the Seller provided that the giving of notice shall not be a Condition precedent to the Seller’s liability under this Agreement. The Buyer shall, or shall procure that the Company shall, subject to being indemnified to the reasonable satisfaction of the Buyer for all reasonable out of pocket costs and expenses properly and reasonably incurred by the Buyer or the Company in respect of such actions and all liabilities, damages, or expenses that may be incurred (including any additional Liability to Taxation), take such action and give such information and assistance in connection with the Tax Assessment or other matter as the Seller may reasonably request in writing. Such information and assistance shall include, without limitation, providing reasonable access to relevant documentation and records and permitting the copying of such documentation and records.
- 6.2 Neither the Buyer nor the Company shall be obliged to appeal or procure an appeal against any assessment to Tax if the Buyer, having given the Seller written notice of that assessment, does not receive written instructions to do so from the Seller within ten Business Days of the date of the notice to do so.
- 6.3 Without prejudice to the liability of the Seller under this Schedule, the Buyer shall not be obliged to take, or procure the taking of, any action under this paragraph 6 in respect of any Tax Claim:

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- 6.3.1 if the Seller does not request the Buyer to take any action under paragraph 6.1 or the Seller fails to indemnify the Buyer or the Company to the Buyer's reasonable satisfaction within ten Business Days of the Buyer giving the Seller notice of such Tax Assessment under paragraph 6.1; or
 - 6.3.2 where the Seller (or the Company before Completion) has engaged in fraudulent conduct or deliberate default relating to the Liability to Taxation that is the subject matter of the Tax Claim; or
 - 6.3.3 to the extent that the Liability to Taxation involves an appeal against a determination by the Tax Chamber of the First-tier Tribunal or higher tribunal unless the Seller has obtained the opinion of Tax counsel of at least seven years' standing that the appeal has a reasonable prospect of success.
- 6.4 If the Buyer is not required to take, or procure that the Company takes any action under paragraph 6.1 by virtue of any provision in this paragraph 6, the Buyer, or the Company shall have the absolute conduct of the matter which is the subject to the Tax Assessment (without prejudice to its rights under this Agreement) and shall be free to pay or settle the Tax Assessment on any terms that the Buyer or the Company in its absolute discretion considers fit.
- 6.5 For the avoidance of doubt, the actions which the Seller may request under this paragraph 6 include, without limitation, applying to postpone the payment of Taxation.
- 6.6 The Buyer shall, and shall procure that the Company shall keep the Seller informed of all material developments and provide the Seller with copies of all material correspondence entered into and notes of any material conversations or meetings with any Taxation Authority to the extent that such correspondence or notes relate to the Tax Assessment in question.
- 6.7 Neither the Buyer, the Company nor any Subsidiary shall be liable to the Seller for non-compliance with any of the provisions of this paragraph 6 if the Buyer or the Company has acted in good faith in accordance with the instructions of the Seller.

7. **Tax returns**

- 7.1 The Seller or their duly authorised agents shall, at the cost of the Company (to the extent provided for in the Completion Accounts, otherwise at the cost of the Seller):
- 7.1.1 prepare the tax returns of the Company for all Accounting Periods ended on or prior to Completion (the "**Outstanding Returns**"); and
 - 7.1.2 prepare all documentation and deal with all matters (including correspondence) relating to those returns.
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- 7.2 With respect to any Accounting Period commencing prior to Completion and ending after Completion (a “**Straddle Period**”), the Buyer or its duly authorised agents shall, at the cost of the Company, prepare the tax return for that Straddle Period (a “**Straddle Return**”) and prepare all documentation and deal with all matters (including correspondence) relating to that return.
- 7.3 The Buyer shall procure that the Company authorise, sign and submit the Outstanding Returns and the Straddle Returns to the appropriate Taxation Authority without amendment or with such amendments as the Seller may require in writing, and the Buyer shall provide the Seller in reasonable time with drafts of all documents and correspondence which it intends to submit to a Taxation Authority in relation to the Straddle Returns.
- 7.4 The Buyer shall procure that the Company provide such information and assistance, including access to their books, accounts and records, as the Seller or their duly authorised agents reasonably request to prepare the Outstanding Returns and to agree those returns with the relevant Taxation Authority.
- 7.5 The Seller shall provide such information and assistance, including access to books, accounts and records, as the Buyer or their duly authorised agents reasonably request to prepare the Straddle Return and to agree the Straddle Return with the relevant Taxation Authority.
- 7.6 The Seller shall keep the Buyer informed of all material developments, and provide the Buyer with copies of all material correspondence, in connection with the Outstanding Returns.

8. Counter Indemnity

- 8.1 The Buyer hereby covenants with the Seller to pay to the Seller, by way (so far as legally possible) of adjustment to the consideration paid by the Buyer to the Seller under the Agreement, an amount equal to any Taxation for which the Seller becomes liable as a result of the failure by any Relevant Company to pay any Taxation for which it is primarily liable and for which the Buyer would not have been entitled to make a Tax Claim against the Seller if the Company had paid that liability and, for the purposes of this paragraph, the term “**Relevant Company**” shall mean the Buyer and any company, including after Completion the Company, that may be treated for taxation purposes as being, or as having at any time been, either a member of the same group of companies as the Buyer or otherwise associated with the Buyer.
- 8.2 The covenant contained in paragraph 8.1 shall:
- 8.2.1 extend to any reasonable costs and expenses reasonably and properly incurred by the Seller in connection with such Taxation as is mentioned in paragraph 8.1 or in successfully making a claim under paragraph 8.1; and

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- 8.2.2 not apply to any Taxation to the extent that the Buyer is entitled to (or would, but for one of the Seller having paid the Taxation as envisaged by paragraph 1.11 of this Part IV, have been entitled to), but has not received, payment in respect of that Taxation when due and payable under this Schedule.
- 8.3 Paragraph 3 of this Part IV (Withholdings and deductions), and paragraph 2 of Part III (Date for Payment) shall apply to the covenant contained in this paragraph 8 as they apply to the covenants contained in Part III, replacing references to the Seller to the Buyer (and vice versa) and making any other necessary modifications.
- 8.4 Paragraph 4 of Schedule 6 (*Limitation on Claims*) to this Agreement. The provisions of Paragraphs 1 (*Exclusions and Limitations*) and 4 (*Third Party Claims*) of Part IV of this Tax Schedule shall apply to a claim under this paragraph 8 as if specifically referred to therein, replacing references to the Seller to the Buyer (and vice versa) and making any other necessary modifications.
9. **VAT GROUPS**
- 9.1 For the purposes of this paragraph 9 the “**ETFS Vat Group**” is the VAT group comprising ETFS UK and ETF Securities (International) Limited of which ETF Securities (International) Limited is the representative member.
- 9.2 The Seller will, on or before Completion, procure that notice is given to HMRC (copying the notice to the Buyer) that on, or prior to Completion, the conditions for VAT group registration will cease to be met in relation to the ETFS VAT Group and the ETFS VAT Group should therefore be disbanded. The Seller will use reasonable endeavours to procure that the date on which the ETFS VAT Group is disbanded, falls on or before Completion. The date on which the ETFS VAT Group is disbanded being the “**ETFS VAT Group Termination Date**”.
- 9.3 If the ETFS VAT Group Termination Date falls prior to Completion the Seller will procure that an application is submitted to HMRC for ETFS UK to be registered for VAT as a stand alone company with effect from the ETFS VAT Group Termination Date.
- 9.4 The Buyer will procure that ETFS UK contributes to ETF Securities (International) Limited that proportion of any VAT for which ETF Securities (International) Limited, as the representative member of the ETFS VAT Group, is accountable that is properly attributable to supplies, acquisitions and importations (“**Supplies**”) made before the ETFS VAT Group Termination Date by ETFS UK (less any amount of deductible input tax that is attributable to those Supplies) to the extent provided for in the Completion Accounts.
- 9.5 The Seller shall pay, or procure to be paid, to ETFS UK an amount equivalent to the proportion of any repayment of VAT received by ETF Securities (international) Limited from HMRC or of any credit obtained by reference to an excess of deductible input tax over
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output tax that is attributable to Supplies made, or deemed to be made, by ETFS UK while a member of the ETFS VAT Group (ignoring, for this purpose, the deeming provisions in section 43(1) of VATA 1994) and to the extent provided for in the Completion Accounts within ten Business Days of receipt by, or offset against a liability of, the representative member.

- 9.6** Neither ETFS UK nor the Buyer shall make any payment, under this paragraph 9 to the extent that it relates to an amount for which the Seller is liable to the Buyer under this Agreement.
- 9.7** The Seller shall procure that an amount equal to any payment or contribution made by the Buyer or ETFS UK under paragraph 9.4 shall be promptly and duly accounted for to HMRC.
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SCHEDULE 12
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SCHEDULE 13
ETC CONTRACTS

SCHEDULE 14
RETAINED EMPLOYEES

SCHEDULE 15

ESCROW ACCOUNT

1. The Seller shall pay the Tax Escrow Amount and the General Escrow Amount into the Escrow Account on Completion and this obligation shall be settled by the Buyer arranging for the telegraphic transfers set out in sub-paragraph 2 of Part II (*Obligations of the Buyer*) in Schedule 4.
2. No amount shall be released out of the Escrow Account otherwise than in accordance with this Schedule 15.
3. Any interest that may accrue on the credit balance on the Escrow Account shall be credited to the Escrow Account. Any payment of principal out of the Escrow Account shall be paid together with the interest which has accrued on such principal sum but less any applicable bank charges.
4. The liability to Taxation on any interest on any amount in the Escrow Account shall be borne by the party ultimately entitled to that amount.

GENERAL ESCROW

5. If by the First General Escrow Release Date, no Notice of Claim has been given by the Buyer to the Seller in respect of a Shareholder Indemnity Claim, the parties shall as soon as reasonably practicable instruct the Escrow Agent to pay the First General Escrow Release Amount out of the Escrow Account on the First General Escrow Release Date to the Seller's Solicitors' Account or such other account as the Seller may notify to the Buyer.
 6. If by the Second General Escrow Release Date, no Notice of Claim has been given by the Buyer to the Seller in respect of a General Escrow Claim, the parties shall as soon as reasonably practicable instruct the Escrow Agent to pay the Second General Escrow Release Amount out of the Escrow Account on the Second General Escrow Release Date to the Seller's Solicitors' Account or such other account as the Seller may notify to the Buyer.
 7. If at any time prior to the First General Escrow Release Date, a Notice of Claim has been given by the Buyer to the Seller in respect of a Shareholder Indemnity Claim, no amount of the General Escrow Amount shall be released to the Seller's Solicitors' Account until such Shareholder Indemnity Claim has been Finally Determined and the Due Amount (if any) has been paid.
 8. If, at the Second General Escrow Release Date, any Notice of Claim has been given by the Buyer to the Seller in respect of a General Escrow Claim at any time prior to the Second General Escrow Release Date, the Escrow Agent shall retain in the Escrow Account an amount equal to the lesser of (i) the aggregate of the Buyer's Estimate in relation to each Notice of Claim received prior to the relevant General Escrow Release Date and (ii) the total amount then standing to the credit of the Escrow Account in respect of the General Escrow Amount
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(the “**Retained Amount**”) and otherwise the parties shall, as soon as practicable, instruct the Escrow Agent to pay any amount of the General Escrow Amount balance standing to the credit of the Escrow Account which is in excess of that Retained Amount to the Sellers’ Solicitors Account or such account as the Seller shall notify the Buyer.

9. As soon as reasonably practicable following a General Escrow Claim becoming Finally Determined, the parties shall, unless the relevant Due Amount has otherwise been paid to the Buyer, instruct the Escrow Agent to pay to the Buyer out of the Escrow Account the lesser of the Due Amount and the amount standing to the credit of the Escrow Account in respect of the General Escrow Amount.

