

This document constitutes the base prospectus for the purposes of Article 8 of the prospectus regulation (EU) 2017/1129 (the **Prospectus Regulation**) in respect of non-equity, derivative securities (the **Base Prospectus**) of 21Shares AG.



21Shares AG
(incorporated in Switzerland)

LEI: 254900UWHMJRRODS3Z64

Exchange Traded Products Programme

Under the terms of its Exchange Traded Products Programme (the **Programme**) described in this Base Prospectus, 21Shares AG (the **Issuer** or **21Shares**), subject to compliance with all applicable laws and regulations, may from time-to-time issue exchange traded products (the **ETPs** or the **Products**) in the forms set out in this Base Prospectus, as completed by the final terms in respect of the relevant Product (the **Final Terms**).

Products issued under the Programme will be exchange traded products, which do not qualify as units of a collective investment scheme according to the relevant provisions of the Swiss Federal Act on Collective Investment Schemes (CISA), as amended, and are not licensed thereunder. Therefore, the Products are neither governed by the CISA nor supervised or approved by the Swiss Financial Market Supervisory Authority FINMA (FINMA). Accordingly, Investors do not have the benefit of the specific investor protection provided under the CISA. Any investment in the Products does not have the status of a bank deposit and is not within the scope of any deposit protection scheme. The Issuer is not and will not be regulated by any regulator as a result of issuing the Products.

The Products have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any State or other jurisdiction of the United States and (i) may not be offered, sold or delivered within the United States to, or for the account or benefit of U.S. Persons (as defined in Regulation S (**Regulation S**) under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and (ii) may be offered, sold or otherwise delivered at any time only to transferees that are Non-United States Persons (as defined by the U.S. Commodities Futures Trading Commission). **The Products have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities passed upon or endorsed the merits of the offering of the Products or approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.** For a summary of certain restrictions on resale, see "*Offering and Sale*".

The Products and the underlying collateral in respect of the Products are highly speculative and involve a high degree of risk, including the risk of a total loss of all capital invested. See "*Risk Factors*".

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under additional law.

The offering or sale of the Products in certain jurisdictions may be restricted by law including because of certain Underlyings or Underlying Components. For a description of certain restrictions on offers and sales of Products and on the distribution of this Base Prospectus, see the section headed "*Offering and Sale*". Persons who obtain possession of this Base Prospectus and/or the Product Documentation are required to inform themselves about and to adhere to any such restrictions. Neither this Base Prospectus nor the Product Documentation constitutes or may be used for the purposes of, an offer or solicitation to subscribe for or to purchase any Product in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, this Base Prospectus or the Product Documentation should not be used by anyone for this purpose.

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OVERVIEW OF THE PROGRAMME

The following overview of the Programme and the Products does not purport to be complete and is subject to and qualified by the detailed information contained elsewhere in this Base Prospectus and in the Final Terms in respect of each Tranche of Products. Words and expressions not defined in this overview shall have the meanings given to them elsewhere in this Base Prospectus.

Description of the Programme

Pursuant to this Programme the Issuer may issue collateralised exchange traded securities (Products) linked to Underlyings or a basket of Underlyings providing exposure to a range of Crypto Assets and/or other eligible underlyings. Such Products may have long or short exposure to the daily performance of the referenced index.

Parties and Features of the Programme

Issuer 21Shares AG is a stock corporation (Aktiengesellschaft) with its registered office and address at Dammstrasse 19, 6300 Zug, Switzerland. The Products will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.

The Programme On 13 November 2018, the Issuer established a programme (the **Programme**) for the issuance of Products. The Final Terms relating to each Series of Products will specify the detailed terms applicable to such Series of Products.

Base Prospectus This Base Prospectus has been approved by the Swedish Financial Supervisory Authority *Finansinspektionen* (the **SFSA**), as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. such approval should not be considered as an endorsement of the issuer that is the subject of this Base Prospectus. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Base Prospectus permits for an offer of Products to the public in Sweden and/or an admission to trading of securities on a regulated market in Sweden. The Issuer may request the SFSA to notify the approval of the Base Prospectus to other EEA Member States in accordance with the Prospectus Regulation for the purposes of making a public offer in such Member States or for admission to trading of all or any Series of Products on a regulated market therein, or both. As at the date of this Base Prospectus the Issuer has asked the SFSA to notify approval of the Base Prospectus to the competent authorities in [Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Spain and Sweden].

Warning regarding expiry and supplement(s) Investors should note that this Base Prospectus will expire on 18 November 2021. The Issuer shall prepare a supplement (each, a **Supplement**) to this Base Prospectus or publish a new base prospectus if there is a significant change affecting any matter contained in this Base Prospectus or a significant new

matter arises, the inclusion of information in respect of which would have been so required if it had arisen when this Base Prospectus was prepared and/or pursuant to Article 23 of the Prospectus Regulation. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a prospectus is no longer valid.

Transaction Structure Under the Programme, the Issuer may issue Products of a Series to Authorised Participants appointed in respect of such Series.

For a description of the creation and redemption processes, as well as a description of the principal parties and transaction documents related to the Programme, see “*Summary of the Parties and the Structure*”.

It is intended that Authorised Participants will sell Products in the secondary market to Investors who have directly approached the Authorised Participant(s) for a purchase price agreed between the Authorised Participant and such Investor(s) in respect of the Products. Investors will also be able to purchase Products on the secondary market on a securities exchange or other trading venue on which the Products are listed. Investors may sell the Products from time-to-time in the secondary market to third parties or to Authorised Participants.

Issuance of Series of Products Products issued under the Programme are issued in series (each, a **Series**), and each series may comprise one or more tranches (each, a **Tranche**) issued on identical terms other than the Issue Date and Issue Price per Product and with the Products of each Tranche of a Series being interchangeable with all other Products of that Series. Each Tranche is subject of a Final Terms.

Product documentation ... Each Series will be subject to the General Terms and Conditions set forth in this Base Prospectus (the **General Terms and Conditions**), as completed by the relevant Final Terms relating to such Series (together, the **Product Documentation**). In the event of any inconsistency between the General Terms and Conditions and the Final Terms, the Final Terms shall prevail.

Collateral Agent The Law Debenture Trust Corporation p.l.c. or any other collateral agent specified in the applicable Final Terms.

Custodian The Kingdom Trust Company, Coinbase Custody Trust Company, LLC or any successor custodian as specified in the applicable Final Terms.

Administrator MG Stover & Co. or Sudrania Fund Services Corporation or any other administrator specified in the relevant Final Terms.

Global Paying Agent	Bank Frick & Co. AG The Issuer may appoint additional paying agents (including a Swiss Paying Agent) in relation to a Series of Products if required by the rules of any securities exchange on which Products are listed or admitted to trading.
Authorised Participants ...	Flow Traders B.V., Jane Street Financial Limited and Lang & Schwarz TradeCenter AG & Co. KG.. Only an Authorised Participant may engage in creation or redemption transactions directly with the Issuer (other than in limited circumstances). Currently, there are only two Authorised Participants for the Products. The Issuer reserves the right to change, increase or decrease the number of Authorised Participants or any individual firm.
Market Maker(s)	The Market Maker(s) specified in the relevant Final Terms.
Index Calculation Agent ...	The Index Calculation Agent specified in the relevant Final Terms.
Continual Issuance and Redemption	It is intended that the Products of each Series shall be subject to a continual issuance and redemption mechanism, under which additional Products of such Series may be issued, and Products may be redeemed by Authorised Participants.
Terms and Conditions of Products	Each Series of Products will have the terms and conditions set out in the section of this Base Prospectus headed " <i>General Terms and Conditions</i> ", as completed by the Final Terms in respect of each Tranche of that Series.
Issue Price	The Issue Price in respect of each Tranche of Products will be set out in the Final Terms with respect to such Tranche.
Interest	The Products will not bear interest at a prescribed rate.
Collateral	The Underlyings or Underlying Components credited to the Collateral Account and which serve as collateral for the Product. Collateralisation of ETPs, as further described in the section headed "Collateral" herein, eliminates the credit risk of the Issuer only to the extent that the proceeds from the liquidation or realisation of Collateral (less the costs of liquidation fees and expenses of the Collateral Agent and payout) meet the Investors' claims. The Investor bears the following risk, among others: the market risk associated with the Collateral results in insufficient liquidation proceeds or, in extreme circumstances, the Collateral might lose its value entirely, including through theft, hacking, or fraud, prior to the liquidation taking place or it may not be possible to realise the Collateral. The costs for the service with respect to the collateralisation of the Products may be taken into account for the pricing of a specific Product and may

therefore be borne by the Investors. With regard to the payment to the respective Investors of the relevant share of the net liquidation proceeds, each Investor shall bear the solvency risks of The Kingdom Trust Company (Kingdom Trust), Coinbase Custody Trust Company, LLC (Coinbase) or any other custodian of the Underlying or Underlying Components (Kingdom Trust, Coinbase or such other custodian, the Custodian) and/or The Law Debenture Trust Corporation p.l.c. (Collateral Agent or Law Debenture) effecting the liquidation of the collateral, as well as the financial intermediaries along the payout chain. The payment to the Investors may be delayed for factual or legal reasons. To the extent the calculation of the current value of Products proves to be incorrect, the collateralisation of the Products may be insufficient.

Underlyings and Underlying Components .. The Underlyings or Underlying Components for each Series of Products will be specified in the relevant Final Terms.

Issuer Security The security created over the Collateral in favour of the Collateral Agent and for the benefit of Investors pursuant to the Pledge of Collateral Account Agreement, the ACA and the Additional Pledges.

Redemption The Products are perpetual (“open-ended”) and have no fixed maturity.

The Issuer may terminate and redeem a Series of Products in whole but not in part at any time, at the Issuer’s sole discretion and without any further prior consent of the Investors, on a redemption date set out in a termination notice published by the Issuer in accordance with the Conditions.

The Issuer shall, at the option of any Investor holding Products, upon such Investor giving not less than 30 nor more than 60 days’ written notice, via the financial intermediary administering the relevant securities account, to (i) the Global Paying Agent if the Products are listed on SIX or (ii) the Issuer if the Products are not listed on SIX, redeem the Products held by such Investor, in an amount of Products corresponding to such Investor’s Redemption Notice (as specified in the relevant Final Terms), on the Investor Put Date specified in the relevant Final Terms at the Redemption Amount.

Authorised Participants may request the Issuer to terminate and redeem all or part of its holding of Products by delivery of the Crypto Asset Collateral for such Products in accordance with Condition 5.4 (*Redemption at the Option of an Authorised Participant*) and the relevant Authorised Participant Agreement. Redemptions by Authorised Participants shall be settled on an in-kind basis unless the Issuer permits such redemption to be settled in accordance with Condition 5.3 (*Cash Settlement*).

Redemption Amount Other than in respect of redemptions other than pursuant to Condition 5.4 (*Redemption at the Option of an Authorised Participant*), which, unless the Issuer permits such redemption to be settled in accordance with Condition 5.3 (*Cash Settlement*), shall be settled on an in-kind basis, an amount in the Settlement Currency payable by the Issuer to the Investors calculated as specified in the relevant Final Terms; provided, however, that in the case of an Extraordinary Event pursuant to Condition 17 (*Extraordinary Event*), the

Redemption Amount shall be reduced and may be as low as the smallest denomination of the Settlement Currency (*i.e.*, U.S.\$0.01, €0.01, CHF 0.01, £0.01 or the equivalent in other Settlement Currencies).

The Redemption Amount shall not be less than the smallest denomination of the Settlement Currency (*i.e.*, U.S.\$0.01, €0.01, CHF 0.01, £0.01 or the equivalent in other Settlement Currencies).

Investor's Exposure to the Performance of the Applicable Index If Products are related to an Index, the return on each Series of Products will be linked to the performance of the applicable Index, as the Redemption Amount will be derived from the closing price of such Index on the relevant price fixing date.

The Index In respect of any Series of Products, the index specified in the Final Terms.

The 21Shares Index is the Index sponsored by the Issuer, which is an automatically rebalancing index, as described in "*Programme Indices—The 21Shares Index*".

Index Administrator MV Index Solutions GmbH (**MVIS**) is the administrator of the 21Shares Index. MVIS is included in the register referred to in Article 36 of the Benchmark Regulation and consequently the 21Shares Index is provided by an administrator included in said register.

Events of Default and Insolvency Event If the Issuer fails to pay any amount due in respect of a Series of Products when due and such failure continues for a period of 10 Swiss business days (an **Event of Default**), then Investors holding at least 25% of the outstanding Products in the relevant Series may, by notice in writing to the Issuer (at its registered office) and the Collateral Agent (at its specified office) (with a copy to the Administrator), declare all the Products in such Series to be, and whereupon they shall become, immediately redeemable without further action or formality (an **Acceleration**).

Upon the Issuer being declared bankrupt within the meaning of article 736 No. 3 of the Swiss Code of Obligations and the DEBA by a competent court (an Insolvency Event), all the Products shall become immediately redeemable without further action or formality.

