

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name ETC TRUST - YIELDSHARES HIGH INCOME ETF		2 Issuer's employer identification number (EIN) 45-5041055	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1 FREEDOM VALLEY DRIVE		7 City, town, or post office, state, and Zip code of contact OAKS, PA 19456	
8 Date of action 12/31/2013		9 Classification and description COMMON STOCK	
10 CUSIP number 301505301	11 Serial number(s)	12 Ticker symbol YYY	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ YieldShares High Income ETF made a cash distribution on December 31, 2013 to each of its common shareholders of record on December 27, 2013.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ A portion of the cash distribution made by YieldShares High Income ETF is not taxable as a dividend under Section 301(c)(1), but is applied against basis under Section 301(c)(2) ("return of capital"). The return of capital on a per share basis is as follows:

Distribution Date	Amount per share
December 31, 2013	\$0.1131

As such, each shareholder's tax basis in the common stock of YieldShares High Income ETF is decreased by the lesser of the amount of the shareholder's share of the return of capital distributions or the shareholder's tax basis in such common stock.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The change in basis was determined by comparing the cash distributions made by YieldShares High Income ETF during the fiscal year ended 12/31/2013 of \$428,898 to the amount of YieldShares High Income ETF fiscal year ended 12/31/2013 earnings and profits of \$327,116 resulting in a return of capital of \$101,782. Accordingly, the return of capital percentage over the December 31, 2013 distribution is 56.55% (\$101,782/\$180,000).

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Pursuant to IRC Section 301(C)(1), the portion of a distribution which is a dividend (as defined under IRC Section 316) is includable in gross income. Pursuant to IRC Section 301(C)(2), the portion of the distribution which is not a dividend shall be applied against and reduce the adjusted basis of the stock.

18 Can any resulting loss be recognized? ▶ Not applicable to this transaction. No loss would be recognized on the return of capital distributions. The shareholder's cost basis should be adjusted to reflect the return of captial distribution which may affect realized gain or loss upon disposition of the shares.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Pursuant to IRC Section 6045, as amended by the Emergency Economic Stabilization Act of 2008, brokers are required to reflect these adjustments in the cost basis reporting for covered securities. If a broker is not required to provide cost basis to a particular shareholer, the cost basis of the shareholder's shares should be adjusted as of the dividend date to reflect the return of capital described above.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ A signed copy is maintained by the issuer Date ▶

Print your name ▶ Title ▶

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				

Send Form 8937 (including accompanying statements) to: Department of the Treasury Internal Revenue Service, Ogden, UT 84201-0054