TAX ESCROW CLAIMS

10. If by the Tax Escrow Release Date, no Notice of Claim has been given by the Buyer to the Seller in respect of a Tax Escrow Claim, the parties shall as soon as reasonably practicable instruct the Escrow Agent to pay the amount standing to the credit of the Escrow Account in respect of the Tax Escrow Amount out of the Escrow Account on the Tax Escrow Release Date to the Seller’s Solicitors’ Account or such other account as the Seller may notify to the Buyer.
11. If, at the Tax Escrow Release Date, a Notice of Claim has been given by the Buyer to the Seller in respect of Tax Escrow Claim at any time prior to the Tax Escrow Release Date, the Escrow Agent shall retain in the Escrow Account an amount equal to the lesser of (i) the aggregate of the Buyer’s Estimate in relation to each Notice of Claim received prior to the Tax Escrow Release Date and (ii) the total amount then standing to the credit of the Escrow Account in respect of the Tax Escrow Amount (the “**Tax Retained Amount**”) and otherwise the parties shall, as soon as practicable, instruct the Escrow Agent to pay any amount of the Tax Escrow Amount standing to the credit of the Escrow Account which is in excess of the Tax Retained Amount to the Sellers’ Solicitors Account or such account as the Seller shall notify the Buyer.
12. As soon as reasonably practicable following a Tax Escrow Claim becoming Finally Determined, the parties shall, unless the relevant Due Amount has otherwise been paid to the Buyer, instruct the Escrow Agent to pay to the Buyer out of the Escrow Account the lesser of the Due Amount and the amount standing to the credit of the Escrow Account in respect of the Tax Escrow Amount.
13. Subject always to the terms of this Agreement, the amount paid into the Escrow Account shall not be regarded as imposing any limit on the amount of any claims under this Agreement or under any of the documents executed pursuant to this Agreement.
14. For the avoidance of doubt, if a Due Amount is not satisfied in full from the Escrow Account the Relevant Claim shall remain enforceable, to the extent the Due Amount has not been satisfied, against the Seller in accordance with the terms of this Agreement.
15. Nothing in this Schedule shall prejudice, limit or otherwise affect any right, including to make any Claim, or remedy the Buyer may have from time to time against the Seller either under this Agreement or under any of the documents executed pursuant to this Agreement, including but not limited to the WI Policy.
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SCHEDULE 16
ESCROW SCHEDULE

EXECUTION PAGE

SIGNED by
for and on behalf of
ETF SECURITIES LIMITED

)
)
/s/ Graham Tuckwell

Director/Authorised Signatory

SIGNED by
for and on behalf of
WISDOMTREE
INTERNATIONAL HOLDINGS LTD

)
)
)
/s/ Peter Ziemba

Director/Authorised Signatory

SIGNED by
for and on behalf of
WISDOMTREE INVESTMENTS, INC.

)
)
)
/s/ Jonathan Steinberg

Director/Authorised Signatory

WISDOMTREE ASSET MANAGEMENT, INC.
245 Park Avenue, 35th Floor
New York, New York 10167

November 27, 2017

R. Jarrett Lilien

Dear Jarrett:

This letter agreement ("letter") confirms your formal offer of employment by WisdomTree Asset Management, Inc. ("WTAM") to serve in the executive capacity set forth on Appendix A annexed hereto ("Appendix A"), and in the executive capacity set forth on Appendix A of its sole stockholder, WisdomTree Investments, Inc. ("WTI"), subject to the terms herein. WTAM serves as the investment advisor for the exchange traded funds issued by the WisdomTree Trust ("WTT"). As used in this letter, "Company" refers to, as the context requires, either (i) WTAM, WTI, WTT and the subsidiaries of WTAM or WTI collectively, or (ii) any one or more of such entities.

The terms of your employment will be as follows:

1. Salary. Your Base Salary will be paid at the rate per annum set forth on Appendix A commencing as of the date your employment commences, subject to such increases as may be determined from time to time by the Board of Directors of WTI (the "WTI Board") (or the Compensation Committee thereof (the "WTI Compensation Committee")) in its sole discretion. Your Base Salary will be paid in accordance with WTAM's normal payroll policies in effect from time to time. Your Base Salary shall not be reduced during your employment by the Company unless pursuant to an equivalent reduction in the Base Salary for all executive officers of the Company and, in any event, by not more than 25%.

2. Incentive Compensation.

(a) You will be entitled to a one-time Sign-On Bonus of \$550,000, payable in cash not later than February 15, 2018, provided, however, that you will not be eligible to receive this Sign-On Bonus if: (i) you are not actively employed by the Company on the date such bonus is to be paid; (ii) you have given notice of termination of your employment to the Company on or before the date such bonus is paid; or (iii) you have been given notice of termination by the Company on or before the date such bonus is paid.

(b) You shall be eligible to receive such incentive compensation as may be determined by the WTI Board or the WTI Compensation Committee from time to time. Except as otherwise provided herein, you must be employed by the Company on the day incentive compensation is paid to earn any part of that incentive compensation.

3. Restricted Stock.

(a) You will be entitled to a restricted stock grant of 250,000 shares of WTI's common stock ("Restricted Stock") under WTI's 2016 Equity Plan effective on the date you have formally resigned from the Board of Directors of WTI ("Grant Date"). The shares of Restricted Stock will vest in three equal annual installments commencing on the first anniversary of the Grant Date and shall be subject to the terms of the WTI's standard form of Restricted Stock Agreement for Executive Officers to be entered into on or about the Grant Date, *provided however*, notwithstanding anything to the contrary in the Restricted Stock Agreement, (i) for purposes of the Restricted Stock Agreement, Change of Control henceforth shall have the meaning as set forth below; (ii) in the event of an Involuntary Termination (as defined below) of your employment, (I) you shall be entitled to accelerated vesting only with respect to the shares of Restricted Stock, if any, that would have vested during the Post-Employment Period, (II) vesting shall otherwise cease as of the Date of Termination, but your non-vested shares of Restricted Stock will not be forfeited until the last day of the Post-Employment Period, and (III) if a Change of Control occurs during the Post-Employment Period, you shall be entitled to the same vesting with respect to the shares of Restricted Stock as you would have if you had been employed on the date of the Change of Control.

(b) You and the Company agree that the arbitration provisions set forth in Appendix B to this letter shall supersede and shall govern any arbitration proceeding between you and the Company set forth in any Restricted Stock Agreements between you and WTI.

(c) The provisions of this Paragraph 3 shall be deemed to amend the Restricted Stock Agreement. The Company and WTI each agree that all future grants to you of stock options, restricted stock and restricted stock units with respect to WTI common stock shall provide for (i) a definition of Change of Control consistent with this letter and acceleration of time-based vesting and continuance of the time-based stock options, restricted stock awards and restricted stock unit awards beyond termination of employment in the same manner as provided in this Paragraph 3 and (ii) arbitration provisions consistent with the provisions of Appendix B to this letter.

4. Protection of Confidential Information and Intellectual Property.

(a) You agree that your services hereunder are of a special, unique and extraordinary character, and that your position with the Company places you in a position of confidence and trust. You further acknowledge that in the course of rendering services to the Company you have obtained and will obtain knowledge of confidential information and trade secrets of the Company. Accordingly, you agree that during the Restricted Period (defined below) with respect to the clause (i) below, for a period of six years with respect to clause (ii) below, and at all times both during and after your employment with respect to clause (iii) below, you shall not, directly or indirectly, whether as owner, partner, shareholder, director, manager, consultant, agent, employee, co-venturer or otherwise:

(i) solicit, entice, or attempt to persuade any officer, director, employee, or agent of the Company to become an officer, director, employee, or agent or perform services in any other capacity on behalf of you or any other person or entity,

(ii) engage or participate in any business conducted under any name that will be the same as or similar to the names of the Company or any trade names used by the Company, or

(iii) disparage the reputation of the Company or the respective directors, trustees, officers or employees of the Company, or the product and service offerings of the Company, including, without limitation, through written or spoken communication relating to the Company, its personnel or its products and services.

For purposes of this letter, the “Restricted Period” shall mean during your employment by WTAM and for a one-year period thereafter.

(b) For three months following the Date of Termination in the event of either (i) an Involuntary Termination (as defined below), or (ii) if the Company makes a Three-Month Restrictive Covenant Election under Paragraph 8, you shall not directly or indirectly engage or participate, directly or indirectly (whether as an officer, director, employee, partner, consultant, holder of an equity or debt investment, lender, or in any other manner or capacity) (collectively, “Participate”) in the affairs of any ETF Sponsor (as defined below), *unless* (A) the ETF Sponsor also engages in activities other than as an ETF Sponsor, (B) you do not occupy a corporate executive position with the ETF Sponsor, which position provides oversight of or support to its activities as an ETF Sponsor, and (C) you do not Participate in the ETF-related activities of the ETF Sponsor (this Paragraph 4(b), the “Three-Month Restrictive Covenant”).

(c) For twelve months following the date of your Post-Change of Control Termination (as defined below), you shall not directly or indirectly Participate in the affairs of any Competing ETF Sponsor (as defined below), unless (A) the Competing ETF Sponsor also engages in activities other than as an ETF Sponsor, (B) you do not occupy a corporate executive position with the Competing ETF Sponsor, which position provides oversight of or support to its activities as an ETF Sponsor, and (C) you do not Participate in the ETF-related activities of the Competing ETF Sponsor (this Paragraph 4(c), the “Twelve-Month Restrictive Covenant”).

(d) To the extent you are an attorney admitted to practice in the State of New York, the restrictions set forth in Paragraphs 4(a)(ii), 4(b) and (c) shall be binding on you only to the extent permissible under Rule 5.6 of the New York Rules of Professional Conduct. By way of explanation, if you are an attorney admitted to practice in the State of New York the restrictions contained in the aforementioned paragraphs shall be enforceable to the extent they seek to prohibit you from Participating in the affairs of an ETF Sponsor or a Competing ETF Sponsor in a position that is non-legal in nature and does not require admittance to practice law as a pre-requisite to holding such position.

(e)

(i) An “ETF” means:

(A) Any open-end management investment company or unit investment trust registered under the Investment Company Act of 1940, as amended (the “1940 Act”) that issues and redeems any series of redeemable securities in compliance with the conditions of an exemptive order or regulation issued or promulgated by the U.S. Securities and Exchange Commission (the “SEC”) permitting, among other things, (I) the shares to be issued and redeemed only in large aggregations (“Creation Units”), and (II) secondary market transactions in the shares to occur at negotiated prices on national securities exchanges, as defined in Section 2(a)(26) of the 1940 Act (an “Exchange”), and lists such redeemable securities for trading on an Exchange; and

(B) Any exchange traded product, such as a grantor trust or other entity registered under the Securities Act of 1933, as amended (the “1933 Act”) that (I) is not registered as an investment company under the 1940 Act, (II) is typically treated as a pass through entity under the Internal Revenue Code of 1986, as amended (the “Code”), (III) issues and redeems a series of redeemable securities in large aggregations, and (IV) whose redeemable securities are listed for trading on one or more Exchanges and trade through secondary market transactions at negotiated prices on such Exchanges; or any exchange traded note (“ETN”) registered under the 1933 Act that (x) provides for payments based on the performance of an index or pool of assets, (y) trades through secondary market transactions at negotiated prices on one or more Exchanges, and (z) is listed for trading on one or more Exchanges.

(ii) A “Competing ETF Sponsor” means an ETF Sponsor that is one of the top ten ETF Sponsors in the United States based upon the AUM of its United States-listed ETFs, as of the end of the fiscal quarter immediately preceding the Date of Termination.

(iii) “AUM” means assets under management of an ETF Sponsor as calculated and reported by Bloomberg or its successor, or if not so reported, then calculated by reference to shares outstanding and net asset value of its ETFs as reported by a Bloomberg terminal.

(iv) An “ETF Sponsor” is an entity that is, or as a result of your engagement or participation would become, a sponsor of an ETF or the investment advisor or investment manager to an ETF.

(f) Your ownership, in the aggregate, of less than 1% of the outstanding shares of capital stock of any corporation with revenues in excess of \$100,000,000 and one or more classes of its capital stock listed on and Exchange shall not constitute a violation of the restrictions contained in clauses (b) or (c) above.

(g) You also agree that during your employment and at any other time thereafter you will not divulge, furnish, or make accessible to anyone (other than during your employment in the regular course of business of the Company) any knowledge or information with respect to confidential or secret processes, models, research procedures or modalities, inventions, discoveries, improvements, formulae, plans, material, devices, ideas, or other know-how, whether intellectual property or not, with respect to any confidential or secret engineering, development, or research work or with respect to any other confidential or secret aspects of the business of the Company (including, without limitation, the methodology of the market indices developed by the Company and the terms of business arrangements with service providers to the Company. You further agree that during your employment and at any other time thereafter, you will not make use of, nor permit to be used, any confidential notes, memoranda, specifications, programs, data, information or other materials of any nature whether oral or written relating to any matter within the scope of the business of the Company or concerning any of its respective dealings or affairs otherwise than for the benefit of the Company, it being agreed that any of the foregoing will be and remain the sole and exclusive property of the Company and that immediately upon the termination of your employment, you will deliver any or all copies of the foregoing to the Company.