Enforcement Upon the occurrence of an Event of Default or Insolvency Event, the Collateral Agent shall: (i) in the case of an Event of Default, if so instructed by Investors representing not less than 25% of Products in the relevant Series in writing; or (ii) in the case of an Insolvency Event, if so instructed by any Investor in writing, serve an Enforcement Notice on the Issuer and subject as provided in the Collateral Agent Agreement, at any time and without notice, institute such proceedings and/or take such action, step or proceedings as it may think fit against, or in relation to, the Issuer or any other person to enforce its rights under any of the Product Documentation.

Subject to the provisions of the Collateral Agent Agreement, at any time after the Issuer Security has become enforceable, the Collateral Agent shall, if so instructed by Investors representing not less than 25% of Products in the relevant Series following an Event of Default or any Investor following an Insolvency Event, in writing, without notice, take such steps, actions or proceedings as it may think fit to enforce such Issuer Security.

Obligations of the Issuer.. The Products will be obligations solely of the Issuer.

In particular, the Products will not be obligations or responsibilities of, or guaranteed by, the Collateral Agent, the Global Paying Agent, the Product Calculation Agent, or any other partner or affiliate of the Issuer, any direct or indirect shareholder of the Issuer or any Authorised Participant.

The Issuer was established for the purpose of issuing listed and Exchange Traded Products. If the net proceeds of realisation of the Collateral in respect of a particular Product are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Product, the investors in such Products may face losses.

Governing Law of Products The Products are governed by and shall be construed in accordance with Swiss law (without reference to the principles of conflicts of law rules). In relation to any proceedings in respect of the Products, the Issuer has submitted to the jurisdiction of the courts of the City of Zurich, the place of jurisdiction being Zurich.

The Collateral Agent Agreement is governed by English law, with certain provisions of the Collateral Agent Agreement being governed by the laws of Switzerland as stated within the Collateral Agent Agreement.

The Custodial Services Agreement, the Pledge of Collateral Account Agreement, the Additional Pledges and the ACA are governed by the laws of the State of South Dakota or by the laws of the State of New York, as applicable.

Listing and Admission to Trading..... Application may be made for the Products in any Series to be admitted to the SIX Swiss Exchange and/or one or more regulated market(s) in Sweden and any other EEA Member State to which this Base Prospectus has been duly notified in accordance with Article 25 of the Prospectus Regulation. The SIX Swiss Exchange (the **SIX Swiss Exchange** or **SIX**) has approved a base prospectus in relation to the Programme as of 13 November 2018 (as updated and supplemented the **Swiss Base Prospectus**) as an issuance programme pursuant to Article 16 para. 1 no. 2 and para. 3 of the SIX Additional Rules for the Listing of Exchange Traded Products (**ARETP**) for the purpose of providing certain information with regard to the Issuer, the General Terms and Conditions applying to the Products, and certain other details in connection with the issuance of Products under the Programme. Where Products are listed on the SIX Swiss Exchange, the Swiss Base Prospectus, as amended or supplemented, together with the relevant Final Terms comprises the listing prospectus pursuant to Article 16 para. 3 ARETP.

As at the date hereof all of the Products are admitted to trading in SIX and certain of the Products are admitted to trading on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the Official Market of the Vienna Stock Exchange.

Selling and Transfer Restrictions

Save for the approval of this Base Prospectus by the SFSA which allows for a public offering of the Products in Sweden and any notification of the approval to other EEA Member States in accordance with the Prospectus Regulation for the purposes of making a public offer in such Member States, no action has been or will be taken by the Issuer that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales, or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

Settlement and Clearing...

A Series of Products may, subject to all applicable legal and regulatory requirements, only be issued in uncertificated book-entry form and will be issued Tranches or Series. Once registered with SIX SIS AG and entered in the securities account of one or more participants, the Products will qualify as intermediated securities within the meaning of the Federal Intermediated Securities Act. For the purpose of good delivery of any Products admitted to trading on the Frankfurt Stock Exchange, clearing shall take place through Clearstream Banking Aktiengesellschaft (**Clearstream**) and for Products admitted to trading on the and the Vienna Stock Exchange, clearing shall take place through OeKB CSD (**OeKB**).

Cautionary statement regarding forward looking statements

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections captioned "*Risk Factors*", "*Information About the Issuer*", "*General Description of Certain Underlyings or Underlying Components*" and other sections of this Base Prospectus. The Issuer has based these forward looking statements on its current view with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified in the section captioned "*Risk Factors*" or which the Issuer has otherwise identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, events relating to the Issuer and the Issuer's actual results may be materially different from those expected, estimated or predicted.

Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after

the date of this Base Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

RISK FACTORS

This section contains a number of risk factors, both risks pertaining to the Issuer and pertaining to the ETPs. The assessment of materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their adverse impact is disclosed by rating the relevant risk as low, medium or high.

The risk factors are presented in categories where the most material risk factors in a category is/are presented first under such category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

Certain capitalised terms used in this section are defined in the General Terms and Conditions and/or the Final Terms.

Risk factors relating to the Issuer

Market risk

Market volatility reflects the degree of instability and expected instability of the performance of, for example, the market for structured products over time. The level of market volatility is not purely a measurement of actual market volatility, but is largely determined by the prices for derivative instruments that offer investors protection against such market volatility. The prices of these derivative instruments are determined by forces such as actual market volatility, expected market volatility, other economic and financial conditions and trading speculations. Market volatility may result in the Issuer incurring losses despite hedging arrangements. The Issuer is a newly-created special purpose vehicle and currently not profitable and depends on capital from outside investors. The Issuer is highly indebted. Should the Issuer be unable to raise additional capital, there are limited reserves to maintain company operations, which may result in the inability of the Issuer to continue as a going concern.

Risk Rating: high.

Risks related to the short business history and limited business objective of the Issuer

The business activities of the Issuer concerns securities related to the Crypto Assets. The focus of the Issuer's business activities is issuance of ETPs relating to Bitcoin, Bitcoin Cash, Ethereum, XRP, Litecoin, Stellar Lumens, EOS, NEO, BNB, Tezos, Cardano, or an Index comprising two or more of the foregoing. The Issuer is a special purpose vehicle within the meaning of the applicable Swiss laws and regulations. The protocols for the Crypto Assets are publicly available which means that further innovation is possible meaning that these crypto-currencies may not mark the end of the evolution of digital currencies. If the Crypto Assets do not become successful or become less successful going forward and if the Issuer cannot adapt to such changed circumstances, the Issuer may be unsuccessful in carrying out its business which may lead to a decrease in the value of the ETP.

Risk Rating: medium.

Credit risk

Investors are exposed to the credit risk of the Issuer and the Custodian. An Investor's ability to obtain payment in accordance with the General Terms and Conditions is dependent on the Issuer's ability to meet these obligations. The Products are not, either directly or indirectly, an obligation of any other party. As a result, irrespective of the collateralisation, the creditworthiness of the Issuer may affect the market value of any Products and, in the event of a default, insolvency or bankruptcy, Investors may not receive the amount owed to them under the General Terms and Conditions. In addition to direct credit risks, the Investors are indirectly exposed to any credit risk that the Issuer is exposed to. For example, the Issuer may incur losses and/or fail to obtain delivery under any arrangements in place in respect of any crypto-denominated assets held as Collateral.

Risk Rating: medium.

Operational risk

Operational risks are risks relating to losses which the Issuer may encounter on grounds of incorrect or insufficient routines, errors caused by humans or systems as well as legal risks (including also disputes). If the direction or control has been insufficient it may adversely affect the hedging arrangements which can negatively impact the Issuer's operating result and financial position. As a result, the Issuer's operations and financial position is exposed to operational risks.

Risk Rating: low.

Business risks

Business risks are risks that arise as a consequence of external circumstances or events that harms the Issuer's image or returns. The Issuer's ability to conduct its business is dependent on its ability to comply with rules and regulations. The failure to pass any audit regarding the Issuer's compliance with rules and regulations or to be found in breach of regulations applicable to the Issuer could result in fines or adverse publicity which could have a material adverse effect on the business and which may lead to decreased results of operations and financial condition. New legislation or regulations, decisions by public authorities or changes regarding the application of or interpretation of existing legislation, regulations or decisions by public authorities applicable to the Issuer's operations, the ETPs and / or the Crypto Assets, may adversely affect the Issuer's business or an investment in the ETPs. The Issuer depends on a supply of Crypto Assets from reputable and verifiable exchanges and/or OTC platforms, as determined by the Issuer. These exchanges are impacted by global and local economic conditions, market sentiment and regulatory changes. Should this supply be constrained or a disruption to Authorised Exchanges occur, the Issuer may be unable to issue additional securities, which may, in turn, adversely impact the Issuer's financial performance and creditworthiness. Business risk may involve unexpected changes to the Issuer's result.

Risk Rating: low.

Counterparty risk

The Issuer will be exposed to the credit risk of a number of counterparties with whom the Issuer transacts, including, but not limited to, the Custodian, the Administrator, Wallet Provider(s), Depositories, Paying Agents, Market Makers, Authorised Participants, any party to any arrangements in place in respect of any crypto-denominated assets held as Collateral and exchanges. Consequently, the Issuer is exposed to risks, including credit risk, reputational risk and settlement risk, arising from the failure of any of its counterparties to fulfil their respective obligations, which, if any such risks occur, may have a material adverse effect on the Issuer's business and financial position.

With respect to the Custodian, the Issuer will be exposed to the credit risk of depositary institutions with whom it holds cash and other Crypto Assets. Credit risk, in this case, is the risk that the depositary holding a financial instrument (cash or crypto) will fail to fulfil an obligation or commitment to the Issuer. The Issuer's Crypto Assets are maintained by the Custodian in segregated accounts, which are intended to be protected in the event of insolvency of the Custodian. However, any insolvency of the Custodian may result in delayed access to Crypto Assets serving as Underlyings or Underlying Components, including those serving as Collateral for any Products. In such a situation, Investors may face a loss due to asset price fluctuation.

It is important to note that no party, including the Wallet Providers, Custodian or Issuer is liable for the loss of the Underlyings or Underlying Components. In the case of theft, the liability belongs solely to the Investor.

Risk Rating: low.

Risk factors relating to the ETPs

Market risk due to lack of capital protection

The ETPs issued under this Base Prospectus does not provide for any capital protection of any amount payable under the ETPs. This causes a risk for investors in the ETPs since parts of or the entire invested amount may be lost due to the market risk associated with the exposure of the ETPs. In other words, if the price of the relevant Index, Underlying or Underlying Components develops in a manner which is unfavourable for the Investors then the terms do not provide for any level of protected capital and the Investors will sustain the full loss corresponding to the unfavourable development of the relevant Index, Underlying or Underlying Components. Where the ETPs provide a long exposure (i.e. the relevant ETPs have been designed to benefit in the event of a rise in the price of the relevant index, Underlying or Underlying Component) and the relevant price instead remains flat or falls this would have a material adverse effect on the market value of such ETPs and the Investors would sustain losses. Conversely, where the ETPs provide a short exposure (i.e. the relevant ETPs have been designed to benefit in the event of a fall in the price of the relevant index, Underlying or Underlying Component) and the relevant price instead remains flat or rises this would have a material adverse effect on the market value of the ETPs and the Investors would sustain losses. Depending on the performance of the relevant Index, Underlying or Underlying Components Investors may sustain a loss up to their entire investment.

Risk Rating: high.

Risk factors relating to digital assets

Regulatory risks

The lack of consensus concerning the regulation of digital currencies and how such currencies shall be handled tax wise causes uncertainty regarding their legal status. As all digital currencies are as yet unregulated assets, there is a risk that politics and future regulations will affect the market of digital currencies and companies operating in such market. Exactly how politics and future regulations may affect the market is impossible to know. However, future regulations and changes in the legal status of the Crypto Assets is a political risk which may affect the price development of the currencies. If the Issuer fails in complying with applicable rules, as such rules may change over time, this may lead to the Issuer incurring losses and it may also have an adverse impact on the Issuer's ability to carry out its business.

Risk rating: high.

Risk associated with development of protocols

The protocols for cryptocurrencies such as the Crypto Assets are publicly available and under development. Further development and acceptance of the protocols is dependent on a number of factors. The development of any of these digital currencies may be prevented or delayed, should disagreements between participants, developers and members of the network arise. New and improved versions of the source code will be "voted" in by a majority of the members/miners of the network carrying out the changes in their nodes, meaning upgrading their nodes to the latest version of the code. Should a situation arise where it is not possible to reach a majority in the network regarding the implementation of a new version of the protocol, this may mean that, among other things, the improvement of that protocol's scalability may be restrained. Should the development of one of the Crypto Assets' protocols be prevented or delayed, this may adversely affect the value of the currencies. Further, as the structure of the protocols for the Crypto Assets are public, a kind of direct compensation for the developers of the respective protocol is missing, which could lead to decreased incentives for continuous development of the protocols. Should these protocols not develop further, the value of the associated digital currency will decrease, which in turn would affect the value of the ETPs. The source code of digital currencies such as the Crypto Assets is public and may be downloaded and viewed by anyone. Despite this, there may be a bug in the respective code which is yet to be found and repaired, which may jeopardise the integrity and security of one or more of these networks.

Risk Rating: medium.

