

# EARLY TERMINATION OF 3X SHORT OIL PRODUCT DUE TO EXTREME MARKET MOVEMENTS

## What happened?

Due to an extreme adverse move in oil futures relative to the futures' closing price for Tuesday April 21<sup>st</sup> 2020, the swap underlying the **WisdomTree WTI Crude Oil 3x Daily Short** ("**3OIS**") exchange-traded product (the "ETP") was terminated early Wednesday morning April 22<sup>nd</sup> 2020, before the open of European share exchanges.

This termination is in accordance with "Severe Overnight Gap Event" provisions set out in the [prospectus](#) for the ETP (page 182). In a "Severe Overnight Gap Event" the swap provider may terminate the swap agreement by issuing an official termination notice. The purpose of these provisions is to allow the swap provider to terminate the swap before it reaches or breaches a floor of \$0, where the ETP bears no value for investors.

Consequently, the ETP mentioned above, which relied on the swap, will follow a compulsory redemption process. Payment is expected to be made on or around Wednesday 29<sup>th</sup> April 2020. The final NAV which will be paid and the relevant returns for the ETP from the previous day are provided below:

TABLE A – FINAL NAVS AND RETURNS		
	Termination Value Final NAV per Share	Return from the NAV of Tuesday 21 <sup>st</sup> April to the Final NAV per Share
<b>3OIS</b>	8.1854041	-59.29%

Source: WisdomTree

Trading of the ETP on European exchanges is suspended and will remain suspended until the ETP is closed.

For further details around the timeline of the closure process for the ETP, please follow the [Important Notices](#) on our website to remain up-to-date.

It is important to emphasise that this was an extreme market event with the termination event only impacting one short oil ETP with 3x leverage (full product details below). This event has not impacted other WisdomTree ETPs.

## Which ETP will be closing?

The below ETP will close as a result of what happened. Details **listed below**.

ETP Name	ISIN	Exchange	Trading Currency	Exchange Ticker	SEDOL	Bloomberg Ticker	Reuters Instrument Code
WisdomTree WTI Crude Oil 3x Daily Short "3OIS"	IE00B7SX5Y86	London Stock Exchange	USD	3OIS	B7SX5Y8	3OIS LN	3OIS.L
			GBP	3SOI	B93S177	3SOI LN	3SOI.L
		Borsa Italiana	EUR	3OIS	BD3CT17	3OIS IM	3OIS.MI
	DE000A133ZV2	Xetra	EUR	O1LS	BSJCN81	O1LS GY	O1LS.DE

## What happened on April 21<sup>st</sup> in more detail?

The description below of the events from April 21<sup>st</sup> 2020 refers to the WisdomTree WTI Crude Oil 3x Daily Short (henceforth "3OIS") ETP.

TABLE B – VALUES AND RETURNS FOR THE ETP AND THE UNDERLYING MARKETS

Date	Underlying Index Return	Overnight Underlying Market Return	ETP NAV per Share for close of day	ETP Final NAV per Share	ETP Return from previous NAV
A	B	C	D	E	F
17 April 2020	-1.95%	-1.96%	\$5.6348719		5.86%
3OIS 20 April 2020	-18.38%	-18.38%	\$8.7393691		55.09%
21 April 2020	-43.37%	-43.37%	\$20.1079477		130.08%
22 April 2020		19.76%		\$8.1854041	-59.29%

Source: WisdomTree

+ 3OIS references a futures index which tracks the WTI July CLM0 oil future (henceforth "the future"). The white line in the chart below indicates the prices of the future from Tuesday April 21<sup>st</sup> 2020 to Wednesday April 22<sup>nd</sup> 2020.

+ This future closed at a price of **\$11.57** for April 21<sup>st</sup> 2020.

+ Between midnight and 1am London time on the 22<sup>nd</sup> of April, 3OIS breached the "Severe Overnight Gap Event Threshold", which is set at a 20% overnight adverse move in the price of the underlying market. This can be seen in the chart below in the white line indicating the relevant oil future's price rising by 20% for April 22<sup>nd</sup> 2020.

+ The "Severe Overnight Gap Event" which is triggered by breaching through the "Severe Overnight Gap Event Threshold" invokes legal provisions which allow the swap provider to terminate the swap at its discretion. The purpose of these provisions is to allow the termination of the ETP before the ETP's value is completely wiped out. These provisions are specified in the ETP's [prospectus](#) (starting at page 182).



### Wednesday, April 29<sup>th</sup> 2020

- + On this date (or shortly after it) we expect to make all payments to registered holders. Please note it may take a few days for the payment to reach your broker's or custodian's accounts, and from there your broker may take more time processing the payment to your account.
- + For uncertificated security holders, payments are expected to be made through CREST and for certificated holders, payments are expected to be made via cheque sent by post. WISDOMTREE MULTI ASSET ISSUER PUBLIC LIMITED COMPANY (the "Issuer") will only make payments to registered holders who are named in the relevant register as of Monday April 27<sup>th</sup> 2020.
- + The payment will be processed as per the April 22<sup>nd</sup> final NAV.
- + Please note, while WisdomTree will not be charging any commissions or fees related to the disbursement of the payment, there may be fees that are charged by your broker, custodian or settlement systems.
- + Payment will be made in the base currency of the ETP which is USD.
- + To the extent that you hold your securities through a broker, custodian or other intermediary, please contact that intermediary for information on how they will pass on the payments. Typically, you should expect to receive the payment in much the same way you receive a dividend, a coupon on a bond or the payment of principal when the bond matures. It may take longer for the payment to find its way to your account if you hold the ETP through a broker or a nominee account of another kind. Your broker, bank or financial adviser will be able to provide further information regarding how this process will work for you.
- + Specifically, if you do not have a USD account with your broker, custodian or intermediary you should contact your broker to determine how the payment will be processed or converted to your currency of choice.

### If I own shares of an ETP that is closing, what do I need to do?

There is nothing you need to do, except wait for the payment. You may want to contact your broker to ask how the payment will be received, into which account, in which currency and the fees they may charge you.

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