(h) During your employment, you will disclose to the Company all market indices, research procedures, models, ideas, marketing concepts, slogans, advertising campaigns, characters, proposals and plans invented or developed by you which relate directly or indirectly to the business of the Company or arise out of your employment with WTAM or your service as an officer of the other entities comprising the Company or the use of the Company's property or resources including, without limitation, any market indices, research procedures, models, ideas, proposals and plans which may be copyrighted, trademarked, patented or otherwise protected (collectively, "Intellectual Property"). It is understood and agreed that Intellectual Property does not include ideas, proposals or plans of a legal nature that are commonly known among experienced attorneys counseling companies in the exchange traded funds industry. You agree that all such Intellectual Property will be the sole property of the Company. You expressly understand and agree that any and all Intellectual Property constitutes a "work for hire" under the U.S. Copyright Law. In the event any Intellectual Property is not regarded as a "work for hire," you hereby assign to the Company the sole and exclusive right to Intellectual Property. You agree that you will promptly disclose to the Company any and all Intellectual Property, and that, upon request of the Company, you will execute and deliver any and all documents or instruments and take any other action which the Company will deem necessary to assign to and vest completely in the Company, to perfect trademark, copyright and patent protection with respect to, or to otherwise protect the Company's trade secrets and proprietary interest in the Intellectual Property. Upon disclosure of any Intellectual Property to the Company, during your employment and at any time thereafter, you will, at the request and expense of the Company, sign, execute, make and do all such deeds, documents, acts and things as the Company and its duly authorized agents may reasonably require: (i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) trademarks, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and (ii) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such trademarks, copyrights, patents or other analogous protection. In the event the you do not, within five days after delivery to you, execute and deliver such documents reasonably necessary to vest in the Company all right, title and interest in such Intellectual Property, you hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as your agent and attorney-in-fact, to act for and in your behalf and stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of trademarks, copyright or other analogous protection thereon with the same legal force and effect as if executed by you. The obligations of this Paragraph will continue after the termination of your employment with respect to such Intellectual Property conceived of or developed by you while employed by WTAM. The Company agrees to pay any and all copyright, trademark and patent fees and expenses or the costs incurred by you for any assistance rendered to the Company pursuant to this Paragraph 4.

(i) If you commit a material breach, or if there are facts that indicate that you intend or are about to commit a material breach, of any of the provisions of Paragraph 4, the Company will have all legal and equitable rights available to it, including, without limitation, the right and remedy:

(i) to have the provisions of this letter specifically enforced by any court having equity jurisdiction, including, but not limited to, granting the Company an injunction against the you, it being acknowledged and agreed by you that the services being rendered hereunder to the Company are of a special, unique, and extraordinary character and that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide an adequate remedy to the Company; and

(ii) (x) to require you to account for and pay over to the Company all compensation, profits, monies, accruals, increments, or benefits (collectively "Benefits") derived or received by you as the result of any transactions constituting a breach of any of the provisions of Paragraph 4 and you hereby agree to account for and pay over such Benefits to the Company, and (y) to cease any severance payments that would otherwise be payable to you.

If the Company shall initiate any legal proceeding to enforce the rights granted to it pursuant to this Paragraph 4(i), the substantially prevailing party in such a proceeding shall be entitled to recover from the non-prevailing party all of its costs of enforcement or defense (as the case may be), including reasonable attorney's fees and expenses.

If you commit a material breach of any of your obligations under Paragraph 4, the time period for which the obligation at issue shall run shall be tolled during the time such material breach is ongoing until the first date on which the Employee ceases to be in material breach of such obligation.

Each of the rights and remedies enumerated in this Paragraph will be independent of the other, and will be severally enforceable, and such rights and remedies will be in addition to, and not in lieu of, any other rights and remedies available to the Company, WTI and/or WTT under law or equity. If any provision of Paragraph 4 is held to be unenforceable because of the scope, duration, or area of its applicability, the tribunal making such determination will have the power to modify such scope, duration, or area, or all of them, and such provision or provisions will then be applicable in such modified form.

(j) Nothing in this letter shall be interpreted or applied to prohibit you from making any good faith report to any governmental agency or other governmental entity concerning any acts or omissions that you may believe to constitute a possible violation of federal or state law or making other disclosures that are protected under the whistleblower provisions of applicable federal or state law or regulation. In addition, for the avoidance of doubt, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Lastly, notwithstanding anything herein to the contrary, nothing in this letter shall limit or restrict your right to initiate a legal proceeding in a court of law or equity to seek indemnification from the Company pursuant to your Indemnification Agreement with WTI dated as of the date set forth on Appendix A and your right to have WTI reimburse you for your expenses, including reasonable attorney's fees, in connection with enforcing your claim for indemnification thereunder.

5. Representations and Indemnification. You represent and warrant to the Company that you have the right to be employed by the Company and you are not subject to any contract, commitment, agreement, arrangement or restriction of any kind which might prevent you from performing your duties and obligations hereunder.

You agree to indemnify the Company against any loss, liability, claim, damage and expense (including but not limited to reasonable attorney's fees) to which the Company may be subject in any action brought by a third party arising out of or relating to a breach or alleged breach by you of any of your representations or warranties set forth above.

6. Termination Generally. If your employment with WTAM is terminated for any reason other than death, Disability (as defined below) or for Cause (as defined below), each of WTAM and you agree to discuss and in good faith seek to agree on the substance and wording of any internal and external communications regarding the circumstances of your termination.

If your employment with WTAM is terminated for any reason (including without limitation death or Disability (as defined below)), WTAM shall pay or provide you (or to your authorized representative or estate), on or before the time required by law but in any event (i) within ten (10) business days following termination with respect to the amount set forth in clause (a) below, (ii) upon payment of the annual incentive compensation for the Prior Year to WTAM's other senior executives with respect to the amount set forth in clause (b) below, provided, however, that you shall not receive any payment pursuant to clause (b) below if (I) you resign your employment without Good Reason, (II) your employment is terminated by WTAM for Cause, or (III) you received payment, prior to the Date of Termination, of your incentive compensation for the year (the "Prior Year") immediately preceding the year in which the Date of Termination occurred (the "Termination Year"); and (iii) promptly after submission of a request for reimbursement, with appropriate documentation in accordance with WTAM's policies and procedures then in effect, with respect to the amount set forth in clause (c) below:

(a) all accrued but unpaid Base Salary through the Date of Termination,

(b) the "Prior Year Cash Incentive Compensation", which shall be the lesser of (i) the product of: (A) the WTI Compensation Committee's aggregate percentage funding of the Company's budgeted incentive compensation pool for the Prior Year, multiplied by (B) 50% of your Target Incentive Compensation (as defined below) for the Prior Year, or (ii) the maximum incentive amount to which you are entitled to under the WisdomTree 2014 Incentive Compensation Plan established pursuant to Code Section 162(m) or similar Section 162(m) program established by the Compensation Committee for the Prior Year (i.e., the "umbrella plan") based on achievement of the relevant pre-established goal(s) for the Prior Year (for the avoidance of doubt, the exercise of any negative discretion permitted thereunder shall be disregarded for this purpose). If you were not employed by the Company for the entirety of the Prior Year, the foregoing amount shall be multiplied by the fraction obtained by dividing the number of days you were employed by the Company during the Prior Year by 365.

(c) reimbursement for reasonable business expenses incurred by you in performing the services hereunder prior to the Date of Termination, in accordance with the policies and procedures then in effect and established by the Company for its senior executive officers (the "Reimbursement").

Your "Target Incentive Compensation" for a fiscal year shall be the average of your actual incentive compensation (including both cash and the fair value of equity awards at the time of grant; for avoidance of doubt, the fair value of a restricted stock award or a restricted stock unit award that vests over time conditioned solely on continued employment, shall be determined

based on the closing price of a share of underlying stock on the date of grant multiplied by the number of shares subject to the award) (x) for the three most recent full fiscal years for which you have been paid incentive compensation or (y) for such lesser number of full or partial fiscal years for which you have been paid incentive compensation (with any partial fiscal year weighted proportionally less than any full fiscal year in determining your average incentive compensation; and in the event you never have been paid any incentive compensation for a full or partial fiscal year, your Target Incentive Compensation shall be the target annual incentive compensation for the Prior Year as may be set forth in your Employment Agreement, or if no such amount is set forth therein, 100% of your annual Base Salary).

If you initiate or otherwise participate in any arbitration proceeding against the Company to enforce the rights and entitlements granted to you pursuant to this Paragraph 6 and you substantially prevail in such a proceeding, you shall be entitled to recover from the Company all of your costs of enforcement, including reasonable attorney's fees and expenses.

7. Involuntary Termination. Upon your Involuntary Termination and provided you (i) enter into, do not revoke, and comply with a fully effective Release Agreement materially in the form attached as Exhibit A hereto (the "Release") and (ii) comply with the Three-Month Restrictive Covenant, WTAM will pay, in the manner set forth below, as severance to you (or in the case of your subsequent death, the legal representative of your estate or such other person or persons as you shall have designated by written notice to WTAM), an amount equal to sum of:

(a) the annual Base Salary set forth in Paragraph 1 (the "Annual Base Salary");

(b) the "Termination Year Cash Incentive Compensation", which shall be *the lesser of* (i) the product of: (A) the WTI Compensation Committee's aggregate percentage funding of the Company's budgeted incentive compensation pool for the Termination Year, multiplied by (B) 50% of your Target Incentive Compensation for the Termination Year, *or* (ii) the maximum incentive amount to which you are entitled to under the WisdomTree 2014 Incentive Compensation Plan established pursuant to Code Section 162(m) or similar Section 162(m) program established by the Compensation Committee for the Termination Year (i.e., the "umbrella plan") based on achievement of the relevant pre-established goal(s) for the Termination Year (for the avoidance of doubt, the exercise of any negative discretion permitted thereunder shall be disregarded for this purpose). If you were not employed by the Company for the entirety of the Termination Year, the foregoing amount shall be multiplied by the fraction obtained by dividing the number of days you were employed by the Company during the Termination Year by 365; and

(c) an amount that equals 50% of your Target Incentive Compensation for the Termination Year (the "Average Cash Incentive Compensation").

In addition, if you elect COBRA insurance coverage, WTAM directly will pay to you on a monthly basis 100% of the amount of such premiums (the "COBRA Premiums") for such insurance for twelve months following the Date of Termination, *provided that* WTAM's payment obligation shall cease upon the expiration of your rights under COBRA or if you became reemployed and eligible for group health benefits.

The Termination Year Cash Incentive Compensation shall be paid when WTAM pays to non-terminated senior executives their year-end incentive compensation for the Termination Year, but in no event later than March 15 of the calendar year following your Date of Termination. The

Annual Base Salary and Average Cash Incentive Compensation shall be paid out in substantially equal bi-monthly or semi-weekly installments in accordance with WTAM's payroll practice over twelve months commencing within 60 days after the Date of Termination; *provided, however*, that if the 60-day period begins in one calendar year and ends in a second calendar year, those amounts shall begin to be paid in the second calendar year. Notwithstanding the foregoing, if you breach any of the provisions contained in Paragraph 4, all payments under this Paragraph 7 shall immediately cease, but you shall be entitled to retain any payments made to you prior to any breach by you of the provisions of Paragraph 4.

If you initiate or otherwise participate in any arbitration proceeding against the Company to enforce the rights and entitlements granted to you pursuant to this Paragraph 7 and you substantially prevail in such a proceeding, you shall be entitled to recover from the Company all of your costs of enforcement, including reasonable attorney's fees and expenses.