Concentration risk

The decentralised global P2P-network (peer-to-peer) of nodes making up the network of Bitcoin should, to achieve high security, be spread on several participants. Should one participant control over 50% of all capacity to verify transactions in the network, there is a risk that such participant will be able to verify 100% of all transactions and thus earn all the rewards in the network.

Risk Rating: low.

Risk associated with deletion of recent transactions

As private keys are needed to create transactions, the participant is not able to create new transactions, however, the participant may in certain circumstances delete recent transactions. In practice, this would be impossible to accomplish without being discovered and it is difficult to see a scenario in which the participant would be able to achieve a financial profit. Such a scenario would however certainly materially damage the confidence in Bitcoin although no financial losses or other improprieties occur.

Risk Rating: low.

Secondary market risk

The market rates in the secondary market will become both higher and lower than the rate to which investors have purchased their ETPs. The market rates in the secondary market may not accurately reflect the price of the relevant Index or Underlying or Underlying Components. Although the price determination in the secondary market is based on established calculation models, it is dependent upon the underlying development of the market and the market's conception of the Issuer's credit status, the ETPs' probable remaining duration and the sales opportunities on the secondary market. In the light of the volatility which can be historically observed in the prices for the Crypto Assets, it seems possible that the price determination of the ETPs in the secondary market will be very volatile. If one or more regulated markets decide that the ETPs no longer should be so admitted to trading, regardless of whether this is due to circumstances assignable to the Issuer, the ETPs, the Crypto Assets, the market maker and / or changed rules or any other reason, there is a risk that the Issuer will not succeed in having the ETPs admitted to trading on another regulated market, MTF or other marketplace. Such a course of events would probably worsen the liquidity, disposal opportunities and the market value for the ETPs and thus create risks of losses for investors. If a delisting would occur the Issuer will exercise its right to redeem the ETPs early. Such early settlement will only occur following a notice period and investors risk that the market price and liquidity as well as the final settlement amount are negatively impacted in such a scenario.

Risk Rating: high.

Risk of the Occurrence of an Extraordinary Event

Condition 17 (*Extraordinary Event*) provides that, in the case of a fraud, theft, cyber-attack, change in regulations and/or a similar event (each, an **Extraordinary Event**) with respect to, or affecting any, Underlying or Underlying Component, including any Underlying or Underlying Component that serves as Collateral, the Issuer shall give notice to Investors in accordance with Condition 16 (*Notices*), and the Redemption Amount for such Products shall be reduced accordingly, potentially to the smallest denomination of the Settlement Currency (i.e., U.S.\$0.01, €0.01, CHF 0.01, £0.01 or the equivalent in other Settlement Currencies) per Product. Accordingly, Investors bear the risks of the occurrence of an Extraordinary Event and of a partial or complete loss of their investment. Moreover, the risks of an Extraordinary Event are greater than for similar events with respect to other asset classes (such as investments in securities, funds and deposits) and, unlike in the case of other asset classes, are unable to be mitigated. In addition, it is not presently practical to insure against an Extraordinary Event.

Risk rating: high.

Risk factors relating to Basket ETPs and Index ETPs

Please refer to the foregoing risk factors for the relevant Crypto Assets within the relevant basket or, as the case may be, index. In addition, a small basket or index composition will generally be more vulnerable to changes in the value of the relevant Crypto Assets and a change in composition of a basket or an index may have an adverse effect on basket's or index's performance. Given the higher weighting of the single components in a small basket or small index composition, the impact of a unfavourable development for one or more single components will be greater on the basket's or index's performance compared with a more diverse basket or index. A high correlation of components, i.e. where the values of the relevant components tend to fluctuate in a similar fashion as the other correlated components, may have a significant effect on amounts payable on the ETP since all of the correlated components may move in the same unfavourable manner at the same time and thus not achieving diversification of the market risk. The negative performance of a single component, i.e. a single Crypto Asset, may outweigh a positive performance of one or more other components and may have a negative impact on the return on the ETPs.

Risk Rating: medium.

Realisation of Collateral

If the amounts received upon the realisation of Collateral are not sufficient to fully cover the fees and expenses of the Collateral Agent and the Issuer's payment obligations to Investors, then Investors may incur a loss, which may be significant.

Risk rating: medium.

Lending arrangements denominated in the Underlying or Underlying Components

The Issuer may enter into lending arrangements whereby it lends certain Underlying or Underlying Components to third parties. In such a case, the Collateral consisting of directly held Underlyings or Underlying Components is replaced by Collateral in the form of a futures contract. In order to mitigate the Issuer's, and the Investor's indirect, credit risk exposure to any parties to any lending arrangements, that third party must post eligible collateral assets with a market value at least equivalent to the value of the Underlying or Underlying Components lent. Underlyings or Underlying Components may be lent to third parties over a period of time. All of the Issuer's rights in any lending arrangements or assets posted back thereunder will be pledged to the Collateral Agent acting on behalf of Investors. The risks of lending the Underlyings or Underlying Components include the risk that a borrower may not post back additional collateral assets when required or may not return the Underlying or Underlying Components when due. A default by the borrower under such lending arrangements combined with a fall in the value of the collateral assets that borrower has posted back may result in the Issuer holding insufficient assets to meet its obligations in connection with redemptions of Products and a corresponding fall in the value of an Investors holding.

Risk rating: low.

Currency risk

The ETPs are designed to track the movement of the Crypto Assets in relation to the USD and other European currencies. However, most trading in the Crypto Assets occurs in USD. The volatility of the USD will therefore have an impact on the investment of each investor and each investor may therefore lose part of or the investment.

Risk Rating: low.

Short or long exposure risk

The Settlement Amount and the market value of any ETPs will be affected by the nature of the exposure being provided under the relevant final term sheets. Where the ETPs provide a long exposure (i.e. the relevant ETPs have been designed to benefit in the event of a rise in the price of the relevant index, Underlying or Underlying Component) and the relevant price instead remains flat or falls this would have a material adverse effect on the market value of such ETPs and the Investors would sustain losses. Conversely, where the ETPs provide a short exposure (i.e. the relevant ETPs have been designed to benefit in the event of a fall in the price of the relevant index, Underlying or Underlying Component) and the relevant price instead remains flat or rises this would have a material adverse effect on the market value of the ETPs and the Investors would sustain losses.

Risk Rating: medium.

Conflict of Interests of the Issuer and Jura Pentium Limited

While the Issuer does not act as the Product Calculation Agent or the Index Calculation Agent, the Issuer reserves the right to make significant changes to the General Terms and Conditions of the Products, which may affect the value of the Products. In addition, the 21Shares Index is owned by Jura Pentium Limited, which is under common control with the Issuer. Jura Pentium Limited has the right to make significant changes to the 21Shares Index methodology, which may affect the value of the Products.

In accordance with the General Terms and Conditions, the Issuer shall be entitled to amend without the consent of the Investors any Condition or item in the relevant Final Terms for the purpose of (i) correcting a manifest error, or (ii) clarifying any uncertainty, or (iii) correcting or supplementing the provisions herein in such manner as the Issuer deems necessary or desirable, provided that the Investor does not incur significant financial loss as a consequence thereof. Furthermore, the Issuer shall at all times be entitled to amend any Condition or item in the relevant Final Terms where, and to the extent that the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities. No such changes will require Investor consent or approval.

In addition, the Investors are not party to the Product Documentation or the Transaction Documents. Accordingly, the Issuer may amend such documents without Investor consent or approval. Such changes may not be in the best interests of the Investors and may affect the value of the Products.

The Issuer and a number of parties associated with the Issuer, including, *inter alia*, members of the Issuer's board of directors, member of its management team, employees and shareholders of the Issuer hold and transact in, and may continue to hold and transact in, Underlyings, Underlying Components and underlying indices for their own accounts. Such persons are under no obligation to disclose such holdings or transactions at any time and may conduct such transactions at any time for any reason.

Risk rating: low.

ECONOMIC OVERVIEW OF THE PRODUCTS

Overview of the Products

The Issuer may from time-to-time issue Products under the Programme, linked to Underlyings or baskets of Underlyings providing exposure to a range of Crypto Assets on the terms set out in the section of this Base Prospectus headed “*General Terms and Conditions*”, and read in conjunction with the Final Terms relating to such Tranche.

If Products are related to an Index, the return on each Series of Products will be linked to the performance of the applicable Index, as the Redemption Amount will be derived from the closing price of such Index on the relevant price fixing date.

General design of the Products

Each Product indirectly represents a quantity of Crypto Assets and the value thereof, a so-called entitlement. Single asset Products represent the single Crypto Asset. Products linked to an Index or a basket of Underlyings indirectly represent the Crypto Assets constituting the composition of such Index or basket of Underlyings. The value of this entitlement will be affected by positive and negative changes in the market value of the relevant Crypto Assets during the term of the Products. This entitlement will be reduced by the Investor Fees on a daily basis.

The value of the entitlement is calculated using the sum of the amount of crypto assets in collateral per unit multiplied with the price for each individual component of the basket. The amount of crypto asset per unit is calculated using the balance of the custody account less the Investor Fees on a daily basis. The price is sourced from the pricing source used to calculate the index or, in the case of single tracker products, CryptoCompare.com. The price source for each series is specified in the final terms. These are the two leading price sources in the space and are broad based price indexes using 55+ global exchanges designed to capture a broad view of the crypto market globally.

The price movement and the movement of entitlement is correlated 1:1, but Investor Fees will reduce the entitlement.

Products featuring long exposure

In short, if the value of the entitlement for a particular Product providing long exposure *increases* compared with than the Issue Price this will have a *positive* impact on market value of the Product and, if the Product would be redeemed at such point in time, the Redemption Amount.

Conversely, if the value of the entitlement for such Product *decreases* compared with than the Issue Price this will have a *negative* impact on market value of the Product and, if the Product would be redeemed at such point in time, the Redemption Amount.

The Redemption Amount will be reduced by the Investor Fee irrespective of whether the value of the entitlement increases, decreases or stays flat and the market value of the Products will take this into account on a continuous basis.

The Redemption Amount can be as low as zero.

The market value of the any Product, i.e. the prices at which the Product can be purchased or sold, may be different than the value a hypothetical calculation of the Redemption Amount would result in at any given point in time.

Products featuring short exposure

In short, if the value of the entitlement for a particular Product providing short exposure *decreases* compared with than the Issue Price this will have a *positive* impact on market value of the Product and, if the Product would be redeemed at such point in time, the Redemption Amount.

Conversely, if the value of the entitlement for such Product *increases* compared with than the Issue Price this will have a *negative* impact on market value of the Product and, if the Product would be redeemed at such point in time, the Redemption Amount.

The Redemption Amount will be reduced by the Investor Fee irrespective of whether the value of the entitlement increases, decreases or stays flat. Products providing short exposure are also subject to a cost component for borrowing costs as specified in the relevant Final Terms. The market value of the Products will take this into account on a continuous basis.

The Redemption Amount can be as low as zero.

The market value of the any Product, i.e. the prices at which the Product can be purchased or sold, may be different than the value a hypothetical calculation of the Redemption Amount would result in at any given point in time.

Price per Product

On the Issue Date of the Series, the Price per Product will be equal to its Issue Price.

On a Redemption Date the Price per Product will be the Redemption Amount calculated in accordance with the formula set out in the relevant Final Terms. The Redemption Amount shall not be less than the smallest denomination of the Settlement Currency (*i.e.*, U.S.\$0.01, €0.01, CHF 0.01, £0.01 or the equivalent in other Settlement Currencies).

Redemptions by Authorised Participants pursuant to Condition 5.4 (*Redemption at the Option of an Authorised Participant*) shall be settled on an in-kind basis unless the Issuer permits such redemption to be settled in accordance with Condition 5.3 (*Cash Settlement*).

Issue Price

The Issue Price in respect of a Tranche of Products will be specified in the Final Terms relating to such Tranche.

The Issue Price will be the Crypto Asset Collateral, being the amount of Crypto Assets collateralising a Product on the Issue Date.

Interest on the Products

The Products do not bear interest at a prescribed rate.

Redemption

The Issuer may terminate and redeem a Series of Products in whole but not in part at any time, at the Issuer's sole discretion and without any further prior consent of the Investors, on the Redemption Date by publishing a Termination Notice in accordance with the General Terms and Conditions.

On each Investor Put Date (as specified in the relevant Final Terms), an Investor holding Products may, by no less than 30 days' and no more than 60 days' notice to (i) the Global Paying Agent if the Products are listed on SIX or (ii) the Issuer if the Products are not listed on SIX, redeem the Products held by such Investor, in an amount

of Products corresponding to such Investor's Redemption Notice (as defined in Condition 5.2 (*Termination and Redemption of Products by the Issuer*)).

Authorised Participants may request the Issuer to terminate and redeem all or part of its holding of Products by delivery of the Crypto Asset Collateral for such Products in accordance with Condition 5.4 (*Redemption at the Option of an Authorised Participant*) and the relevant Authorised Participant Agreement. Redemptions by Authorised Participants shall be settled on an in-kind basis unless the Issuer permits such redemption to be settled in accordance with Condition 5.3 (*Cash Settlement*).

