



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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**Subject: AlphaClone Alternative Alpha ETF**

### **Background Information on the Fund**

As more fully explained in the [Registration Statement](#) (Nos. 811-22668 and 333-179562), ETF Series Solutions (the “Trust”) is an open-management investment company registered under the Investment Company Act of 1940, as amended. The Trust consists of multiple investment series, one of which is the AlphaClone Alternative Alpha ETF (the “Fund”). The shares of the Fund are referred to herein as “Shares”. The offering of the Fund’s Shares is registered under the Securities Act of 1933, as amended. The Fund is an actively-managed exchanged-traded fund (“ETF”).

### **Description of the Fund**

The Fund seeks to track the price and yield, before fees and expenses, of the AlphaClone Hedge Fund Long/Short Index (“Index”). The Index Provider is AlphaClone, LLC.

The Fund uses a “passive” or “indexing” investment approach to track the Index. The Index is composed of U.S. equity securities selected based on a proprietary hedge fund position replication methodology developed by AlphaClone, LLC. The methodology ranks issuers favored as investments by hedge funds and institutional investors based on the efficacy of replicating their publicly disclosed positions and selects equities from those managers with the highest ranking. Index constituents are equal weighted but have an overlap bias (*i.e.*, holdings with twice the number of holders have twice the weight). The Index can vary from being 100% long to up to 50% short, also known as “market hedged,” based on market volatility targets defined by the methodology. The Index, and therefore the Fund, may take a defensive position and become market hedged (*i.e.*, short) if one or more broad-based market indices close below their respective 200 day moving average at the end of any month. Short positions are used to hedge long positions and to seek positive returns. The Fund will either realize a profit or incur a loss from a short position, depending on whether the value of the underlying stock decreases or increases, respectively, between the time when it is sold and when the Fund replaces the borrowed security.

The Fund is managed by Index Management Solutions, LLC (the “Sub-Adviser”) under the supervision of Exchange Traded Concepts, LLC (the “Adviser”). The Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the

Index, which include, but are not limited to, common and preferred equity securities, depository receipts, exchange-traded funds (“ETFs”), real estate investment trusts (“REITs”) and master limited partnerships (“MLPs”). The Fund may invest the remainder of its assets in securities not included in the Index, but which the Sub-Adviser believes will help the Fund track the Index, or in financial instruments that provide long or short exposure to the Index. These financial instruments include, but are not limited to: exchange-traded options on securities, indices and futures contracts and short positions. On a day-to-day basis, the Fund also may hold short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements.

Quasar Distributors, LLC serves as the distributor of the Shares (the “Distributor”). Exchange Traded Concepts, LLC serves as the investment adviser and has overall responsibility for the general management and administration of the Trust. U.S. Bancorp Fund Services, LLC serves as the Fund’s transfer agent, administrator and index receipt agent (“Administrator”). U.S. Bank N.A. serves as the custodian of the Fund’s assets (“Custodian”).

As described more fully in the Fund’s [Prospectus](#) and Statement of Additional Information (“[SAI](#)”), the Fund will issue and redeem shares only to Authorized Participants (typically, broker-dealers) in exchange for the deposit or delivery of a basket of assets (securities and/or cash) in large blocks, known as “Creation Units,” each of which is generally comprised of 50,000 shares, though this may change from time to time. Retail investors may only purchase and sell Fund shares on a national securities exchange through a broker-dealer. Because the shares trade at market prices rather than net asset value, shares may trade at a price greater than net asset value (premium) or less than net asset value (discount).

The Fund intends to pay out dividends, if any, and distribute any net realized capital gains, if any, to its shareholders at least annually. The Fund is authorized to declare and pay capital gain distributions in Shares of the Fund or in cash.

The Depository Trust Company (“DTC”) serves as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

The Fund is subject to the risks identified in the Prospectus as applicable to the Fund. The Fund’s [registration statement](#) describes the various fees and expenses for the Fund’s Shares. For a more complete description of the Fund and its underlying portfolios, visit [www.alphaclonefunds.com](http://www.alphaclonefunds.com).

## **Principal Risks**

Interested persons are referred to the Prospectus for a description of risks associated with investments in the Shares. These risks include Derivatives Investment Risk; Early Close/Trading Halt Risk; Equity Securities Risk; Market Risk; MLP Risk; Non-Diversification Risk; Passive Investment Risk; REIT Risk; Shorting Risk; and Tracking Error Risk. In addition, as noted in the Prospectus, the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of the Fund’s holdings. The market

prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares on the Exchanges.

### **Exchange Rules Applicable to Trading in the Shares**

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchanges existing rules governing the trading of equity securities.

### **Trading Hours**

Trading in the Shares on the Exchanges is on a UTP basis and is subject to the Exchanges equity trading rules. The Shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the Shares during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Trading Halts**

The Exchanges will halt trading in the Shares in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares if the primary market de-lists the Shares.

### **Suitability**

Trading in the Shares on the Exchanges will be subject to the provisions of Exchange Rules 3.7. Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, Members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in Exchange Rules 3.7.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds Members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

### **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectuses do not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust's registration statement.

### **Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations**

The Commission has issued letters (together, the "No- Action Letters") dated October 24, 2006, November 21, 2005 and August 17, 2001 granting exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 for exchange-traded funds listed and traded on a registered national securities exchange that meet certain criteria. Members should refer to the No Action Letters, available at [www.sec.gov](http://www.sec.gov), for additional information.

**This Regulatory Information Circular is not a statutory Prospectus. Members should consult the Trust's [Registration Statement](#), [SAI](#), [Prospectus](#) and the Fund's [website](#) for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP</b>
ALFA	AlphaClone Alternative Alpha ETF	26922A305