8. Voluntary Resignation Without Good Reason or Termination for Cause If you resign your employment without Good Reason, you shall provide the Company with at least ten (10) business days' written notice before the effective Date of Termination (the "Notice Period"). At any time during the Notice Period, or in the event the Company terminates your employment for Cause, the Company may (but shall not be obligated to) elect to invoke the Three-Month Restrictive Covenant by providing you with written notice of its election (the "Three-Month Restrictive Covenant Election"), via electronic mail, facsimile, overnight mail or in person. If the Company makes the Three-Month Restrictive Covenant Election, then you shall be subject to the Three-Month Restrictive Covenant for three months following the Date of Termination. In the event the Company provides you with a timely Three-Month Restrictive Covenant Election following your resignation without Good Reason or the termination of your employment by the Company for Cause, then provided you (I) enter into, do not revoke, and comply with the Release and (II) comply with the Three-Month Restrictive Covenant, WTAM will pay you the sum of:

(a) 25% of the Annual Base Salary;

(b) an amount that equals 12.5% of your Target Incentive Compensation for the Termination Year; and

(c) an amount that equals 25% of the value (determined based on the closing price of a share of the underlying stock on the Date of Termination multiplied by the number of shares subject to the award) of any equity awards that would have vested in the one year following the Date of Termination if no termination had occurred (assuming for the purpose of this calculation that during such one year no event (such as a Change of Control) would occur that would provide for the acceleration of vesting under any such equity award).

This amount shall be paid out in substantially equal bi-monthly or semi-weekly installments in accordance with WTAM's payroll practice over three months commencing within 60 days after the Date of Termination; *provided, however*, that if the 60-day period begins in one calendar year and ends in a second calendar year, those amounts shall begin to be paid in the second calendar year. In addition, if you elect COBRA insurance coverage, WTAM directly will pay to you COBRA Premiums for three months following the Date of Termination *provided* that WTAM's payment obligation shall cease upon the expiration of your rights under COBRA or if you became reemployed and eligible for group health benefits. Notwithstanding the foregoing, if you breach any of the provisions contained in Paragraph 4, all payments under this Paragraph 8 shall immediately cease, but you shall be entitled to retain any payments made to you prior to any breach by you of the provisions of Paragraph 4.

If you initiate or otherwise participate in any arbitration proceeding against the Company to enforce the rights and entitlements granted to you pursuant to this Paragraph 8 and you substantially prevail in such a proceeding, you shall be entitled to recover from the Company all of your costs of enforcement, including reasonable attorney's fees and expenses.

9. Change of Control Severance. The provisions of this Paragraph 9 shall apply in lieu of, and expressly supersede, the provisions of Paragraph 7 regarding severance pay and benefits upon a termination of employment, if such termination of employment occurs within eighteen months after the occurrence of a Change of Control (as defined below). Upon a Post-Change of Control Termination, and provided you (I) enter into, do not revoke, and comply with the Release and (II) you comply with the Twelve-Month Restrictive Covenant (provided that you shall not be obligated to comply with the Twelve-Month Restrictive Covenant following the one year anniversary of the Date of Termination), WTAM will pay, in the manner set forth below, as severance to you (or in the case of your subsequent death, the legal representative of your estate or such other person or persons as you shall have designated by written notice to WTAM):

(i) the sum of (A) 1.75 times the Annual Base Salary; (B) an amount determined by multiplying the Average Cash Incentive Compensation by the fraction obtained by dividing the number of days employed by the Company during the Termination Year by 365, and (C) 1.75 times the Average Cash Incentive Compensation. The amounts in this Paragraph 9(i) shall be paid in a lump sum on the first payroll date following the 30th day after the Date of Termination if permissible under Section 409A of the Code without being subject to additional tax, penalty or surcharge under Section 409A of the Code (it being understood that if a lump sum payment is not permissible thereunder, the amounts under this Paragraph 9(i) shall be paid in the same schedule as set forth in Paragraph 7 above);

(ii) you shall be entitled to accelerated vesting of any unvested portion of any time-based equity award that would have vested in the twenty-one-month period following the Date of Termination as if no termination had occurred; and

(iii) If you elect COBRA insurance coverage, WTAM directly will pay to you COBRA Premiums for twenty-one months following the Date of Termination, *provided* that WTAM's payment obligation shall cease upon the expiration of your rights under COBRA or if you became reemployed and eligible for group health benefits.

Furthermore, the Company agrees to maintain, for a period of at least six years after your termination, directors' and officers' liability insurance insuring you (in your capacity as an officer and/or director) and other officers and directors, with a limit of liability not less than the aggregate of the respective amounts set forth in the policy or policies maintained by the Company immediately prior to the Change of Control.

Notwithstanding the foregoing, if you breach any of the provisions contained in Paragraph 4, all payments under this Paragraph 9 shall immediately cease, but you shall be entitled to retain any payments made to you prior to any breach by you of the provisions of Paragraph 4. However, if you shall breach the provisions of Paragraph 4(c), the Company shall be entitled to recover from you a pro-rata portion of the payments made to you under this Paragraph 9 that corresponds to the proportionate period of time that you were in breach of Paragraph 4(c).

If you initiate or otherwise participate in any arbitration proceeding against the Company to enforce the rights and entitlements granted to you pursuant to this Paragraph 9 and you substantially prevail in such a proceeding, you shall be entitled to recover from the Company all of your costs of enforcement, including reasonable attorney's fees and expenses.

10. Definitions.

(a) "Cause" shall mean any one or more of the following acts or omissions by you:

- (i) the willful and continued failure to (A) materially perform your duties and obligations under this letter or (B) to carry out specific legal and lawful directions of a senior officer or the Board of Directors of the Company (in each case other than by reason of Disability);
- (ii) the material breach of any provision of this letter (including a breach of the representations and warranties made by you in Paragraph 5 of this letter);
- (iii) the material failure to comply with the written policies or rules of the Company;
- (iv) the commission of an act or failure to act that involves willful misconduct, bad faith or gross negligence;
- (v) the commission of any act of fraud, misappropriation, embezzlement or similar willful and malicious conduct against the Company; or
- (vi) the conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any state thereof.

Notwithstanding the foregoing, cause shall not be deemed to exist for a reason specified in clauses (i)(A) or (ii) above unless you have been given written notice setting forth in reasonable detail the act, omission or failure of, or breach by, you and a period of at least 10 days after such notice to cure all of such acts, omissions, failures or breaches, and such shall not have been cured within such 10-day period; provided, further, that WTAM shall not be required to give notice and an opportunity to cure for a reason specified in clauses (i)(A) or (ii) if you have committed the same or substantially similar acts, omissions, failures or breaches and WTAM has previously given you notice of and an opportunity to cure the same.

(b) "Change of Control shall mean (i) the acquisition by any "person" (as defined in Section 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act")), other than a stockholder of the Company that, as of the date of this letter, is the beneficial owner (as defined in Rule 13d-3 promulgated under the Exchange Act) of 15% or more of the outstanding voting securities of the Company, of more than 50% of the combined voting power of the then outstanding voting securities of the Company; (ii) the sale by the Company of all, or substantially all, of the assets of the Company to one or more purchasers, in one or a series of related transactions, where the transaction or transactions require approval pursuant to Delaware law by the stockholders of the Company; or (iii) any occurrence of a Sale Event within the meaning of WTI's 2016 Equity Plan.

(c) "Disability" shall mean the earlier to occur of either of the following events:

(i) you, because of physical or mental disability or incapacity, are unable to perform your obligations to, or duties for, the Company pursuant to this letter on a full-time basis for ninety (90) consecutive days or a period in excess of one hundred fifty (150) days out of any period of three hundred sixty (360) consecutive days; or

(ii) the determination by a physician selected by WTAM, duly licensed in New York with a medical specialty appropriate for such determination (which determination shall be binding and conclusive for the purpose of this Paragraph 10), that you are either physically or mentally, permanently disabled or incapacitated or otherwise so disabled or incapacitated that you will be unable to perform your obligations to, or duties for, the Company pursuant to this letter for ninety (90) consecutive days or a period in excess of one hundred fifty (150) days out of any period of three hundred sixty (360) consecutive days. Your failure to submit to an examination of a physician under this Paragraph 10 shall automatically result in a determination of disability hereunder.

(d) "Good Reason" shall mean that you have complied with the "Good Reason Process" (as defined below) following the occurrence of any of the following events: (i) a material diminution in your responsibilities, authority or duties (except in connection with a reasonable diminution in connection with Disability); (ii) a material diminution in your Base Salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; (iii) a material change in the geographic location of the principal place to which you provide services to the Company, not including work-related travel or short-term assignments; or (iv) the material breach of this letter by the Company. For purposes of this letter, "Good Reason Process" shall mean that (i) you reasonably determine in good faith that a "good reason" condition has occurred; (ii) you notify the Company in writing of the first occurrence of the good reason condition within 60 days of the first occurrence of such condition; (iii) you cooperate in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the good reason condition continues to exist; and (v) you terminate your employment within 60 days after the end of the Cure Period. If the Company cures the good reason condition during the Cure Period, good reason shall be deemed not to have occurred.

(e) "Involuntary Termination" means (A) your termination by WTAM other than due to: (i) your death, (ii) your Disability or (iii) your termination by WTAM for "Cause;" or (B) your resignation from your employment for "Good Reason."

(f) "Post-Change of Control Termination" means your termination by the Company without Cause or by you for Good Reason within 18 months after a Change of Control.

11. Section 409A.

(a) Anything in this letter to the contrary notwithstanding, if at the time of your separation from service within the meaning of Section 409A of the Code, the Company determines that you are a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that you become entitled to under this letter on account of your separation from service would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after your separation from service, or (B) your death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this letter shall be provided by the Company or incurred by you during the time periods set forth in this letter. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this letter constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon your termination of employment, then such payments or benefits shall be payable only upon your "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this letter will be administered in accordance with Section 409A of the Code. To the extent that any provision of this letter is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this letter may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to you or any other person if any provisions of this letter are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

12. Section 280G.

Notwithstanding any other provision of this letter or any other plan, arrangement or agreement to the contrary, in the event that:

(a) the aggregate payments or benefits provided or to be provided by the Company or its affiliates to you or for your benefit pursuant to the terms of this letter or otherwise that are deemed to be "parachute payments" within the meaning of Section 280G of the Code or any successor thereto ("Change of Control Benefits") would be deemed to include an "excess parachute payment" under Section 280G of the Code (or any successor provision thereto); and

(b) if such Change of Control Benefits were reduced to an amount (the "Non-Triggering Amount"), the value of which is one dollar (\$1.00) less than an amount equal to three (3) times your "base amount," as determined in accordance with Section 280G of the Code or (any successor provision thereto); and

(c) (i) the Non-Triggering Amount less the product of the aggregate marginal rate of any applicable federal, state and local income taxes times the Non-Triggering Amount would be greater than (ii) the aggregate value of the Change of Control Benefits (without such reduction) minus (x) the aggregate amount of tax required to be paid by you thereon by Section 4999 of the Code (or any successor provision thereto) and any similar excise tax imposed by state or local law and further minus (y) the product of the Change of Control Benefits times the aggregate marginal rate of any applicable federal, state and local income taxes; then

(d) the Change of Control Benefits shall be reduced to the Non-Triggering Amount. In such event, the Aggregate Payments shall be reduced in the following order: (A) cash payments not subject to Section 409A of the Code; (B) cash payments subject to Section 409A of the Code; (C) equity-based payments and acceleration; and (D) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments shall be reduced in reverse chronological order.

13. Agreement to Arbitrate. You and the Company agree that all disputes between you and the Company will be resolved by arbitration as set forth on Appendix B annexed hereto, except as otherwise provided in Appendix B.

14. Miscellaneous. You understand and agree that your employment by WTAM is on an "at will" basis, subject to WTAM's obligations to pay severance as provided herein. You shall be subordinate to and report directly to officers of WTAM and WTI (or, as may be indicated, to the WTI Board) set forth on Appendix A. You will be entitled to four weeks paid vacation per year to be accrued on a pro rata basis and you will be entitled to participate in all of the employee benefit plans provided by WTAM subject to the terms and conditions of those programs.

The Company agrees that you shall be permitted to continue to serve as a member of the board of directors of Barton Mines Corporation (a family-owned company) and ITG (a NYSE: listed company). This letter, together with the 2016 Equity Plan and the Restricted Stock Agreement (as amended herein), and the Indemnification

Agreement with WTI dated as of the date set forth on Appendix A, set forth all of the terms relating to your employment by WTAM, and supersede all prior agreements, whether written or oral, including without limitation any prior employment agreement.