Events of Default, Insolvency Event and Enforcement

If an Event of Default and Acceleration or an Insolvency Event occurs in respect of a Series of Products, each Product of such Series shall become, immediately redeemable without further action or formality.

Upon the occurrence of an Event of Default or Insolvency Event, the Collateral Agent shall: (i) in the case of an Event of Default, if so instructed by Investors representing not less than 25% of Products in the relevant Series in writing; or (ii) in the case of an Insolvency Event, if so instructed by any Investor in writing, serve an Enforcement Notice on the Issuer and, subject as provided in the Collateral Agent Agreement, at any time and without notice, institute such proceedings and/or take such action, step or proceedings as it may think fit against, or in relation to, the Issuer or any other person to enforce its rights under any of the Product Documentation.

Subject to the provisions of the Collateral Agent Agreement, at any time after the Issuer Security has become enforceable, the Collateral Agent shall, if so instructed by Investors representing not less than 25% of Products in the relevant Series following an Event of Default or any Investor following an Insolvency Event, in writing, without notice, take such steps, actions or proceedings as it may think fit to enforce such Issuer Security.

The Collateral Agent shall not be required or obliged to take any action, step or proceeding whether in relation to the enforcement of the Issuer Security or otherwise without first being indemnified and/or secured and/or pre-funded to its satisfaction.

GENERAL TERMS AND CONDITIONS

*The Products are issued under the exchange traded products programme (the **Programme**) established by 21Shares AG (the **Issuer**). The following general terms and conditions (together, the **General Terms and Conditions** and each, a **Condition**) are applicable to all Products issued under the Programme by the Issuer and shall be completed by, and read in conjunction with, the Final Terms related to the relevant Products. In case of inconsistencies between the General Terms and Conditions and the Final Terms, the Final Terms shall prevail.*

The Investors are deemed to have notice of all the provisions of these General Terms and Conditions, the Final Terms, the relevant Authorised Participant Agreement, the Collateral Agent Agreement, the Administration Agreement and the Paying Agency Agreement.

All subsequent references in these General Terms and Conditions to “Products” are to the Products which are the subject of a relevant Final Terms. All capitalised terms that are not defined in these General Terms and Conditions will have the meanings given to them in the relevant Final Terms.

*As used in these General Terms and Conditions, **Tranche** means Products of the same Series, which are identical in all respects except for the Issue Date and the Issue Price.*

For the purposes of these General Terms and Conditions, where Products are redeemed in accordance with these General Terms and Conditions, the Issuer and the relevant Investor(s) shall be deemed to consent to the release of the relevant Underlyings.

1. DEFINITIONS

The following definitions are applicable to all Products issued under the Programme by the Issuer and shall be read in conjunction with the Final Terms related to each Tranche of Products, which completes them.

As used in these General Terms and Conditions, the following definitions shall have the meanings in respect of any Products as set forth below. Words denoting the singular number only shall include the plural number also and *vice versa*.

21Shares Index means the Index sponsored by the Issuer, which is an automatically rebalancing index as described in the Base Prospectus relating to the Programme.

Additional Pledges means any pledge agreement other than the Pledge of Collateral Account Agreements between the Issuer and the Collateral Agent granted in respect of the Collateral specified in the applicable Final Terms.

Administrator means MG Stover & Co. or Sudrania Fund Services Corporation as specified in the relevant Final Terms and any successor administrator(s).

Administration Agreement means either the agreement dated on or about 5 November 2018 between the Issuer and MG Stover & Co. in relation to the Programme or the agreement dated on or about 1 June 2020 between the Issuer and Sudrania Fund Services Corp. as applicable, as each may be amended and/or supplemented and/or restated from time-to-time.

ACA means (i) the account control agreement, governed by the laws of South Dakota, entered into between the Issuer, The Kingdom Trust Company, and the Collateral Agent with respect to the respective Collateral Account or (ii) the account control agreement, governed by the laws of New York, entered into between the Issuer,

Coinbase Custody Trust Company, LLC, and the Collateral Agent with respect to the respective Collateral Account, as applicable.

Airdrop means the equivalent of a special dividend in kind which results in the creation or allocation of new units of an existing asset serving as an Underlying or Underlying Component (as defined below) to participants in the blockchain. The new units of Crypto Assets are allocated to some but not necessarily all participants on a blockchain and are typically designed to incentivise specific behaviour in the network (*i.e.*, increased participation, maintaining infrastructure, *etc.*).

AP Redemption Date means the transaction date specified by a relevant Authorised Participant in its Form of Order Request, or such other date as may be agreed in writing between the Issuer and the relevant Authorised Participant.

Appointee means any agent, delegate, custodian or nominee appointed by the Collateral Agent.

Authorised Participant means an entity that is specified in the Final Terms and has entered into an Authorised Participant Agreement with the Issuer.

Authorised Participant Agreement means an agreement between the Issuer and an Authorised Participant in respect of the creation, redemption and distribution of Products, as may be amended and/or supplemented and/or restated from time-to-time.

Basket means a basket of Underlyings as specified in the Final Terms, as may be adjusted by the Index Calculation Agent, from time-to-time in accordance with these General Terms and Conditions.

Business Day in connection with any payment and settlement procedure, means a day on which (i) relevant Clearing Systems are open and Products can be settled, (ii) relevant commercial banks and custodians are open, (iii) banks in Zurich are open, (iv) foreign exchange markets execute payments in the respective Settlement Currency, (v) Underlyings or Underlying Components of the relevant Product can be settled, and/or (vi) any other day, as specified in the Final Terms, if applicable.

Cash Settlement means the procedures specified in Condition 5.3, as completed by the Final Terms.

Clearing and/or **Clearing System** means (i) in relation to Products listed on the SIX Swiss Exchange, SIS and any additional clearing system approved by the SIX or (ii) any other additional clearing system specified in the Final Terms.

Collateral means the Underlyings or Underlying Components credited to the Collateral Account and other assets denominated in the Underlyings or Underlying Components and/or any other collateral specified in the Final Terms and which serve as collateral for the Product.

Collateral Account means the account or sub-account, as applicable, administered by the Custodian and opened for the Products.

Collateral Agent means The Law Debenture Trust Corporation p.l.c. and any successor collateral agent.

Collateral Agent Agreement means the Collateral Agent Agreement, governed by the laws of England, with certain provisions of the Collateral Agent Agreement being governed by the laws of Switzerland as stated within the Collateral Agent Agreement, entered into between the Issuer and the Collateral Agent dated 13 November 2018, as may be amended and/or supplemented and/or restated from time-to-time.

Collateralisation means the procedures set out in Condition 3.2.

Crypto Asset Collateral means the amount of eligible Crypto Assets or other assets denominated in Underlying or Underlying components or other eligible assets collateralising a Product.

Crypto Assets means: (i) any digital asset whose origin is derived from a blockchain, including digital currencies; (ii) digital commodities provisioning raw digital resources; or (iii) digital tokens, provisioning finished digital goods and services.

Custodian means The Kingdom Trust Company, Coinbase Custody Trust Company, LLC or any successor or additional custodian as specified in the applicable Final Terms.

Custodial Services Agreement means (i) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated 17 September 2018 between the Issuer and The Kingdom Trust Company, as may be amended and/or supplemented and/or restated from time-to-time or (ii) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated on or about 15 April 2019 between the Issuer and Coinbase Custody Trust Company, LLC, as may be amended and/or supplemented and/or restated from time-to-time, as applicable.

DEBA means the Swiss Debt Enforcement and Bankruptcy Act of 11 April 1889, as amended.

Enforcement Notice means a notice given to the Issuer by Collateral Agent (following receipt of instructions to do so by the Required Threshold of Investors) following the occurrence of an Event of Default or an Insolvency Event as set out in Condition 21.

Event of Default has the meaning given in Condition 20.

Exchange means the trading venues specified in the Final Terms where the Product is listed and, in case the Exchange is SIX, traded.

Exchange Business Day means, if not otherwise specified in the Final Terms:

- (i) In relation to Products with a single Underlying or a Basket, if the value of such Underlying or Underlying Components is determined:
 - (a) by way of reference to a price or value source including but not limited to information providers such as Reuters or Bloomberg and the respective pages on their systems, a day on which such price or value source still exists and officially provides for the respective price or value, subject to Market Disruption Events;

- (b) by way of reference to a publication of an official fixing, a day on which such fixing is scheduled to be determined and published by the respective fixing sponsor, subject to Market Disruption Events;
 - (c) by way of reference to an official cash settlement price, a day, on which such official cash settlement price is scheduled to be determined and published by the respective exchange or any other official announcing party, subject to Market Disruption Events;
 - (d) by way of reference to an official settlement price, a day, on which the Relevant Underlying Exchange is scheduled to be open for trading for its respective regular trading session, notwithstanding any such Relevant Underlying Exchange closing prior to its scheduled closing time.
- (ii) In relation to Products with an Index as Underlying, a day, on which the relevant Index is calculated by the Index Calculation Agent or the Successor Index Calculation Agent and published by the Publishing Party or the Publishing Third Party, subject to Market Disruption Events.
 - (iii) In relation to Products with more than one Underlying or Underlying Component, irrespective of their nature and number, a day on which all Underlyings or Underlying Components can be determined in accordance with (i) and (ii) above.

Extraordinary Event has the meaning assigned to such term in Condition 17.

Fair Market Value has the meaning assigned to such term in Condition 9.2.

Final Fixing Date means, subject to provisions regarding a Market Disruption Event, the date for the determination of the Redemption Amount, specified in the Final Terms or in any Termination Notice.

FISA has the meaning assigned to such term in Condition 2.

Fork means an event where a developer or group of developers split the code base powering a Crypto Asset that serves as an Underlying or Underlying Component into two or more branches of variations of development, resulting in the creation of a new asset which derives from the original blockchain of the respective Underlying or Underlying Component.

Form of Order Request means the form of order request in respect of a redemption of Products at the option of an Authorised Participant in accordance with Condition 5.4, as set out in the relevant Authorised Participant Agreement.

FX Disruption Event has the meaning given in Condition 10.

FX Establishment Date has the meaning given in Condition 10.

FX Rate has the meaning given in Condition 10.

Global Paying Agent means Bank Frick & Co. AG and any successor global paying agent.

Increased Cost of Collateralisation has the meaning specified in Condition 10.

Index means the index specified in the Final Terms, which may be the 21Shares Index or another Index, as specified.

Index Calculation Agent means the index calculation agent specified in the Final Terms.

Index Sponsor means the sponsor of the Index specified in the Final Terms.

Insolvency Event has the meaning given in Condition 20.

Intermediated Securities has the meaning assigned to such term in Condition 2.

Investor means (i) the persons, other than intermediaries (*Verwahrungsstellen*), holding the Products in a securities account (*Effektenkonto*) with an intermediary (*Verwahrungsstelle*) and (ii) the intermediaries (*Verwahrungsstellen*) holding the Products for their own account, in each case in accordance with the provisions of the FISA.

Investor Put Date is the date specified in the relevant Final Terms.

Issue Date means the date specified in the Final Terms on which the Products are issued.

Issue Price per Product means the Crypto Asset Collateral specified in the Final Terms.

Issuer means 21Shares AG, a corporation incorporated under the laws of Switzerland.

Issuer Security means the security created over the Collateral in favour of the Collateral Agent and for the benefit of Investors pursuant to the Pledge of Collateral Account Agreement and the ACA.

Issuer Security Enforcement Proceeds has the meaning assigned to such term in Condition 21.2.

Jura Pentium Servicing Entity means Jura Pentium Limited.

Main Register has the meaning assigned to such term in Condition 2.

Market Disruption Event has the meaning specified in Condition 6.

Market Maker means the market maker specified in the Final Terms. This may be the same as or different than the Authorised Participant for the Product.

Minimum Investment Amount means the minimum investment amount for any Tranche of Products as specified in the Final Terms, if any.

Minimum Trading Lot means a minimum trading lot specified in the Final Terms, if any.

Observation Date has the meaning specified in the Final Terms, if applicable.

Paying Agency Agreement means the agency agreement between the Issuer and the Global Paying Agent in relation to the Programme, as may be amended and/or supplemented and/or restated from time-to-time.

Pledge of Collateral Account Agreement means (i) the pledge of collateral account agreement governed by the laws of South Dakota dated 13 November 2018 between, the Issuer, as pledgor, and the Collateral Agent, as collateral agent, in respect of the Collateral, as may be amended and/or supplemented and/or restated from time-to-time or (ii) the Pledge of Collateral Account Agreement governed by the laws of New York dated on or about 15 April 2019 between, the Issuer, as pledgor, and the Collateral Agent, as collateral agent, in respect of the Collateral, as may be amended and/or supplemented and/or restated from time-to-time, as applicable.

Postponed Final Fixing Date has the meaning given in Condition 10.

Postponed Observation Date has the meaning given in Condition 10.

Potential Adjustment Event has the meaning given in Condition 8.1.

Product means the exchange traded products linked to an Underlying, as specified in the Final Terms.

Product Calculation Agent means the calculation agent specified in the relevant Final Terms.

Product Documentation means these General Terms and Conditions and the relevant Final Terms, each as may be amended and/or supplemented and/or restated from time-to-time.

Publishing Party means the entity specified as the Publishing Party in the Final Terms.

Publishing Third Party means the entity which is the successor to the Publishing Party.

Receiver means a person appointed by the Collateral Agent to assist with the performance of their duties under the Collateral Agent Agreement in accordance with clause 16 (*Appointment and Removal of Receiver or Administrator*) thereof.

Redemption Amount means an amount in the Settlement Currency payable per Product by the Issuer to the Investors calculated as specified in the Final Terms; *provided, however*, that in the case of an Extraordinary Event pursuant to Condition 17, the Redemption Amount shall be reduced and may be as low as the smallest denomination of the Settlement Currency (*i.e.*, U.S.\$0.01, €0.01, CHF 0.01, £0.01 or the equivalent in other Settlement Currencies).

Redemption Date means (i) the date specified in the Termination Notice, which date shall be no earlier than 30 days after publication of the Termination Notice; or (ii) in respect of any redemption following the exercise of an Investor's option in accordance with Condition 5.2, the relevant Investor Put Date, as specified in the Final Terms. Where a Final Fixing Date is postponed as a consequence of a Market Disruption Event, the Redemption Date will be postponed accordingly.

Redemption Order has the meaning set out in Condition 5.2.

Redemption Period has the meaning set out in Condition 5.2.

Relevant Currency means the currency in which the Underlying or Underlying Components is trading on the Relevant Underlying Exchange.

Relevant Underlying Exchange(s) means the exchange(s) or a quotation system as specified in the Final Terms on which the relevant Underlying or Underlying Components are traded, or any successor to such Relevant Underlying Exchange or any substitute exchange or quotation system to which trading in the Underlying has temporarily relocated. Any substitute exchange or quotation system must provide comparable liquidity relative to the Underlying or Underlying Components as on the original Relevant Underlying Exchange, as determined by the Issuer.

Required Threshold means: (i) in respect of any action relating to or following an Insolvency Event, any Investor; and (ii) in any other case (including, for the avoidance of doubt, an Event of Default), Investors representing not less than 25% of Products in the relevant Series.

Security Documents means the ACA, the Pledge of Collateral Account Agreement and the Additional Pledges.

Settlement Currency means the currency specified in the Final Terms in which the Redemption Amount is settled.

SIS means SIX SIS AG, Olten, Switzerland, or any successor thereof.

SIX or **SIX Swiss Exchange** means the SIX Swiss Exchange AG, Pfingstweidstrasse 110, 8005 Zurich, Switzerland, or its successor.

Successor Index Calculation Agent means the entity that is the successor to the Index Calculation Agent.

Successor Underlyings means underlying assets as defined in Condition 8.3.

Swiss Paying Agent means the Swiss bank or securities dealer performing the paying agency function for a particular Series of Products for the purposes of the regulations of the SIX Swiss Exchange as set forth in the relevant Final Terms.

Termination Notice means the Issuer's notice of the termination and redemption of the Products.

Underlying Component means, in relation to Products linked to an Index, each component of such Index and, in relation to Products linked to a Basket, each component of such Basket.

Underlying Illiquidity has the meaning assigned to such term in Condition 7.1.

Underlying means the underlying specified in the Final Terms.

Wallet (or Digital Wallet or Cryptocurrency Wallet or Crypto Wallet) means a software program where a private key (secret number) and public address for every Crypto Asset address that is saved in the wallet of the person or person who owns the balance.

2. SERIES, TRANCHES AND FORM

Products issued under the Programme are issued in series (each, a **Series**), and each Series may comprise one or more tranches (each, a **Tranche**). Each Tranche is subject to a Final Terms. Tranches in a Series shall be identical in all respects except for the Issue Date and the Issue Price.

Products in each Series will be issued in uncertificated form in the Minimum Investment Amount(s), if applicable, and Relevant Currency specified in the Final Terms, as uncertificated securities (*Wertrechte*) that are created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtbuch*). Such Products will then be entered into the main register of the Clearing System (*Hauptregister*) (the **Main Register**). Once the Products are registered in the Main Register of the Clearing System and entered into the accounts of one or more participants of the Clearing System, they will constitute intermediated securities (*Bucheffekten*) (**Intermediated Securities**) in accordance with the provisions of the Swiss Federal Intermediated Securities Act of 3 October 2008, as amended (the **FISA**).

None of the Issuer, the Investors, the Global Paying Agent, any Swiss Paying Agent or any other person shall at any time have the right to affect or demand the conversion of Products (as uncertificated securities) into, or the delivery of, a permanent global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*).

So long as the Products remain registered with the Clearing Systems, the Products may only be transferred or otherwise disposed of in accordance with the provisions of the FISA by entry of the transferred Products in a securities account of the transferee.

The records of the Clearing System will determine the number of Products held through each participant in the Clearing System. In respect of the Products held in the form of Intermediated Securities, the holders of the Products will be the Investors.

3. STATUS AND COLLATERALISATION

3.1 Status

The Products constitute unsubordinated obligations of the Issuer and rank *pari passu* with each and all other current and future unsubordinated obligations of the Issuer.

3.2 Collateralisation

The Issuer will, by no later than the Issue Date of the relevant Series of Products, credit the Underlyings or Underlying Components of the Products or other assets specified in the relevant Final Terms to the respective Collateral Account for such Series. The Issuer has entered into the ACA, the Pledge of Collateral Account Agreement, the Additional Pledges and the Collateral Agent Agreement in order to provide the Collateral for the benefit of the Investors to secure its payment obligations under the Product Documentation.

4. PERPETUAL PRODUCTS

The Products are perpetual (“open-ended”) and have no fixed maturity.

The Issuer has the right to terminate and redeem all but not part of the outstanding Products in any Series in accordance with the procedure described in Condition 5.

5. REDEMPTION OF PRODUCTS

5.1 Termination and Redemption of Products by the Issuer

The Issuer may terminate and redeem the Products outstanding in any Series in whole but not in part (i) at any time, at the Issuer’s sole discretion and without any further consent of or approval by the Investors, on the relevant Redemption Date by publishing the Termination Notice in respect of such Series in accordance with Condition 16, and (ii) in accordance with Conditions 11 and 12.

5.2 Redemption of Products at the Option of the Investors

The Issuer shall, at the option of any Investor holding Products, upon such Investor giving not less than 30 nor more than 60 days’ written notice, acting through the financial intermediary administering the securities account of the Investor to which the relevant Products are credited, prior to the Investor Put Date (the **Redemption Period**) to (i) the Global Paying Agent if the Products are listed on SIX or (ii) the Administrator and the Issuer if the Products are not listed on SIX, redeem the Products held by such Investor, in an amount of Products corresponding to such Investor’s Redemption Order (as defined below), on the Investor Put Date specified in the relevant Final Terms at the Redemption Amount. The Products shall be redeemed in accordance with the procedure set forth in Condition 5.3.

To exercise such option, the holder must, within the Redemption Period, instruct the financial intermediary maintaining the relevant securities account to set up a sell order (the **Redemption Order**) with the Global Paying Agent, acting on behalf of the Issuer. All Redemption Orders received by the Global Paying Agent or the Issuer and the Administrator (as the case may be) during the Redemption Period shall be deemed to be valid, and may not be subsequently withdrawn without the prior consent of the Issuer. Settlement of such Redemption Orders shall take place exclusively in the delivery versus payment procedure via SIX SIS.

5.3 Cash Settlement

(a) Cash Settlement Redemption

All termination and redemption of Products, other than as set out in Condition 5.4 (*Redemption of Products at the Option of an Authorised Participant*) shall be settled on a Cash Settlement basis in accordance with this Condition 5.3.

(b) Determination and Notification of the Redemption Amount

The Product Calculation Agent shall determine the Redemption Amount to be paid by the Issuer in respect of the Products being terminated and redeemed.

(c) Cash Settlement on the Redemption Date for the relevant Series.

On or prior to the Redemption Date, the Issuer shall, in respect of the Products being terminated and redeemed, for value on the Redemption Date, transfer (or cause to be transferred) the Redemption Amount to the Global Paying Agent.

On the Redemption Date, the Global Paying Agent shall, subject to (i) transfer of the relevant Products to be terminated and redeemed and (ii) receipt of payment of the related taxes and duties, if any, initiate the redemption process by way of delivery versus payment procedure via SIX SIS.

5.4 Redemption of Products at the Option of an Authorised Participant

(a) An Investor, which is also an Authorised Participant, may at any time, require the Issuer to terminate and redeem all or part of its holding of Products by delivery of the Crypto Asset Collateral for such Products (as determined by the Product Calculation Agent) in accordance with paragraph (b) by lodging with the Issuer a Form of Order Request.

(b) Where Products are required to be redeemed by delivery of the Crypto Asset Collateral for such Products in line with paragraph (a):

- (i) the Authorised Participant shall submit a Form of Order Request on the order-taking platform;
- (ii) the Issuer and Administrator shall verify the order to ensure that it complies with these Conditions, the relevant Final Terms and the relevant Authorised Participant Agreement and, if so, shall send an order confirmation;
- (iii) the Global Paying Agent shall (i) de-register the relevant Products in the Main Register and (ii) debit the direct participant's account accordingly via DfP transfer instructions;
- (iv) the Global Paying Agent shall cancel the relevant Products in the Issuer's book of uncertificated securities (*Wertrechtbuch*);
- (v) the Custodian shall transfer the relevant Crypto Asset Collateral to the Authorised Participant's Wallet or account on the relevant AP Redemption Date.

(c) From the relevant AP Redemption Date, all title to and risks in such Crypto Asset Collateral shall pass to the holder of the relevant Products. None of the Issuer, the Administrator, the Collateral Agent, the Jura Pentium Servicing Entity, the Global Paying Agent or any Swiss Paying Agent shall be responsible or liable for any failure by the Custodian to effect delivery of the relevant Crypto Asset Collateral in accordance with the Form of Order Request and the instructions given by the Issuer or any other person. However, in the event of such failure, the Issuer shall to the extent practicable,

assign to the redeeming Authorised Participant its claims in respect of such Crypto Asset Collateral in satisfaction of all claims of such holder in respect of the Products to be redeemed and the holder shall have no further claims against the Issuer or the Issuer Security.

- (d) The obligations of the Issuer in respect of Products being redeemed pursuant to this Condition 5.4 shall be satisfied by transferring the relevant Crypto Asset Collateral in accordance with this Condition 5.4.
- (e) An Authorised Participant may request redemption under this Condition 5.4 to be effected on a Cash Settlement basis. If such request is approved by the Issuer, the redemption shall be effected in accordance with the procedures set out in Condition 5.3.
- (f) A Form of Order Request submitted by an Authorised Participant shall be in the form set out in the relevant Authorised Participant Agreement and shall include, *inter alia*, the number and type of Products to be redeemed, the Wallet or account to which the relevant Crypto Asset Collateral shall be delivered and the AP Redemption Date, and shall be signed by an authorised signatory of the Authorised Participant.
- (g) The Issuer may change or vary the procedures for the lodgement and completion of the Form of Order Request and this Condition 5.4 shall be modified in respect of redemption to the extent of any such variation.

6. MARKET DISRUPTION – RIGHTS ON A MARKET DISRUPTION

6.1 For Products related to an Index

This Condition 6.1 is applicable only in relation to Products related to an Index.

(a) Market Disruption Event

For the purpose of this Condition 6.1, **Market Disruption Event** means, in respect of an Index, the occurrence or existence on a day relevant for the fixing, observation or valuation of the Index, in particular the Final Fixing Date, of a suspension or a limitation on trading in a material number or percentage of the Underlying Components or a limitation on prices for such Underlying Component. The number or percentage can be determined in the Final Terms and in the absence of such determination, a suspension or limitation of trading in 20% or more of that Index capitalisation shall be deemed to constitute a Market Disruption Event.

For the purposes of this definition a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Relevant Underlying Exchange.

(b) Rights on the Occurrence of a Market Disruption Event

If the Product Calculation Agent, in its discretion determines that a Market Disruption Event has occurred and is continuing on a day relevant for the fixing, observation or valuation of the Index, for example the Final Fixing Date, then the respective day relevant for the fixing, observation or valuation of the Index shall be postponed until the next following Exchange Business Day on which there is no such Market Disruption Event.

If, in the sole opinion of the Product Calculation Agent, a Market Disruption Event is continuing, then the day relevant for the fixing, observation or valuation of the Index, in particular the Final Fixing Date,

and the value for that Index shall be determined for such date by the Product Calculation Agent, in its duly exercised discretion and in accordance with established market practice.

6.2 For Products related to single Underlying or a Basket of any Underlyings

This Condition 6.2 is applicable only in relation to Products related to a single Underlying or a Basket.

(a) Market Disruption Event

For the purpose of this Condition 6.2, **Market Disruption Event** means, in respect of the single Underlying or Basket, that the price or value relevant for the Product cannot be determined or announced or published or otherwise is not being made available on a day relevant for the fixing, observation or valuation of such Underlying or Basket, in particular the Final Fixing Date, as determined by the Product Calculation Agent, in its duly exercised discretion.