A signature received via facsimile or PDF will be deemed an original for all purposes.

The rights and obligations of the Company hereunder shall be binding upon and run in favor of the successors and assigns of the Company.

All payments made by the Company to you shall be made net of any tax or other amounts required to be withheld by the Company under applicable law. Nothing herein or otherwise shall be construed to require the Company to minimize tax consequences to you.

This letter shall be governed by, and construed in accordance with, the internal laws of New York without regard to principles of conflicts of law.

This letter may not be modified or amended, nor may any term or provision be waived unless such modification, amendment or waiver is in writing and signed by the party against whom enforcement of any such modification, amendment or waiver is sought.

Please indicate by your signature below your agreement with the terms set forth above.

Sincerely,

WISDOMTREE ASSET MANAGEMENT, INC.

By: /s/ Peter M. Ziemba
Peter M. Ziemba, Chief Administrative Officer

AGREED AND ACCEPTED:

/s/ R. Jarrett Lilien
R. JARRETT LILIEN

Solely to confirm its agreement to the provisions of Paragraph 3:

WISDOMTREE INVESTMENTS, INC.

By: /s/ Peter M. Ziemba
Peter M. Ziemba, Chief Administrative Officer

Executive: R. Jarrett Lilien

Introductory Paragraph:

WTAM: Executive Vice President-Emerging Technologies

WTI: Executive Vice President-Emerging Technologies

After the Assumption of Control of AdvisorEngine, Inc. (if ever) by WTI: You shall serve as Chief Executive Officer of Advisor Engine, Inc.

Paragraph 1: \$300,000

Paragraph 14: Chief Executive Officer

Paragraphs 4(j) and 14: Indemnification Agreement dated April 26, 2011

Appendix B to Employment Letter dated November 27, 2017

1) Agreement to Arbitrate. You and the Company recognize that differences may arise between them during or following your employment by WTAM. You understand and agree that by entering into this letter, you anticipate the benefits of a speedy, impartial dispute-resolution procedure of any such differences. As used in this Appendix Band its subparts, the "Company" shall have the meaning as described in the letter and all successors and assigns of any of them.

a) Arbitrable Claims.

i) ALL DISPUTES BETWEEN YOU (AND YOUR SUCCESSORS AND ASSIGNS) AND THE COMPANY (AND ITS DIRECTORS, OFFICERS, AGENTS AND SUCCESSORS AND ASSIGNS) RELATING IN ANY MANNER WHATSOEVER TO YOUR EMPLOYMENT BY WTAM OR TO THE TERMINATION THEREOF, INCLUDING WITHOUT LIMITATION ALL DISPUTES ARISING UNDER THIS LETTER, THE STOCK OPTION AGREEMENTS AND THE RESTRICTED STOCK AGREEMENTS (COLLECTIVELY, "ARBITRABLE CLAIMS"), SHALL BE RESOLVED EXCLUSIVELY BY BINDING ARBITRATION. Arbitrable Claims shall include, but are not limited to, contract (express or implied) and tort claims of all kinds, as well as all claims based on any federal, state, or local law, statute, or regulation (including but not limited to claims alleging unlawful harassment or discrimination in violation of Title VII and/or Title IX of the U.S. Code, of the Age Discrimination in Employment Act, of the Americans with Disabilities Act, of state statute, or otherwise), excepting only claims under applicable workers' compensation law and unemployment insurance claims. Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all Arbitrable Claims. Except as provided in Paragraph 1(a)(ii) of this Appendix B, the Arbitrator (as defined below) shall decide whether a claim is an Arbitrable Claim. THE COMPANY AND THE EMPLOYEE HEREBY WAIVE ANY RIGHTS THAT THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS.

ii) Notwithstanding anything herein to the contrary, as provided in Paragraph 4(i) of the letter, the Company may enforce in court, without prior resort to arbitration, any claim concerning a material breach of any of the provisions of Paragraph 4 of the letter. Such court shall determine whether a claim for breach presented by the Company appropriately invokes the provisions of Paragraph 4.

iii) Notwithstanding anything herein to the contrary, as provided in Paragraph 4(j) of the letter, you may enforce in court, without prior resort to arbitration, any claim seeking indemnification pursuant to the terms of the Indemnification Agreement.

b) Arbitration Procedure.

i) American Arbitration Association Rules; Initiation of Arbitration; Location of Arbitration Arbitration of Arbitrable Claims shall be in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association ("AAA Rules"), except as provided otherwise in this Appendix B. Arbitration shall be initiated by providing written notice to the other party with a statement of the claim(s) asserted, the facts upon which the claim(s) are based, and the remedy sought. This notice shall be provided to the other party within six (6) months of the acts or omissions complained of. Any claim not initiated within this limitations period shall be null and void, and the Company and you waive all rights under statutes of limitation of different duration. The arbitration shall take place in New York, New York.

ii) Selection of Arbitrator. All disputes involving Arbitrable Claims shall be decided by a single arbitrator (the "Arbitrator"), who shall be selected as follows. The American Arbitration Association ("AAA") shall give each party a list of eleven (11) arbitrators drawn from its panel of employment arbitrators (the "Name List"). Each party may strike up to six (6) names on the Name List it deems unacceptable, and shall notify the other party of the names it has stricken, within fourteen (14) calendar days of the date the AAA gave notice of the Name List. If only one common name on the Name List remains unstricken by the parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the Name List unstricken by parties, you shall strike one of the remaining names and notify the Company, within seven (7) calendar days of notification of the list of unstricken names. If, after you strike a name as set forth in the preceding sentence, there are still two or more unstricken names, the Company and you shall alternately strike names (with the Company having the next strike) and notify the other party of the stricken name within seven (7) calendar days, until only one remains. If no common name on the initial Name List remains unstricken by the parties, the AAA shall furnish an additional list or lists, and the parties shall proceed as set forth above, until an Arbitrator is selected.

iii) Conduct of the Arbitration.

(1) Discovery. To help prepare for the arbitration, you and the Company shall be entitled, at their own expense, to learn about the facts of a claim before the arbitration begins. Each party shall have the right to take the deposition of one (1) individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. Additional discovery may be had only where the Arbitrator so orders, upon a showing of substantial need. At least thirty (30) days before the arbitration, the parties must exchange lists of witnesses, including any expert witnesses, and copies of all exhibits intended to be used at the arbitration.

(2) Authority. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the state in which the claim arose, or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator shall have the authority to award equitable relief, damages, costs and fees as provided by the law for the particular claim(s) asserted. The Arbitrator shall not have the power to award remedies or relief that a New York court could not have awarded. The Federal Rules of Evidence shall apply. The burden of proof shall be allocated as provided by applicable law. Except as provided in Paragraph 1(a)(ii) of this Appendix B, the Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Appendix B, including but not limited to any claim that all or any part of any of this Appendix B is void or voidable and any assertion that a dispute between you and the Company is not an Arbitrable Claim. The arbitration shall be final and binding upon the parties.

(3) Costs. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of the proceedings. If the Arbitrator orders a stenographic record, the parties shall split the cost. Except as otherwise provided in Paragraph 1(b)(iii)(6) of this Appendix B, you and the Company shall equally share the fees and costs of

the arbitration and the Arbitrator, and the reference to “the fees and costs of the arbitration and the Arbitrator” in the preceding sentence is not intended to include the fees and expense of either party’s legal counsel or other advisors, but only the fees and costs imposed on the parties by the AAA in connection with an arbitration conducted under the auspices of the AAA.

(4) Confidentiality. All proceedings and documents prepared in connection with any Arbitrable Claim shall be confidential and, unless otherwise required by law, the subject matter thereof shall not be disclosed to any person other than the parties to the proceeding, their counsel, witnesses and experts, the Arbitrator, and, if involved, the court and court staff. All documents filed with the Arbitrator or with a court shall be filed under seal. The parties shall stipulate to all arbitration and court orders necessary to effectuate fully the provisions of this subparagraph concerning confidentiality.

(5) Enforceability. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Appendix B and to enforce an arbitration award. Except as provided above, neither party shall initiate or prosecute any lawsuit or administrative action in any way related to any Arbitrable Claim. The Federal Arbitration Act shall govern the interpretation and enforcement of this Appendix B.

(6) Limited Right to Attorney’s Fees and Expenses. You and the Company shall be entitled to an award in their favor by the Arbitrator that includes reimbursement for (i) their costs associated with the fees and costs of the arbitration and the Arbitrator within the meaning set forth in Paragraph 1(b)(iii)(3) of this Appendix B, and (ii) their reasonable attorney’s fees and expenses in the following circumstances:

You: As provided in Paragraph 4(j) of the letter.

You: As provided in Paragraphs 6, 7, 8 and 9 of the letter if you are the substantially prevailing party.

The substantially prevailing party: As provided in Paragraph 4(i) of the letter

FORM OF RELEASE AGREEMENT

In consideration for the agreement by WisdomTree Asset Management, Inc. ("WisdomTree") to provide R. Jarrett Lilien ("Employee") with the severance payments (the "Severance") set forth in the Employee's letter agreement regarding his employment by WisdomTree dated November 27, 2017 (the "letter"), and for other good and valuable consideration as set forth therein, which Employee hereby acknowledges:

1. Employee, on behalf of Employee and Employee's heirs, representatives and assigns, hereby releases and discharges WisdomTree and the WisdomTree Trust and all of their respective subsidiaries, divisions and affiliated or related companies (collectively, the "Primary Releasees"), and all of the respective current and former directors, officers, stockholders, successors, assigns, agents, representatives and employees of each, and their members, trustees and attorneys (collectively, the "Secondary Releasees," and, together with the Primary Releasees, the "Releasees"), of and from (i) any and all claims Employee ever had, now has, or may have in the future against one or more of the Primary Releasees regarding any matter arising on or before the Effective Date of this release, and (ii) of and from any and all claims Employee ever had, now has, or may have in the future against one or more of the Secondary Releasees regarding any matter arising on or before the Effective Date of this release (but, with respect to this clause (ii), only to the extent that the matter relates to Employee's employment by WisdomTree), including, without limitation, all claims regarding Employee's employment with WisdomTree or the termination thereof, any claim for equitable relief or recovery of monies or damages, claims of breach of contract, wrongful termination, unjust dismissal, defamation, libel or slander, or under any federal, state or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability or sexual preference, any tort, any claim for wages, any claim for breach of a fair employment practice law, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Older Workers Benefit Protection Act, the Civil Rights Act of 1991, the Employee Retirement Income Security Act of 1974, the Americans with Disabilities Act, the Family and Medical Leave Act, the New York State Human Rights Law, the New York City Human Rights Law, the New York Labor Law, workers compensation laws and any violation of any other local, state or federal law, ordinance or regulation, the common law and any other purported restriction on an employer's right to terminate the employment of employees. It is the understanding and agreement of the parties that the release provided by this sub-paragraph shall be a general release in all respects. Notwithstanding the foregoing, this Release does not extend to: (a) those rights that cannot be waived as a matter of law; (b) Employee's right to claim entitlement to the Severance as set forth in the letter; or (c) Employee's right to indemnification protections as officers and/or directors of WTI and/or any of the Releasees as arising under contract, statute, regulation, certificates of incorporation or comparable documents of formation, or by-laws or comparable documents of organization.
2. Pursuant to and as a part of Employee's complete, total release and discharge of the Primary Releasees as set forth in Paragraph 1 above, and as part of Employee's limited release and discharge of the Secondary Releasees as set forth in Paragraph 1, Employee expressly agrees, to the fullest extent permitted by law, not to sue, file a charge, claim, complaint, grievance or demand for arbitration in any forum or to assist or otherwise participate willingly or voluntarily in any claim, arbitration, suit, action, charge, complaint, investigation or other proceeding of any kind which relates to (i) any matter that involves the Primary Releasees and that occurred on or before the Effective Date of this Release and (ii) any matter that involves the Secondary Releasees and relates to Employee's employment by WisdomTree and that occurred on or before the Effective Date of this Release. Employee represents that Employee has not filed or initiated any such proceedings against any of the Releasees as of the Effective Date. Nothing in this Release shall be interpreted or applied to prohibit Employee from making any good faith report to any governmental agency or other governmental entity concerning any acts or omissions that

Employee may believe to constitute a possible violation of federal or state law or making other disclosures that are protected under the whistleblower provisions of applicable federal or state law or regulation. Nothing in this Release shall be construed to prohibit Employee from filing a charge with or participating in any investigation or proceeding conducted by the Equal Employment Opportunity Commission ("EEOC") or a comparable state or local agency. Notwithstanding the foregoing, Employee agrees to waive the right to recover monetary damages in any charge, complaint, or lawsuit filed by Employee or by anyone else on Employee's behalf with the EEOC or a comparable state or local agency. For the avoidance of doubt, this Release does not limit Employee's right to receive an award for information provided to any government agency or entity other than the EEOC or a comparable state or local agency. Except as otherwise provided in this paragraph, Employee will not voluntarily participate in any judicial proceeding of any nature or description against any member of the Releasees that in any way involves the allegations and facts that Employee could have raised against any member of the Releasees as of the date of this Release.