(b) Rights on the occurrence of a Market Disruption Event

If the Product Calculation Agent, in its duly exercised discretion determines that a Market Disruption Event has occurred and is continuing on a day relevant for the fixing, observation or valuation of the single Underlying or Basket, in particular the Final Fixing Date, then the respective day relevant for the fixing, observation or valuation of such Underlying or Basket shall be postponed until the next following Exchange Business Day where there is no such Market Disruption Event.

If a Market Disruption Event is continuing, then the respective day relevant for the fixing, observation or valuation of the single Underlying or Basket, in particular the Final Fixing Date, and the value for such Underlying or Basket for such date shall be determined by the Product Calculation Agent, in its duly exercised discretion, but in accordance with established market practice.

In the case of Products relating to a Basket, the day relevant for the fixing, observation or valuation of the Basket, in particular the Final Fixing Date, for each Underlying Component which is not affected by the Market Disruption Event shall be the originally designated Final Fixing Date and the Final Fixing Date, as the case may be, for each Underlying Component which is affected shall be determined as provided above.

7. UNDERLYING ILLIQUIDITY

7.1 Underlying Illiquidity

For the purpose of this Condition 7, **Underlying Illiquidity** means, in respect of any Underlying or Underlying Component, low or no trading volume in the Underlying or Underlying Component, the difficulty to buy and/or sell the Underlying or Underlying Component in a short period of time without its price being affected, or any comparable event that leads to an extraordinary illiquidity in any Underlying or Underlying Component, as determined by the Issuer in its sole discretion.

7.2 Rights upon Underlying Illiquidity

(a) Expanded bid/offer spreads

In case of Underlying Illiquidity, the Market Maker or Authorised Participant shall be entitled to temporarily increase the spread between the bid and offer prices of the Product to account for such prevailing market conditions.

(b) Modified Redemption Amount

In case of Underlying Illiquidity, the relevant Redemption Amount may be calculated based on the average execution price (less transaction costs) as it was obtained on a best effort basis, as determined by the Product Calculation Agent, instead of using the originally pre-defined fixing or value of the Underlying (e.g., the official close of the respective Underlying) set out in the Final Terms.

(c) Postponed fixing and/or redemption

In case of Underlying Illiquidity, the determination (fixing) and/or the payment of the relevant redemption amount shall be postponed accordingly by such number of days necessary to account for such prevailing market conditions as determined by the Product Calculation Agent.

8. ADJUSTMENTS FOR PRODUCTS RELATED TO ANY UNDERLYING OR BASKET OF UNDERLYINGS

8.1 Adjustments

The Issuer shall, acting in a commercially reasonable manner and in accordance with established market practice and without the consent of Investors, determine whether or not at any time a potential adjustment event has occurred. An adjustment event is an event that may have a diluting or concentrative effect on the theoretical value of the relevant Underlying or Underlying Component (the **Potential Adjustment Event**).

Where it determines that a Potential Adjustment Event has occurred, the Issuer will, acting in a commercially reasonable manner and in accordance with established market practice determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Underlying or Underlying Component and, if so, will make such adjustment as it considers appropriate in its duly exercised discretion and in accordance with established market practice. Such adjustment could be made to the Redemption Amount, the relevant Underlying or Underlying Component, the number of Underlyings to which each Product relates, the number of Underlyings or Underlying Component comprised in a Basket, and/or any other adjustment and, in any case, any other variable relevant to the redemption, settlement, or payment terms of the relevant Products as the Issuer determines, in its duly exercised discretion but in accordance with established market practice, to be appropriate to account for that diluting or concentrative effect. The Issuer shall further determine, in its duly exercised discretion and in accordance with established market practice, the effective date(s) of such adjustment(s).

8.2 Fork Event

Upon the occurrence of a Fork, the Issuer, in its sole discretion, will determine whether or not to participate in the Fork, in accordance with the Issuer's Fork Policy at the relevant time. If the Issuer determines to participate in the Fork, then any value received from the newly-forked asset will form part of the Collateral (in such form as is determined by the Issuer in its sole discretion). If the Issuer determines not to participate in the Fork, then the Investors will not be entitled to receive any value from the newly-forked asset. The

Issuer is not obliged to assess every Fork or event resulting in a Fork or to notify the Investor of the Product of any Fork or event resulting in a Fork.

8.3 Discontinuation of Trading on Relevant Underlying Exchange

If the Issuer, acting in a commercially reasonable manner and in accordance with established market practice, upon the announcement of the Relevant Underlying Exchange that pursuant to the rules of such Relevant Underlying Exchange, the relevant Underlying or Underlying Component ceases (or will cease) to be traded or publicly quoted on the Exchange for any reason and is not immediately re-traded or re-quoted on an exchange or quotation system, then the Issuer may determine, in its duly exercised discretion and in accordance with established market practice, that the relevant Products shall be terminated and the Product shall pay an amount which the Product Calculation Agent, in its duly exercised discretion and in accordance with established market practice, determines is the fair market value. Alternatively, the Issuer is entitled to continue the affected Products with a new underlying (**Successor Underlying**). The Issuer shall determine the Successor Underlying in its duly exercised discretion and in accordance with established market practice for the type of Underlyings.

8.4 Airdrop

If the Underlying is an Index, any additional Crypto Assets obtained through an Airdrop will be kept until the subsequent re-balancing of the Index, at which point the allocations required by the Index would be met once more, which may require a sale of the new assets acquired through the Airdrop. Any proceeds of such sale, or Crypto Asset held following an Airdrop, will form part of the Collateral.

If the Underlying consists of a single Crypto Asset, the airdropped assets will form part of the Collateral.

8.5 Other Events

In the case of events other than those described in this Condition 8, which in the sole opinion of the Issuer have an effect equivalent to that of such events, the rules described in this Condition 8 shall apply *mutatis mutandis*.

8.6 Notices of Adjustment

The Issuer shall give notice to the Investors in accordance with Condition 16 of any change to the terms and conditions of the Products in accordance with this Condition 8. For the avoidance of doubt, the consent of the Investors shall not be required to make any of the changes to the Products set out in this Condition 8.

9 ADJUSTMENTS FOR PRODUCTS RELATED TO AN INDEX

This Condition 9 is applicable in relation to Products related to an Index.

9.1 Modification of calculation or replacement of an Index

In the event that the Index Calculation Agent or the Successor Index Calculation Agent, if any, substantially modifies the formula or method of calculation of an Index or in any other way materially modifies an Index in the event of, among others, changes in constituent Underlying Components or their capitalisation, or in the event that the Index Calculation Agent, the Successor Index Calculation Agent, if any, replaces an Index by a new index to be substituted to that Index, the Issuer may (without the consent of the Investors):

- (i) either (subject to a favourable opinion of an independent expert nominated by the Product Calculation Agent (if appointed) replace that Index by the Index so modified or by the substitute index (if any), multiplied, if need be, by a linking coefficient ensuring continuity in the evolution of the underlying

index. In such event, the modified Index or the substitute index, and (if necessary) the linking coefficient and the opinion of the independent expert, will be notified to the Investors in accordance with Condition 16 within ten (10) Business Days following the date of modification or substitution of that Index; or

- (ii) apply the provisions of Condition 9.2.

9.2 Cessation of calculation of an Index

In the case of Products related to an Index, if for any reason, on or prior to any Final Fixing Date the Index Calculation Agent or the Successor Index Calculation Agent should cease permanently to calculate and/or announce the level of the Index and does not provide for a substitute index, or such substitute index cannot replace that Index, for any reason, then the Issuer shall terminate and redeem the Products and pay to each Investor in respect of the Products held by it an amount representing the fair market value of such Products (the **Fair Market Value**). The Fair Market Value will be determined by the Product Calculation Agent, in its duly exercised discretion and in accordance with established market practice. No other amount shall be due to the Investors by the Issuer upon redemption of the Products.

The Fair Market Value so determined will be notified to the Investors in accordance with Condition 16 within seven Business Days following the date of determination of the Fair Market Value.

The amount representing the Fair Market Value will be paid to the Investors as soon as practicable within ten Business Days following the date of determination of the Fair Market Value.

9.3 Other Events

In the case of events other than those described in this Condition 9, which in the sole opinion of the Issuer have an effect equivalent to that of such events, the rules described in this Condition 9 shall apply *mutatis mutandis*.

10. POSTPONEMENT OF FINAL FIXING DATE OR OBSERVATION DATE ON THE OCCURRENCE OF A FOREIGN EXCHANGE DISRUPTION EVENT

If the Product Calculation Agent determines that on a Final Fixing Date or an Observation Date an FX Disruption Event has occurred and is continuing, the date for determination of the FX Rate (as defined below) shall be postponed until the first Business Day on which such FX Disruption Event ceases to exist (the **FX Establishment Date**). The Final Fixing Date or the Observation Date in respect of the Products shall be postponed to the Business Day which falls on the same number of Business Days after the FX Establishment Date as the Final Fixing Date or the Observation Date, as applicable, was originally scheduled to be after the Final Fixing Date or the Observation Date, as applicable (the **Postponed Final Fixing Date** or the **Postponed Observation Date**).

If an FX Disruption Event has occurred and is continuing on the Postponed Final Fixing Date or Postponed Observation Date (including any Final Fixing Date or Observation Date postponed due to a prior FX Disruption Event), then the Postponed Final Fixing Date or Postponed Observation Date, as applicable, shall be further postponed until the first Business Day following the date on which such FX Disruption Event ceases to exist, or to a date as reasonably determined by the Product Calculation Agent. For the avoidance of doubt, if an FX Disruption Event coincides with a Market Disruption Event, as the case may be, the provisions of this Condition 10 shall take effect only after such postponements or adjustments have been made as a result of such Market Disruption Event in accordance with the General Terms and Conditions and, notwithstanding the respective provisions of the General Terms and Conditions, the Issuer's payment obligation of the Redemption Amount shall continue to be postponed in accordance with the provisions of this Condition 10.

For the purposes of this Condition 10, **FX Disruption Event** means the occurrence of an event that makes it impossible through legal channels for the Issuer or its affiliates to either:

- (i) convert the Relevant Currency into the Settlement Currency; or
- (ii) deliver the Settlement Currency from accounts within the Relevant Country to accounts outside such jurisdiction; or
- (iii) deliver the Relevant Currency between accounts within the Relevant Country to a person that is a non-resident of that jurisdiction.

FX Rate means, the exchange rate (determined by the Product Calculation Agent in good faith and in a commercially reasonable manner) for the sale of the Relevant Currency for the Settlement Currency on the Final Fixing Date or the Observation Date or other date on which such exchange rate falls to be determined in accordance with the provisions of this Condition 10 expressed as a number of units of Relevant Currency per unit of the Settlement Currency.

In the event that a Settlement Currency used in connection with the FX Rate (as defined above) or in any other context is replaced by another Settlement Currency in its function as legal tender in the country or jurisdiction, or countries or jurisdictions, by the authority, institution or other body which issues such Settlement Currency, by another currency or is merged with another currency to become a common currency, the affected Settlement Currency shall be replaced for the purposes of these General Terms and Conditions and the respective Final Terms by such replacing or merged currency, if applicable after appropriate adjustments have been made, (the **Successor Currency**). The Successor Currency and the date of its first application shall be determined by the Issuer in its duly exercised discretion and will be notified to the Investors in accordance with Condition 16.

11. TERMINATION AND CANCELLATION DUE TO ILLIQUIDITY, ILLEGALITY, IMPOSSIBILITY OR INCREASED COST OF COLLATERALISATION

The Issuer shall have the right to terminate and redeem the outstanding Products in any Series:

- (i) if the Product Calculation Agent has determined that the Underlying of the relevant Products has permanently ceased to be liquid;
- (ii) if compliance by the Issuer with the obligations under the Products or any transaction in respect of an Underlying of the relevant Products has become unlawful or impossible in whole or in part, in particular as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power or controlling authority or of the relevant competent market authorities (a **Regulatory Call**); or
- (iii) due to Increased Cost of Collateralisation in case of collateralised Products.

Increased Cost of Collateralisation means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee, or other cost to acquire, hold, substitute or maintain transaction(s) or asset(s) the necessary or deemed necessary by the Issuer in order to collateralise the relevant Products.

In such circumstances, the Issuer may terminate and redeem the Products by providing notice to Investors in accordance with Condition 16.

If the Issuer terminates and redeems the Products in accordance with this Condition 11, the Issuer will, to the extent permitted by applicable law, pay an amount to each Investor in respect of the Products, determined by the

Issuer in its duly exercised discretion and in accordance with established market practice, as representing the Fair Market Value of such Products upon redemption (notwithstanding any illegality or impossibility). Payment will be made within a reasonable time in such manner as shall be notified to the Investors within a period of not less than ten (10) and not more than thirty (30) Business Days in accordance with Condition 16.

In addition, the Issuer has the right to terminate and redeem any outstanding Products in a Series in whole, but not in part, on any date that is 30 calendar days after the Issue Date (and, where there is more than one Tranche of Products in any Series, such Issue Date being the Issue Date of the first Tranche issued in that Series), unless the Products are subject to a Regulatory Call as set out above, if there is no outstanding position of the relevant Product in the market, as determined by the Issuer. The Issuer shall as soon as possible notify the Investors of such redemption in accordance with Condition 16.