3. If forty (40) years of age or older, Employee specifically releases all claims under the Age Discrimination in Employment Act (the "ADEA") relating to Employee's employment and its termination.
4. Employee acknowledges that Employee fully understands and agrees that this Release shall operate as a complete defense to any claim or entitlement which hereafter may be asserted by Employee against any and all of the Releasees for or on account of any matter or thing whatsoever arising out of or in any way based upon the circumstances, facts and events relating to Employee's employment and separation from employment, or to any claim made by Employee against any of the Releasees arising from such circumstances, facts and events.
5. Employee is specifically agreeing to the terms of this release because WisdomTree has agreed to pay Employee money to which Employee was not otherwise entitled under WisdomTree's policies, and has provided such other good and valuable consideration as specified herein. WisdomTree has agreed to provide this money and other benefits because of Employee's agreement to accept it in full settlement of all possible claims Employee might have or ever had against the Primary Releasees (and the Secondary Releasees as provided in Paragraph 1), and because of Employee's execution of this Release.
6. Employee acknowledges and agrees that in the event Employee breaches any continuing obligations pursuant to Paragraph 4 of the letter, WisdomTree may discontinue further Severance payments. For the avoidance of any doubt, even in such an event, Employee understands and agrees that this Release would remain in full force and effect.
7. Employee acknowledges that Employee has read this Release in its entirety, fully understands its meaning and is executing this Release voluntarily and of Employee's own free will with full knowledge of its significance. Employee acknowledges and warrants that Employee has had ample opportunity to consider the terms and provisions of the Release for at least twenty-one (21) days and that WisdomTree advised Employee to consult with an attorney prior to executing this Release. If forty (40) years old or older, Employee further acknowledges and agrees that Employee has seven (7) days after executing the Release to revoke Employee's signature on the Release, and that the Release does not become valid until the eighth (8th) day after Employee signs the Release without revocation. If Employee wishes to revoke this Release, such revocation must be in a signed writing and must arrive at WisdomTree to the attention of the Director of Human Resources at 245 Park Avenue, 35th Floor, New York, NY 10167, within the seven (7) day revocation period.

Printed Name: _____

Signature: _____

Date: _____

WisdomTree Asset Management, Inc.
245 Park Avenue, 35th Floor
New York, NY 10167

July 25, 2016

David J. Abner

Dear David:

We are pleased that you have accepted the opportunity to work on our behalf in the United Kingdom of Great Britain and Northern Ireland, based in London, for a period of time. This letter will confirm our mutual understanding of the terms and conditions that will apply to your temporary assignment to London, UK and will also serve to amend your letter agreement, dated February 29, 2008 (“Offer Letter”), with WisdomTree Asset Management, Inc. (the “Company”) to the extent the terms of this letter are expressly inconsistent with the terms of the Offer Letter.

I. Assignment

A. Position

Your position in London will be the principal executive officer of WisdomTree Europe Ltd. (“WTE”), with the title “Head of Europe”, reporting to the Board of Directors of WTE and to the Chief Executive Officer of WisdomTree Investments, Inc. (“WTI”) or to such senior officer or committee of WTI as the Chief Executive Officer of WTI may designate in writing, with duties and responsibilities as the principal executive officer of WTE. Your employer will remain WisdomTree Asset Management, Inc., but you will be providing services to WTE. This letter does not create a dual, co- or joint employment relationship between the Company and WTE; however, your position may require that you become “co-employed” by WTE, but without remuneration in addition to that specified below. As part of your duties you will be required to undertake reasonable business travel in Europe to perform your job functions, and, in addition, you will be required to travel to the United States on occasion, which is presently expected to be approximately four times a year.

B. Term

The assignment to London will be effective on the first day in the payroll period immediately following the day you obtain the requisite employment authorization allowing you to work in the United Kingdom (such date, the “Start Date”), and shall last until July 31, 2019 (“Assignment Termination Date”), unless you and the Company agree in writing to end the assignment on a different date. The assignment will be subject to your obtaining the requisite visa, work permit or other employment authorization allowing you to work and reside in the United Kingdom. The Company may at any time, at its sole discretion, discontinue or reduce the length of the international assignment subject to the terms outlined in **Section VIII** of this letter. The terms and conditions of this letter will only be effective during the period of your assignment.

II. Compensation

A. Base Salary

Your base salary will be increased to US\$300,000 per annum effective as of the Start Date. Subsequent adjustments to your base salary will be considered at the Company's sole discretion. You will remain on the United States payroll during the length of your assignment.

B. Incentive Compensation

You will continue to be eligible for discretionary bonus consideration, in accordance with the Company's discretionary bonus plan, based on the Company's performance, WTE's performance and on your performance as determined by the Company in its sole discretion; however, provided that you remain a full-time employee of the Company (or of WTE), and that you have not given notice of termination of your employment, as of the date the Company pays bonuses to its employees with respect to a fiscal year, your bonus for a fiscal year in which you were on assignment in London shall not be less than US\$500,000 (pro-rated for any partial fiscal year in which you were on assignment in London) (the "Minimum Guaranteed Bonus"), payable in cash and equity securities of WTI in February, but no later than March 15th, following the applicable fiscal year, consistent with the Company's policies and procedures. The portion of the Minimum Guaranteed Bonus for a fiscal year that will be paid in equity securities of WTI shall be determined by the Board of Directors of the Company or its Compensation Committee at its sole discretion, but such portion shall be consistent with the portion awarded to other comparable personnel at the Company as part of their discretionary bonuses and shall also be consistent with any discretionary bonus, if any, awarded to you. The equity award will vest in 3 equal amounts over the course of three years from the date of grant

C. Special Grant of Restricted Stock

Effective as of the Start Date, WTI, the sole stockholder of the Company, shall award to you a special grant of restricted stock ("Special Grant"). The Special Grant shall be for the number of shares obtained by dividing US\$1,200,000 by the per share value of the restricted stock as of the closing of the market on the Start Date, and shall vest in equal annual installments on the first three anniversaries of the date of grant, subject to your continued employment and subject to the terms and conditions of the restricted stock agreement to be issued to you by WTI.

III. Relocation Benefits and Assistance

You will be eligible for relocation benefits during the term of your assignment as outlined below, provided that you are performing services in accordance with the assignment, this letter or as otherwise directed by the Company.

A. Relocation Allowance

The Company will provide up to US\$25,000 to assist you in moving you and your family from your home location to the new assignment location. The amount is intended to be applied to the following areas:

- airfares/ground transportation for you and your immediate family members to move from your home location to London;
- shipment of necessary household goods from your current home location to London;
- labor costs associated with packing your household goods for shipment to London and for storage in the United States;
- purchase of necessary household goods for your permanent quarters in London (i.e., for the duration of your relocation by the Company);
- rental of space for the storage of household goods in your home location that you do not wish to move to London (the coverage of which will be for reasonable and customary household and personal goods); and
- any temporary housing accommodations for up to fourteen days after your Start Date prior to the move to the permanent quarters, and relocation agent and/or brokerage costs associated therewith.

The above relocation expenses will either be paid to the vendors either directly by the Company or directly by you. In the event that you pay for these authorized expenses, you must submit expense reports together with receipts (or other documentation of such expenses which is reasonably acceptable to the Company) for reimbursement. Any submissions for reimbursement should be made on a timely basis, but in any event no later than February 15th of the calendar year following the calendar year in which the expense is incurred. The relocation benefits provided to you during any calendar year shall not affect the relocation benefits provided to you in any other calendar year and the right to such relocation benefits cannot be liquidated or exchanged for any other benefit. As indicated above, the total payments paid by the Company will not exceed US\$25,000. Therefore, please plan your move carefully, particularly, in the areas of shipment of household goods, purchase of household goods (i.e. furniture, appliances, etc.) and storage of household goods.

B. Work Permits/Visas

If legal work authorization is required, it must be granted before you depart for the United Kingdom. The Company will coordinate assistance for you to obtain the proper work visas/work permits for you and your family. To the extent that you pay any visas or passport filing/application fees personally, you will be reimbursed by the Company.

C. Housing Allowance

The Company will provide you with assistance in identifying permanent living quarters for you and your family, and, during the term of your assignment, will provide and pay for the rental of an apartment in an area within reasonable commuting distance to the London office, not to exceed GBP15,000 per month (inclusive of utilities), plus the amount of the annual rental increases provided for in the lease agreement for such apartment. If you elect housing which results in a cost in excess of this allowance, you agree to pay the difference.

D. Present U.S. Principal Residence Arrangements

You are solely responsible for all costs and expenses related to your current residence in the United States, including those relating to maintaining such residence, leasing it or selling it.

E. Education Costs

For primary and secondary schooling, local public (government funded) schools may not meet the needs for an education process which will prepare your children for re-entry into your local U.S. school system. The Company will pay the cost of private schooling for the local UK international schools that are adequate in the opinion of the Company, up to an aggregate of GBP72,000 per school year for all of your children, and, in addition, the Company will pay the cost of the annual, reasonable cost increase to such tuition(s), if any, imposed by such private school(s). If you arrange for private schooling in excess of this, the difference in cost will be your responsibility.

F. Cost of Living Adjustment (COLA)

You will be provided with an annual stipend, in an amount as determined by BDO USA LLP, as a cost of living adjustment ("COLA"), payable in equal monthly installments beginning with the month you move into your permanent residence in London. This COLA is intended to compensate you for differences in living costs and the value of currency in London. On an annual basis, the Company will use data and indices provided through BDO USA LLP to review the COLA amount and will increase the COLA in the event the Company determines that it should be revised upwards.

G. Home Leave

The Company will pay the premium coach-class round-trip airfare for you and your family in London to visit the U.S. twice during each twelve-month period. Note that except with respect to travel on Company business, you must use accrued vacation to the extent you are out of the office.

H. Emergency Leave

The Company will pay for a premium coach-class round-trip airfare for you and your family (if necessary) to fly to the United States in the event of a medical emergency concerning, or death of, an immediate family member (i.e., grandparent, parent or sibling) of yours or your spouse.

IV. Other Benefits

A. Vacation/PTO

Your personal leave benefits will remain the same as present.

B. Medical Benefits

Medical benefit coverage for you and your immediate family will be provided during the international assignment. These benefits will be similar to those provided under the current medical benefit program for employees stationed in New York.

V. Tax Matters

A. Tax Preparation

The Company will secure and pay for the services of BDO, USA LLP ("BDO") to prepare your U.S. and host country income tax returns for the tax years on which you are on assignment in London. It will be your responsibility to provide all information requested by BDO and to ensure that your tax returns are accurate and filed when due. You will be responsible to provide, in a timely manner, all reasonable and necessary information to BDO in the form and manner requested to enable them to prepare your U.S. and host country tax returns, as well as, any other required tax documents. At all times, you will be responsible for the payment of any and all interest or penalties or other assessments associated with untimely or inaccurate submission of data in connection with any tax documentation.

It is understood that BDO will make such elections, deductions and allocations that will minimize the Company's obligation for reimbursement or tax equalization. The Company reserves the right to review the reconciliation and tax returns with BDO.

Due to the long term nature of your assignment, it is your responsibility to ensure that you will qualify for the foreign earned income and housing exclusions. If you anticipate that you will not be able to meet this requirement, please inform the Company and BDO immediately.