12. TAXATION/TAX CALL

Each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

The Issuer and the Global Paying Agent shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to the Investor such amount as is necessary for the payment of such taxes, duties, fees and/or charges.

Investors shall not be entitled to receive amounts to compensate for any amount so withheld or deducted.

If any governmental or regulatory authority imposes on the Issuer the obligation to pay any such taxes, duties, fees and/or charges, the Investor shall promptly reimburse the Issuer.

The Issuer may terminate and redeem all outstanding Products in any Series in the event that any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction (**Tax Call**). The Issuer shall as soon as possible notify the Investors of such redemption in accordance with Condition 16. For purposes of this Condition 12, the Issuer shall determine such Redemption Amount in its sole discretion at the Fair Market Value. The amount representing the Fair Market Value will be paid to the Investors as soon as possible following the date of determination of the Fair Market Value.

13. TRADING OF THE PRODUCTS

The Minimum Trading Lot (or an integral multiple thereof) of Products for trading of such Products, if any, will be specified in the Final Terms.

14. AGENTS

14.1 Paying Agents

The Issuer reserves the right at any time to vary or terminate the order/mandate of the Global Paying Agent and to appoint another paying agent provided that (i) if Products are outstanding, it will maintain a paying agent, and (ii) as long as the Products are listed on SIX, it will maintain a Swiss Paying Agent for listing purposes only. The Swiss Paying Agent will be specified in the relevant Final Terms.

Each of Global Paying Agent and any other paying agent appointed in respect of a particular Series of Products (together with the Global Paying Agent, the **Paying Agents**), is acting solely as agent of the Issuer

and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

Any determinations, decisions and calculations by the Paying Agents shall (save in the case of manifest error or wilful misconduct) be final and binding on the Issuer and the Investors.

The Issuer may at any time vary or terminate the appointment of the Paying Agents. It shall give notice to the Investors in accordance with Condition 16 of any modification in the appointment of the Paying Agents. Notice of any such termination of appointment or new appointment and of any change in the specified office of a paying agent will be given to the Investors in accordance with Condition 16.

14.2 Product Calculation Agent

The Product Calculation Agent will be specified in the Final Terms.

The Product Calculation Agent does not act as agent for the Investors and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

All calculations, decisions and determinations made by the Product Calculation Agent shall (save in the case of manifest error or wilful misconduct) be final and binding on the Issuer, the Paying Agents and the Investors.

The Product Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party, as it deems appropriate.

The Issuer may at any time vary or terminate the appointment of the Product Calculation Agent. It shall give notice to the Investors in accordance with Condition 16 of any modification in the appointment of the Product Calculation Agent.

14.3 Collateral Agent

By investing in the Product(s), each Investor is deemed to agree and acknowledge that the Issuer shall appoint the Collateral Agent (or its successors) to act on behalf of the Investors as set out in, and in accordance with, the terms and conditions set out in the Collateral Agent Agreement and the Security Documents.

The Collateral Agent may, in accordance with the provisions of the Collateral Agent Agreement, delegate any of its obligations and functions to a third party, as it deems appropriate.

The Issuer may at any time vary or terminate the appointment of the Collateral Agent in accordance with the provisions of the Collateral Agent Agreement. It shall give notice to the Investors in accordance with Condition 16 of any modification in the appointment of the Collateral Agent.

Pursuant to the Collateral Agent Agreement, the Collateral Agent is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed any liabilities incurred by it in priority to the claims of the Investors (save in relation to any responsibility arising out of or liabilities incurred as a result of its own fraud, wilful misconduct or gross negligence). In addition, the Collateral Agent is entitled to enter into business transactions with the Issuer without accounting for any profit.

The Collateral Agent will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security or any documents of title thereto being uninsured or inadequately insured. The Collateral Agent shall not be responsible for monitoring the compliance of any of the other parties to the Transaction Documents with their obligations under the Transaction Documents.

The Collateral Agent shall not be required or obliged to take any action, step or proceeding whether in relation to the enforcement of the Issuer Security or otherwise without first being indemnified and/or secured and/or pre-funded to its satisfaction.

The Collateral Agent shall not be responsible or liable for monitoring or ascertaining whether or not an Event of Default or Insolvency Event or Extraordinary Event has occurred or exists. Unless and until it has received written notice to the contrary, the Collateral Agent shall be entitled to assume (without any liability to any person) that no Event of Default or Insolvency Event or Extraordinary Event has occurred or exists.

The Collateral Agent is exempted from liability with respect to any loss or theft or reduction in value of the assets comprised in the Issuer Security (or any of them).

14.4 Liability

Without prejudice to the provisions of the Collateral Agent Agreement, none of the Issuer, the Product Calculation Agent, the Collateral Agent or the Paying Agents shall have any responsibility to the extent permitted by law for any errors or omissions in the calculation of any amount or with respect to any other determination or decisions required to be made by it under these General Terms and Conditions or with respect to any Products, irrespective of whether the agents act in the interest of the Issuer or the Investor.

15. PURCHASE BY THE ISSUER

The Issuer, and/or any of its affiliates may at any time purchase Products of any issue at any price in the open market or otherwise. Such Products may, at the option of the Issuer, and/or, as the case may be, the relevant affiliate, be held, resold or cancelled or otherwise dealt with.

16. NOTICES

Notices to Investors relating to Products listed on the SIX Swiss Exchange will be published in accordance with the regulations of the SIX Swiss Exchange, as in force, on the SIX Swiss Exchange website www.six-swiss-exchange.com/news/official_notices, on the Issuer's website <http://21Shares.com/en/ir#notices> or, in any other form as permitted by the rules and regulations of the SIX Swiss Exchange.

Notices to Investors relating to Products listed on a securities exchange or trading venue other than the SIX Swiss Exchange will be published in accordance with the regulations of the relevant securities exchange or trading venue.

Notices to Investors of non-listed Products may be published, as specified in the applicable Final Terms, in newspapers, on a website or otherwise.

17. LIABILITY FOR LOSSES

None of the Issuer, the Collateral Agent or any other obligor under any Products shall be liable for fraud, theft, cyber-attacks and/or any analogous or similar event (each, an **Extraordinary Event**). Accordingly, upon the occurrence of an Extraordinary Event with respect to, or affecting any, Underlying or Underlying Component, including any Underlying or Underlying Component that serves as Collateral, the Issuer shall give notice to Investors in accordance with Condition 16 and to the Collateral Agent and the Redemption Amount for such Products shall be reduced to account for such Extraordinary Event and may be as low as zero, as determined by the Product Calculation Agent (if appointed) and where no Product Calculation Agent is appointed, the Issuer.

In no event shall the Issuer or the Collateral Agent have any liability for indirect, incidental, consequential or other damages (even if it was advised of the possibility of such damages) other than (in the case of the Issuer only) interest until the date of payment on sums not paid when due in respect of any Products. Investors are entitled to damages only and are not entitled to the remedy of specific performance in respect of a Product.

18. SEVERANCE AND MODIFICATION OF THE GENERAL TERMS AND CONDITIONS AND THE FINAL TERMS

In the event any Condition or item in the relevant Final Terms is or becomes invalid, the validity of the remaining Conditions and items in the relevant Final Terms shall not be affected.

The Issuer shall be entitled to amend without the consent of the Investors any Condition or item in the relevant Final Terms for the purpose of (i) correcting a manifest error, or (ii) clarifying any uncertainty, or (iii) correcting or supplementing the provisions herein in such manner as the Issuer deems necessary or desirable, provided that, in the Issuer's sole opinion, the Investors would not incur significant financial loss as a consequence thereof

Furthermore, the Issuer shall at all times be entitled to amend any Condition or item in the relevant Final Terms where, and to the extent that the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

19. FURTHER ISSUES

The Issuer shall be at liberty without the consent of the Investors to create and issue further Products (provided that the Underlying or Underlying Components are also increased by a corresponding amount) either having the same terms and conditions as the Products in all respects (or in all respects save for their Issue Date and Issue Price) and so that such further issue shall be consolidated and form a single Series with the outstanding Products of any Series or upon such terms as the Issuer may determine at any time of their issue. References in these General Terms and Conditions to the Products include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single Series with existing Products or a separate Series.

20. EVENTS OF DEFAULT AND INSOLVENCY EVENT

20.1 Event of Default

If the Issuer fails to pay any amount due in respect of a Series of Products when due and such failure continues for a period of 10 Swiss business days (an **Event of Default**), then Investors holding at least 25% of the outstanding Products in the relevant Series may, by notice in writing to the Issuer (at its registered office) and the Collateral Agent (at its specified office) (with a copy to the Administrator), declare all the Products in such Series to be, and whereupon they shall become, immediately redeemable without further action or formality. Such redemption shall be effected by the Issuer in accordance with Condition 21 and otherwise in accordance with Condition 5.

20.2 Insolvency Event

Upon the Issuer being declared bankrupt within the meaning of article 736 No. 3 of the Swiss Code of Obligations and the DEBA by a competent court (an **Insolvency Event**), all the Products shall become immediately redeemable without further action or formality in accordance with Condition 21 and otherwise in accordance with Condition 5.

The Issuer will notify the Collateral Agent promptly upon the occurrence of an Insolvency Event.

21. ENFORCEMENT AND POST-ENFORCEMENT PRIORITY OF PAYMENTS

21.1 Enforcement

- (a) Upon the occurrence of an Event of Default or Insolvency Event, the Collateral Agent shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction: (i) in the case of an Event of Default, if so instructed in writing by Investors representing not less than 25% of Products in the relevant Series (which instruction can be combined with the notice in Condition 20.1 and the instruction in Condition 21.1(b)); or (ii) in the case of an Insolvency Event, if so instructed by any Investor in writing which instruction can be combined with the instruction in Condition 21.1(b)), serve an Enforcement Notice on the Issuer and subject as provided in the Collateral Agent Agreement, at any time and without notice, institute such proceedings and/or take such action, step or proceedings as it may think fit against, or in relation to, the Issuer or any other person to enforce its rights under any of the Transaction Documents.
- (b) Subject to the provisions of the Collateral Agent Agreement, the ACA, the Pledge of Collateral Account Agreement and the Additional Pledges, at any time after the Issuer Security has become enforceable, the Collateral Agent shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction, if so instructed by Investors representing not less than 25% of Products in the relevant Series following an Event of Default or any Investor following an Insolvency Event, in writing, without notice, take such steps, actions or proceedings as it may think fit to enforce such Issuer Security.
- (c) No Investor shall be entitled to proceed directly against the Issuer or any other party to the Product Documentation in respect of the Products unless such Investor has first sought enforcement of the Issuer Security in accordance with the Collateral Agent Agreement.

21.2 Post-Enforcement Priority of Payments

Upon the enforcement of the Issuer Security by the Collateral Agent, all monies received and all money derived therefrom (**Issuer Security Enforcement Proceeds**) shall be applied by or on behalf of the Collateral Agent in accordance as follows:

1. *Firstly*, in payment or satisfaction of all amounts then due and unpaid or payable to the Collateral Agent and any Appointee;
2. *Secondly*, in payment or satisfaction *pari passu* and rateably of all amounts then due and unpaid to the Jura Pentium Servicing Entity and the Custodian (as further set out in the Collateral Agent Agreement);
3. *Thirdly*, in or towards payment or performance *pari passu* and rateably of all amounts then due and unpaid and all obligations due to be performed and unperformed in respect of the relevant Products; and
4. *Fourthly*, in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any queries as to how such payment to the Issuer shall be dealt with between the Issuer and any such person),

(the **Post-Enforcement Priority of Payments**).

22. ISSUER'S COVENANT TO PAY

The Issuer covenants with and undertakes to the Investors, and also for the benefit of the Collateral Agent, that it shall duly, unconditionally and punctually pay and discharge all moneys and liabilities whatsoever which from time-to-time become due, owing or payable by the Issuer: (a) under or in respect of the Products; and (b) under or in respect of the Issuer Security.

23. PRIORITY OF PAYMENTS

Save for any monies received in connection with the realisation or enforcement of all or part of the Issuer Security, all monies received by or on behalf of the Issuer in relation to any Redemption in accordance with Condition 5 will be paid in the following order of priority:

1. *Firstly*, in payment or satisfaction of all amounts then due and unpaid or payable to the Collateral Agent;
2. *Secondly*, in payment or satisfaction of all amounts then due and unpaid to the Paying Agents;
3. *Thirdly*, in payment or satisfaction *pari passu* and rateably of all amounts then due and unpaid to the Jura Pentium Servicing Entity and the Custodian (as further set out in the Collateral Agent Agreement);
4. *Fourthly*, in payment of any Redemption Amounts due and unpaid owing to the Investors;
5. *Fifthly*, in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any queries as to how such payment to the Issuer shall be dealt with between the Issuer and any such person),

(the **Priority of Payments**).

24. PRESCRIPTION

Claims for payment of a Redemption Amount in respect of the Products shall be barred by the statute of limitations in accordance with the applicable Swiss law, unless made within ten (10) years from the relevant Redemption Date.