B. Tax Equalization

The concept of tax equalization is that you will pay approximately no more or less in total taxes than you would have paid in U.S. (including federal, state and local) income tax, Medicare tax and social security tax on stay-at-home income such as the Company compensation (i.e. base salary, incentive compensation, etc.) and personal income as a result of your international assignment. Thus under tax equalization, the Company assumes responsibility for the reimbursement of any "excess U.S. and United Kingdom tax" assessed on income, over and above the "stay-at-home" tax responsibility. Please

note, however, that you are solely responsible for any United Kingdom income tax assessed on personal income, including any spousal income. Personal income includes interest, dividends, the gain on stock or option transactions, pension, or the gain resulting from any transaction involving real estate, such as your principal residence, etc.

The benefits of the foreign earned income exclusions and Company-paid foreign tax credits will belong to the Company under the Tax Equalization program.

The tax equalization process works as follows:

During the year, the Company will deduct actual taxes from your compensation. These taxes may include U.S. income tax (federal, state and local income taxes), U.S. Medicare and social security taxes and taxes assessed by any national, local or other applicable authority in the United Kingdom. Since your assignment is a long term assignment, the federal tax assessed on the Company's income will be minimal, due to the foreign earned income exclusions and foreign tax credits (provided you qualify for those exclusions and credits). Likewise, state and local taxes may be minimal due to foreign earned income exclusions and/or any lack of U.S. permanent residence during your assignment. If you anticipate receiving significant personal income, you should either request that the Company withhold additional tax on any Company compensation or you should pay estimated taxes to the tax authorities directly to avoid interest and penalties assessed on underpayment of estimated taxes.

Your tax equalization calculation will be prepared by BDO after completion of your U.S. income tax returns. This calculation is intended to reconcile any difference between your stay-at-home tax and the actual tax you paid during the tax year. If your actual tax payments exceed your stay-at-home tax, you will be entitled to a tax reimbursement from the Company. If the actual tax payments are less than the stay-at-home-tax, you will be responsible to pay the difference to the Company within 60 days after completion of the tax equalization settlement.

Upon the termination of your assignment, the tax equalization will be annualized and pro-rated based on your actual employment with the Company.

BDO's services are limited to tax advice directly related to your assignment and do not extend to personal tax advice or financial planning.

C. Tax Gross-Up Payment for Housing Allowance and Education Costs

The payments to be made to you for a Housing Allowance and Education Costs pursuant to Sections III.C and III.E. (and, if any non-deductible excess relocation costs pursuant to Section III.A) hereof shall be increased by a tax "gross-up" payment to take into account (i) all applicable federal, state, local and foreign income, employment and excise taxes payable on such amounts, and (ii) the income and employment taxes owing on the "gross-up" payment itself. Such tax gross-up payment shall be made at the same time that payment of the corresponding taxes becoming due.

VI. PROCESSING AND USE OF EMPLOYEE INFORMATION

During your assignment, the Company will need to process personal data relating to you in order to manage the personal and employment administration aspects of your assignment, such as administering payroll, benefits and other services. Therefore, the Company informs you that your personal data including the sensitive data if collected by the Company (the "Data"), which you provided to the Company, or that it otherwise acquired in the course of the ordinary activity, will be processed as necessary for correct execution, management and performance of this letter in force between you and the Company. The Data might be communicated, in connection with the above-mentioned purposes, to the Company, its subsidiaries, affiliates, parent, and/or to third-party service providers which provide assistance and consultancy or other services to the Company, with particular reference, but without limitation, to accounting, administrative, legal, tax and financial issues. These entities are or may be located outside of the European Union. Such data processing will be performed by means of either manual, electronic or network instruments, or in any other manner that can ensure a safe processing and avoid any unauthorized access. Your personal data will be kept secure and confidential in accordance with company policy and applicable law. By executing this letter, you expressly authorize and consent to the exports of your Data, even to jurisdictions with data law protections not considered "adequate" in the country of your assignment, and expressly authorize the transfer, also in non-European Union countries, of your Data to the Company, its subsidiaries, affiliates, parent, and/or third parties indicated above for the purposes listed in this Section. The Company will regularly update your Data with your assistance and at your request. You will retain the right of access to your Data and the right to have incorrect Data corrected. The Data provided will not be used for any marketing purposes.

VII. Code of Conduct; and Compliance with Laws

You agree that you are bound by, and during the term of your assignment, will continue to abide by, the provisions of the WTI's Code of Conduct and Policy Regarding Insider Trading, and the rules, regulations and policies of the Company, in each case as may be amended from time to time.

You also agree that, during the term of your assignment, you will be bound by and abide by the provisions of all applicable company policies, rules and regulations of WTE, as the same may be amended from time to time, to the same extent as if you were an employee of WTE.

VIII. Termination of Assignment

A. Repatriation at Expiration of International Assignment

If your international assignment expires at the Termination Date (or such other date as may be mutually agreed upon), you (and your immediate family) will be repatriated to the U.S. at the Company's expense (however, you (and your immediate family) each shall be solely responsible to obtain and possess a valid passport and any visa that may be

necessary so as to enable entry into the U.S.). If your assignment (and employment) does not earlier terminate, and your performance during the assignment has been satisfactory, the Company will, at its sole discretion, seek to identify for you a suitable alternative position in New York; provided, however, that nothing in this letter shall guarantee any position at the Company at the end of your assignment. Such position would be intended to commence within a reasonable period of time following your repatriation to the U.S. If you have been repatriated to the U.S. and, at the sole discretion of the Company, you are not offered a suitable alternative position, your employment with the Company will terminate. The Company will then provide you with the severance benefits set forth in **Section VIII.D** below. Out-placement services will be provided through a Company-approved vendor.

B. Early Termination and Termination for Convenience

The Company may terminate the international assignment, at its sole discretion, at any time and for any reason. Any such termination shall be effective from the date the Company tenders written notice to you delivered personally or by mail or facsimile directed to you. For purposes of the benefits set forth in **Sections III, IV** and **V** herein, the term of this assignment shall continue for thirty days after the date of such notice.

In the event the Company terminates the international assignment, other than for those reasons set forth in **Section VIII.C.** below, prior to the expiration of the Assignment Termination Date, you (and your immediate family) will be repatriated to the U.S. at the Company's expense (however, you (and your immediate family) each shall be solely responsible to obtain and possess a valid passport and any visa that may be necessary so as to enable entry into the U.S.). Upon your repatriation, if at the sole discretion of the Company, you are not offered a suitable alternative position, your employment with the Company will terminate. The Company will then provide you with the severance benefits set forth in **Section VIII.D** below. Out-placement services will be provided through a Company-approved vendor.

C. Termination of International Assignment for Cause or Due to Resignation

If you resign your employment with the Company while on your international assignment, or if the Company terminates your employment for "cause" (as defined below), you (and your immediate family) will not be eligible for any repatriation reimbursement from the Company.

If you wish to terminate your employment while on assignment, you are required to give the Company six months' written notice.

For purposes of this letter, "cause" shall mean any one or more of the following acts or omissions by you: (i) the willful and continued failure to (A) materially perform your duties and obligations under this letter agreement or your Offer Letter or (B) to carry out specific legal directions of a senior officer of the Company or the Board of Directors of the Company or WTE; (ii) the material breach of any provision of this letter agreement or your Offer Letter (including a breach of the representations and warranties made by you

in Section 5 of your Offer Letter); (iii) the material failure to comply with the written policies or rules of WTE, WTI or the Company; (iv) the commission of an act or failure to act that involves willful misconduct, bad faith or gross negligence in connection with the business of the Company, WTE or WTI; (v) the commission of any act of fraud, misappropriation, embezzlement or similar willful and malicious conduct against the Company or WTE; or (vi) the conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any state thereof, or equivalent conviction or related plea to a felony under the laws of England and Wales.

D. Severance

If your employment is terminated by the Company (i) during your assignment in London for any reason other than your death or disability or for cause, or (ii) at the expiration of your assignment, as a result of there being no suitable alternative position at the Company at the expiration of the assignment period pursuant to Section VIII.A above, then, provided you enter into a fully effective release agreement in the form prescribed by the Company within 60 days after your last day of employment, (x) the Company will pay, as severance to you (or in the case of your subsequent death, the legal representative of your estate or such other person or persons as you shall have designated by written notice to the Company), an amount equal to sum of: (1) the annual base salary set forth in **Section II.A**; and (2) the Minimum Guaranteed Bonus set forth in **Section II.B** (collectively, the “Severance Amount”), and (y) you shall be entitled to accelerated vesting only with respect to the portion of the outstanding unvested equity awards in the Company’s common stock held by you, if any, that would have vested during the twelve-month period immediately following the date of termination. The Severance Amount shall be paid out in substantially equal installments in accordance with the Company’s payroll practice over twelve months commencing within sixty days after the date of termination.

Notwithstanding the foregoing, if you breach any of the restrictive covenants in Section 4 of your Offer Letter, all further payments of the Severance Amount shall immediately cease.

E. Repatriation Assistance

Repatriation to the U.S. shall mean that the Company will provide up to US\$25,000 of repatriation assistance to you upon return from the assignment location, which amount shall be increased by the amount of any advance purchase, one-way premium coach-class tickets for your immediate family. This amount is intended to be applied to the following areas:

- airfares/ground transportation for you to move from London back to New York. Labor costs associated with packing your household goods for shipment to your home location in New York;
- shipment of necessary household goods from London and from storage in the United States to your home location in New York;

-
- any temporary housing accommodations prior to the move to your home location in New York; and
 - brokerage costs associated with finding permanent quarters in New York, if needed.

The above expenses can be paid either directly by the Company to the vendors or paid by you directly. In the event you pay the expenses, you must submit expense reports together with receipts (or other documentation of such expenses which is reasonably acceptable to the Company) for reimbursement.

IX. Employment at Will

This letter does not constitute a contract or promise of employment for any specific period or duration. Your employment remains at-will, meaning that either you or the Company may terminate the employment relationship at any time, with or without cause, subject to the terms of this letter agreement and your Offer Letter.

X. Miscellaneous

A. Code Section 409A

Payments and benefits under this letter are intended to comply with Internal Revenue Code Section 409A and applicable guidance issued thereunder ("Section 409A") or comply with an exemption from the application of 409A and, accordingly, all provisions of this letter shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding any of the provisions of this letter, neither the Company nor any of its affiliates shall be liable to you for any excise taxes or interest if any payment or benefit which is to be provided pursuant to this letter and which is considered deferred compensation subject to Section 409A otherwise fails to comply with, or be exempt from, the requirements of Section 409A.

B. Severability; Governing Law

This letter shall be construed and governed by the laws of the state of New York, without respect to conflicts of law principles. Should any provision of this letter be held by a court of competent jurisdiction to be invalid or unenforceable in any respect, such invalidity or unenforceability shall be stricken and shall not affect the validity of the remainder of this letter, the balance of which shall continue to be binding and enforceable upon you and the Company.

C. Arbitration of Employment Disputes

The Company and you agree that all disputes between you and the Company relating to your employment (expressly including, but not limited to, claims concerning compensation, benefits or other terms or conditions of employment, discrimination, harassment, and the termination of your employment), this letter or your assignment will be resolved by arbitration as set forth on Appendix A annexed hereto. To the extent that you have or may have legal rights to have your dispute heard by a court in a foreign jurisdiction under the laws of UK you agree that you waive any such rights.

D. Amendments; Paragraph Headings

This letter may not be amended or modified unless memorialized in writing and signed by both you and the Company. The paragraph headings in this letter are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

E. Entire Agreements and Survivability

Unless specifically provided herein, this letter agreement, including Appendix A hereto, contains all the understandings and representations between the Company and you pertaining to your assignment, relocation expenses and relation benefits and supersedes all prior and contemporaneous understandings, discussions, agreements, representations and warranties, both written and oral, with respect to such subject matter; provided, however, that this letter is supplemental to, and shall not supersede (i) your offer letter agreement with the Company, dated February 29, 2008 (which is hereby amended for the term of your assignment to the extent the terms of this letter are expressly inconsistent with the terms of such Offer Letter), or (ii) any non-solicitation, non-compete, non-disclosure, confidentiality or other agreement that you may have signed while employed with the Company or its subsidiaries or affiliates, each of which remains in full force and effect. In addition to this **Section X.E**, the following paragraphs survive the termination of this letter agreement: **Section VI** (Processing and Use of Employee Information); **Section VII** (Code of Conduct and Compliance with Laws); **Section VIII** (Termination of Assignment); **Section IX** (Employment at Will), and **Section X** (Miscellaneous).

You acknowledge that the terms of this letter are strictly confidential, and you agree not to disclose, communicate or otherwise publicize the terms to anyone (except for your immediate family, professional advisors and the relevant tax authorities).

I trust that you will find this to be a fair and equitable arrangement. If you have any questions, please feel free to call me. Please acknowledge your acceptance by signing and dating the concurrence box below and returning this letter to me.

Sincerely,

WISDOMTREE ASSET MANAGEMENT, INC.

By: /s/ Peter M. Ziembra
Name: Peter M. Ziembra
Title: EVP-Business and Legal Affairs

I agree to the terms and conditions covering my assignment to London, U.K. as set forth in the above letter of understanding.

/s/ David J. Abner

David J. Abner

July 26, 2016

Date

1) Agreement to Arbitrate. You (hereafter referred to as “Employee”) and the Company recognize that differences may arise between them during or following the Employee’s employment by the Company. The Employee understands that by entering into this letter agreement, the Employee anticipates the benefits of a speedy, impartial dispute-resolution procedure of any such differences. As used in this Appendix and its subparts, the “Company” shall refer to the Company and all successors and assigns of either of them.

a) Arbitrable Claims.

i) ALL DISPUTES BETWEEN THE EMPLOYEE (AND HIS OR HER PERMITTED SUCCESSORS AND ASSIGNS) AND THE COMPANY (AND ITS AFFILIATES, STOCKHOLDERS, DIRECTORS, OFFICERS, AGENTS AND PERMITTED SUCCESSORS AND ASSIGNS) RELATING IN ANY MANNER WHATSOEVER TO EMPLOYEE’S EMPLOYMENT BY THE COMPANY OR TO THE TERMINATION THEREOF, INCLUDING WITHOUT LIMITATION ALL DISPUTES ARISING UNDER THIS LETTER AGREEMENT, EMPLOYEE’S OFFER LETTER OR EMPLOYEE’S ASSIGNMENT (COLLECTIVELY, “ARBITRABLE CLAIMS”), SHALL BE RESOLVED EXCLUSIVELY BY BINDING ARBITRATION. Arbitrable Claims shall include, but are not limited to, contract (express or implied) and tort claims of all kinds, as well as all claims based on any federal, state, or local law, statute, or regulation (including but not limited to claims alleging unlawful harassment or discrimination in violation of Title VII and/or Title IX of the U.S. Code, of the Age Discrimination in Employment Act, of the Americans with Disabilities Act, of state statute, or otherwise), excepting only claims under applicable workers’ compensation law and unemployment insurance claims. Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all Arbitrable Claims. Except as provided in Section 1(a)(ii), the Arbitrator (as defined below) shall decide whether a claim is an Arbitrable Claim. THE COMPANY AND THE EMPLOYEE HEREBY WAIVE ANY RIGHTS THAT THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS.

ii) Notwithstanding anything herein to the contrary, the Company may enforce in court, without prior resort to arbitration, any claim concerning actual or threatened unfair competition and/or the actual or threatened use and/or unauthorized disclosure of confidential or proprietary information of the Company. The court shall determine whether a claim concerns actual or threatened unfair competition and/or the actual or threatened use and/or unauthorized disclosure of confidential or proprietary information of the Company.

b) Arbitration Procedure.

i) American Arbitration Association Rules; Initiation of Arbitration; Location of Arbitration Arbitration of Arbitrable Claims shall be in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association (“AAA Rules”), except as provided otherwise in this letter agreement. Arbitration shall be initiated by providing written notice to the other party with a statement of the claim(s) asserted, the facts upon which the claim(s) are based, and the remedy sought. This notice shall be provided to the other party within six (6) months of the acts or omissions complained of. Any claim not initiated within this limitations period shall be null and void, and the Company and the Employee waive all rights under statutes of limitation of different duration. The arbitration shall take place in New York, New York.

ii) Selection of Arbitrator. All disputes involving Arbitrable Claims shall be decided by a single arbitrator (the "Arbitrator"), who shall be selected as follows. The American Arbitration Association ("AAA") shall give each party a list of eleven (11) arbitrators drawn from its panel of employment arbitrators (the "Name List"). Each party may strike up to six (6) names on the Name List it deems unacceptable, and shall notify the other party of the names it has stricken, within fourteen (14) calendar days of the date the AAA gave notice of the Name List. If only one common name on the Name List remains unstricken by the parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the Name List unstricken by parties, Employee shall strike one of the remaining names and notify the Company, within seven (7) calendar days of notification of the list of unstricken names. If, after Employee strikes a name as set forth in the preceding sentence, there is still two or more unstricken names, the Company and the Employee shall alternately strike names (with the Company having the next strike) and notify the other party of the stricken name within seven (7) calendar days, until only one remains. If no common name on the initial Name List remains unstricken by the parties, the AAA shall furnish an additional list or lists, and the parties shall proceed as set forth above, until an Arbitrator is selected.

iii) Conduct of the Arbitration.

(1) Discovery. To help prepare for the arbitration, the Employee and the Company shall be entitled, at their own expense, to learn about the facts of a claim before the arbitration begins. Each party shall have the right to take the deposition of one (1) individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. Additional discovery may be had only where the Arbitrator so orders, upon a showing of substantial need. At least thirty (30) days before the arbitration, the parties must exchange lists of witnesses, including any expert witnesses, and copies of all exhibits intended to be used at the arbitration.

(2) Authority. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the state in which the claim arose, or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator shall have the authority to award equitable relief, damages, costs and fees as provided by the law for the particular claim(s) asserted. The arbitrator shall not have the power to award remedies or relief that a New York court could not have awarded. The Federal Rules of Evidence shall apply. The burden of proof shall be allocated as provided by applicable law. Except as provided in Section 1(a)(ii), the Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this letter agreement and the Offer Letter, including but not limited to any claim that all or any part of any of this letter agreement or the Offer Letter is void or voidable and any assertion that a dispute between the Employee and the Company is not an Arbitrable Claim. The arbitration shall be final and binding upon the parties.

(3) Costs. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of the proceedings. If the Arbitrator orders a stenographic record, the parties shall split the cost. Except as otherwise provided in this Appendix, the Employee and the Company shall equally share the fees and costs of the arbitration and the Arbitrator. The reference to “the fees and costs of the arbitration and the Arbitrator” in the preceding sentence is not intended to include the fees and expense of either party’s legal counsel or other advisors, but merely the fees and costs imposed on the parties by the AAA in connection with an arbitration conducted under the auspices of the AAA.

(4) Confidentiality. All proceedings and documents prepared in connection with any Arbitrable Claim shall be confidential and, unless otherwise required by law, the subject matter thereof shall not be disclosed to any person other than the parties to the proceeding, their counsel, witnesses and experts, the Arbitrator, and, if involved, the court and court staff. All documents filed with the Arbitrator or with a court shall be filed under seal. The parties shall stipulate to all arbitration and court orders necessary to effectuate fully the provisions of this subparagraph concerning confidentiality.

(5) Enforceability. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this letter agreement and to enforce an arbitration award. Except as provided above, neither party shall initiate or prosecute any lawsuit or administrative action in any way related to any Arbitrable Claim. The Federal Arbitration Act shall govern the interpretation and enforcement of this Appendix.

WisdomTree Asset Management, Inc.
245 Park Avenue, 35th Floor
New York, NY 10167

August 9, 2016

David J. Abner

Dear David:

Reference is made to your relocation letter agreement, dated July 25, 2016 (“Relocation Agreement”), between you and WisdomTree Asset Management, Inc. (the “Company”), relating to your assignment to the Company’s offices in the United Kingdom for a period of time. Capitalized terms used and not defined in this amendment agreement (“Amendment”) have the respective meanings assigned to them in the Relocation Agreement.

Pursuant to Section VIII.D of your Relocation Agreement, if your employment is terminated by the Company under certain circumstances, you will be entitled to accelerated vesting with respect to a portion of your then-outstanding unvested equity awards in the common stock of WisdomTree Investments, Inc. (“WTI”). The purpose of this Amendment is to amend your Relocation Agreement for the deemed modification of the terms and conditions governing currently outstanding, unvested equity awards you hold to include provisions relating to acceleration of vesting of such awards consistent with your Relocation Agreement.

The terms of this Amendment are as follows:

1. Section VIII.D the Relocation Agreement is hereby amended by inserting the following sentence at the end of the first paragraph of Section VIII.D thereof:
“The acceleration of vesting provisions of this Section VIII.D shall be deemed to amend the vesting provisions, applicable, in each of the following agreements: (a) Restricted Stock Agreement, dated January 14, 2014, between you and WTI; (b) Restricted Stock Agreement, dated January 28, 2015, between you and WTI; and (c) Restricted Stock Agreement, dated January 27, 2016, between you and WTI.”
2. Except as expressly provided in this Amendment, all of the terms and provisions of the Relocation Agreement are and will remain in full force and effect, and are hereby ratified and confirmed by the parties. On and after the date hereof, each reference in the Relocation Agreement to “this letter, “this letter agreement,” “hereunder,” “hereof,” “herein” or words of like import will mean and be a reference to the Relocation Agreement as amended by this Amendment.

3. This Amendment shall be construed and governed by the laws of the state of New York, without respect to conflicts of law principles. This Amendment may not be amended or modified unless memorialized in writing and signed by both you and the Company. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

Please acknowledge your acceptance by signing and dating the concurrence box below and returning this letter to me.

Sincerely,

WISDOMTREE ASSET MANAGEMENT, INC.

By: /s/ Peter M. Ziembra

Name: Peter M. Ziembra

Title: EVP-Business and Legal Affairs

I agree to the terms and conditions set forth in the above Amendment to my Relocation Agreement.

/s/ David J. Abner

David J. Abner

August 9, 2016

Date

Acknowledgement

WisdomTree Investments, Inc. hereby executes this Amendment solely to confirm its agreement to the deemed amendments to the restricted stock agreements identified in paragraph 1 herein.

WISDOMTREE INVESTMENTS, INC.

By: /s/ Peter M. Ziembra

Name: Peter M. Ziembra

Title: EVP-Business and Legal Affairs

Subsidiaries of the Registrant

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
WisdomTree Asset Management, Inc.	Delaware
WisdomTree International Group, Inc.	Delaware
WisdomTree International Holdings Ltd	United Kingdom
WisdomTree Europe Holdings Limited	Jersey
WisdomTree Management Limited	Ireland
Boost Management Limited	Jersey
WisdomTree Europe Ltd.	United Kingdom
WisdomTree Japan Inc.	Japan
WisdomTree Commodity Services, LLC	Delaware
WisdomTree Asset Management Canada, Inc.	Canada

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on FormS-8 (No. 333-176652 and No. 333-212128) pertaining to the equity plans of WisdomTree Investments, Inc. filed with the Securities and Exchange Commission on September 2, 2011 and June 20, 2016 of our reports dated March 1, 2018, with respect to the consolidated financial statements of WisdomTree Investments, Inc. and Subsidiaries and the effectiveness of internal control over financial reporting of WisdomTree Investments, Inc. and Subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 2017.

/s/ Ernst & Young LLP

New York, New York
March 1, 2018

Certification

I, Jonathan L. Steinberg, certify that:

1. I have reviewed this annual report on Form 10-K of WisdomTree Investments, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: _____ /s/ Jonathan Steinberg
Jonathan Steinberg
Chief Executive Officer
(Principal Executive Officer)

Date: March 1, 2018

Certification

I, Amit Muni, certify that:

1. I have reviewed this annual report on Form 10-K of WisdomTree Investments, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: _____ /s/ Amit Muni
Amit Muni
Chief Financial Officer
(Principal Financial Officer)

Date: March 1, 2018

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of WisdomTree Investments, Inc. (the "Company") on Form10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), we, Jonathan L. Steinberg, Chief Executive Officer of the Company, and Amit Muni, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is being furnished and not filed, and shall not be incorporated into any documents for any purpose, under the Securities Exchange Act of 1934, as amended. A signed original of this written statement require by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

By: /s/ Jonathan Steinberg
Jonathan Steinberg
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Amit Muni
Amit Muni
Chief Financial Officer
(Principal Financial Officer)

March 1, 2018