25. SUBSTITUTION

The Issuer may at any time, without the consent of the Investors, substitute for itself as obligor under the Products any affiliate, subsidiary or holding company of the Issuer (the **New Issuer**), provided that the New Issuer shall assume all obligations that the Issuer owes to the Investors under or in relation to the Products.

If such substitution occurs, then any reference in the Product Documentation to the Issuer shall be construed as a reference to the New Issuer. Any substitution will be promptly notified to the Investors in accordance with Condition 16. In connection with any exercise by the Issuer of the right of substitution, the Issuer shall not be obliged to carry any consequences suffered by individual Investors as a result of the exercise of such right and, accordingly, no Investor shall be entitled to claim from the Issuer any indemnification or repayment in respect of any consequence.

26. SELLING RESTRICTIONS

Save for the approval of the Base Prospectus relating to the Programme by the SFSA, which allows for a public offering of the Products in Sweden, and any notification of the approval to other EEA Member States in accordance with Article 25 of the Prospectus Regulation for the purposes of making a public offer in such Member States, no action has been or will be taken by the Issuer that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales, or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

27. GOVERNING LAW AND JURISDICTION

The Products are governed by, and shall be construed in accordance with, Swiss law (without reference to the principles of conflicts of law rules).

In relation to any proceedings in respect of the Products, the Issuer submits to the jurisdiction of the courts of the City of Zurich, the place of jurisdiction being Zurich 1.

Notwithstanding the above, and for the avoidance of doubt, certain provisions within each of the Security Documents and Collateral Agent Agreement shall be governed by the laws of Switzerland or the laws of the State of South Dakota or the laws of the State of New York or the laws of England and Wales or any other eligible law, as stated in each of the aforementioned agreements.

PURPOSE OF FINAL TERMS

In this section, the expression “necessary information” means, in relation to any Products, the information necessary to enable Investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Products. In relation to any Products which may be issued under the Programme, the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to such Products, which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Product.

Any information relating to any Products, which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Product will be contained in the relevant Final Terms.

In respect of each issue of Products, the related Final Terms will, for the purposes of that Product only, must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Product are the General Terms and Conditions, as completed by the related Final Terms.

FORM OF FINAL TERMS

[MIFID II PRODUCT GOVERNANCE – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Products has led to the conclusion that: (i) the target market for the Products is eligible counterparties[,] [and] professional clients [and retail clients], each as defined in Directive 2014/65/EU, as amended (**MiFID II**); [and] **[EITHER**¹: (ii) all channels for distribution of the Products are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] **[OR**²: (ii) all channels for distribution of the Products to eligible counterparties and professional clients are appropriate; [and (iii) the following channels for distribution of the Products to retail clients are appropriate – investment advice[,] [and] portfolio management[,] [and] [non-advised sales] [and pure execution services] [, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. Any person subsequently offering, selling or recommending the Products (a **distributor**) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Products (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]³. For the avoidance of doubt, the Issuer is not a manufacturer or distributor for the purposes of MiFID II.]

FINAL TERMS DATED [•]

21Shares AG

(incorporated in Switzerland)

LEI: 254900UWHMJRRODS3Z64

Issue of

[number] Products (the **Products**)

pursuant to the Issuer’s

Exchange Traded Products Programme

This document constitutes the Final Terms of the Products described herein.

PART A – CONTRACTUAL TERMS

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Products in any Member State of the EEA which has implemented the Prospectus Regulation (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Regulation, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Prospectus.

¹ Include for Products that are not ESMA complex pursuant to the Guidelines on complex debt instruments and structured deposits (ESMA/2015/1787) (the **ESMA Guidelines**).

² Include for Products that are ESMA complex pursuant to the ESMA Guidelines. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability and appropriateness will be necessary. In addition, if the Products constitute “complex” products, pure execution services to retail clients are not permitted without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

³ If there are advised sales, a determination of suitability will be necessary.

Accordingly, any person making or intending to make an offer in that Relevant Member State of the Products may only do so in circumstances in which no obligation arises for the Issuer or any Authorised Participant to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Authorised Participant has authorised, nor do they authorise, the making of any offer of the Products in any other circumstances.]⁴

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Products in any Member State of the EEA which has implemented the Prospectus Regulation (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Regulation, as implemented in that Relevant Member state, from the requirement to publish a prospectus for offers of the Products. Accordingly any person making or intending to make an offer of the Products may only do so:

- (i) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 1(4) of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer; or
- (ii) in those Non-Exempt Offer Jurisdictions mentioned in the following paragraph, provided such person is [*one of the persons mentioned in the following paragraph*] and that such offer is made during the Offer Period specified for such purpose therein.

An offer of the Products may be made by the Issuer or by the Authorised Offerors specified in Part B of these Final Terms other than pursuant to Article 1(4) of the Prospectus Regulation in [*•*] (**Non-Exempt Offer Jurisdictions**) during the period from [*specify date*] until [*specify date or a formula such as “the Issue Date” or “the date which falls [*•*] Business Days thereafter”*] (the **Offer Period**).

Neither the Issuer nor any Authorised Participant has authorised, nor do they authorise, the making of any offer of Products in any other circumstances.]⁵

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the Products (the **Conditions**) issued by 21Shares AG (the **Issuer**) set forth in the Base Prospectus dated 19 November 2020[, as supplemented by the Supplements thereto dated [*date*]] (the **Base Prospectus**), which together constitute[s] a base prospectus for purposes of Regulation (EU) 2017/1129, as amended (the **Prospectus Regulation**). This document constitutes the Final Terms of the Products described herein for the purposes of Article 8(5) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus (and any supplement thereto). Full information on the Issuer and the offer of the Products is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus (together with any supplement thereto) is available for viewing at the registered office of the Issuer and on the website of the Issuer (<https://21shares.com/ir#prospectus>) by selecting Base Prospectus. The Final Terms will be available for viewing at the registered office of the Issuer and on the website of the Issuer (<https://21shares.com/ir#final-terms>) by selecting Base Prospectus and then Final Terms and the respective Security Code.

[The Base Prospectus, together with the Final Terms, constitutes the listing prospectus with respect to the Products described herein for the purposes of the listing rules of the SIX Swiss Exchange.] [In accordance with article 58a of the Listing Rules of SIX, the Issuer has appointed Homburger AG, located at Prime Tower, Hardstrasse 201, 8005 Zurich, Switzerland, as recognised representative to file the listing application with SIX.]

⁴ Include this legend for an exempt offer of Products.

⁵ Include this legend for a Non-Exempt Offer.

Issue Date	[•]
Series	[•]
Tranche	[•]
Date on which Products become fungible	[Not Applicable / The Products shall be consolidated and form a single series with the existing tranches on the [Issue Date] / [Insert date]].
Aggregate Number of Products represented by this Tranche	[•] / [Up to [•]]
Issue Price	The initial Crypto Asset Collateral is comprised of the following Crypto Assets per Product: <i>[to be inserted]</i> . <i>The Issue Price is subject to any applicable fees and commissions of the person offering the Product.</i>
Underlying	[•] [Basket] [Index] Information regarding past performance and volatility of the Underlying[s] is available at [•]
[Basket]	[Applicable] [Not Applicable]
[Index]	[Applicable] [Not Applicable] [Index: [21Shares Index] / [•]] [Index Sponsor: [•]] [Publishing Party: [•]] [Index Calculation Agent: [•]] [Index Administrator: [MV Index Solutions GmbH][•], which is included in the register of administrators pursuant to Article 36 of the Benchmark Regulation (EU 2016/1011).]
[Underlying Component]	[[•] Weight: [•] Relevant Underlying Exchange: [•] Relevant Currency: [•]] [[•] Weight: [•] Relevant Underlying Exchange: [•] Relevant Currency: [•]] [[•] Weight: [•] Relevant Underlying Exchange: [•] Relevant Currency: [•]] [[•] Weight: [•] Relevant Underlying Exchange: [•] Relevant Currency: [•]] [Not Applicable]
Redemption Amount	The Redemption amount is calculated as follows: <i>[insert for long exposure Products:</i> $\text{Redemption Amount} = \sum_{i=1}^n p_i * q_i - rf$

Where (for each Crypto Asset Collateral (i)):

$n = [\text{number of underlying}]/[\bullet]$,

$p_i = \text{price of asset sold (USD)}$,

$q_i = \text{amount sold}$,

$rf = \text{redemption fee equal to } [\$150]/[\bullet] \text{ plus } [4]/[\bullet] \text{ bps of redemption amount per redemption order]$

[insert for **short exposure** Products:

$$\text{AIP} + \text{VoS} - F - rf$$

Where:

AIP = aggregate Issue Price of all Products credited to the Collateral Account in USD

VoS = value of the short position in the relevant Crypto Asset(s)

F = means the aggregate amount of investor fees and Borrowing Costs

rf = redemption fee equal to $[\$150]/[\bullet]$ plus $[4]/[\bullet]$ bps of redemption amount per redemption order

and where

Borrowing Costs means the borrowing costs incurred over time associated with managing short positions and which costs will typically range between $[\bullet]\%$ to $[\bullet]\%$ and which costs will be subject to a maximum of $[\bullet]\%$, in each case of the aggregate short position. The Borrowing Costs will be published daily on the Issuer website on a weighted-average basis.]

The Redemption Amount may also be subject to additional fees related to the transfer of fiat assets.

The Redemption Amount per Product shall not be less than the smallest denomination of the Settlement Currency (*i.e.*, U.S.\$0.01, €0.01, CHF 0.01, £0.01 or the equivalent in other Settlement Currencies).

Redemptions by Authorised Participants pursuant to Condition 5.4 (*Redemption at the Option of an Authorised Participant*) shall be settled on an in-kind basis unless the Issuer permits such redemption to be settled in accordance with Condition 5.3 (*Cash Settlement*). The calculation of the Redemption Amount may fluctuate as a result of tracking errors relating to the Underlyings, as described in the section headed "Risk Factors" set out in the Base Prospectus.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	Investor fee of [•]% of the aggregate value of the Crypto Asset Collateral annually. Fee will be calculated on a daily basis at 17:00 CET/CEST (the closing time of the SIX Swiss Exchange). Fees related to the Product will be collected in-kind. [<i>Where lending arrangements are applicable, include: [25]/[•]% arranger fee payable on lending agreements used to generate additional income for [insert relevant underlying] payable to the issuer at the time of payment.</i>] [<i>For short exposure products, include: The calculation of the Redemption Amount also includes a cost component for relating to Borrowing Costs, please see preceding section.</i>]
Investor Put Date	[•] in each year
[Final Fixing Date]	[•]
[Initial Fixing Date]	[•]
Product Calculation Agent	[Name: [•] Address: [•]]
Calculation Agent:	Name: [•] Address: [•]
Index Calculation Agent:	Name: [•] Address: [•]
Administrator:	Name: [•] Description: [•]
Swiss Paying Agent	[•] / [Not Applicable]
[Additional Paying Agent]	[•] / [Not Applicable]
[Cash Settlement]	[•]
Settlement Currency	[USD] / [EUR] / [other]
Exchange	[SIX Swiss Exchange] []
[Exchange Business Day]	[As indicated in General Terms and Conditions] / [Other]
Market Maker	[•]
Authorised Participant	[•]
Custodian	[•]
Minimum Investment Amount	[Not Applicable] / [•]

Minimum Trading Lot	[Applicable] [Not Applicable] [USD] [EUR] [CHF] [GBP] [•]
Representative	In accordance with article 58a of the Listing Rules of the SIX Swiss Exchange, the Issuer has appointed [•], located at [•], as recognised representative to lodge the listing application with the SIX Exchange Regulation of the SIX Swiss Exchange.
Responsibility	The Issuer accepts responsibility for the information contained in these Final Terms.
[Third Party Information]	[[<i>Relevant third party information</i>] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]
Date of Board of Directors approval of issuance	[•]

Signed on behalf of the Issuer:

By: _____

Duly authorised

PART B – OTHER INFORMATION

Listing and admission to trading	[Application has been made for the Products to which these Final Terms apply to be admitted to [the SIX Swiss Exchange] [the Regulated Market (General Standard) (<i>Regulierter Markt [General Standard]</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>)] [and] [the Official Market of the Vienna Stock Exchange] [and] [<i>other</i>]. The first trading date is expected to be [•].] [Not Applicable]
[Notification]	[The <i>Finansinspektionen</i> (the SFSA) of Sweden has provided the competent authorities of [Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Spain [,][and] Sweden] / [and] / [<i>name(s) of relevant EEA host Member State(s)</i>] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.] ⁶
Interests of natural and legal persons involved in the issue	[So far as the Issuer is aware, no person involved in the offer of the Products has an interest material to the offer] / [<i>give details</i>]
ECB eligibility	The Product are [not] expected to be ECB eligible.
[Distribution]	[Not Applicable] / [An offer of the Products may be made by the Authorised Offerors other than pursuant to Article 1(4) of the Prospectus Regulation in [<i>specify relevant Member State(s) to which the Base Prospectus and any supplements have been passported</i>] (Non-Exempt Offer Jurisdiction[s]) during the Offer Period. See further “Terms and Conditions of the Offer” below.] ⁷
Additional Selling Restrictions	[Not Applicable] [<i>specify</i>]
ISIN and other Security Codes	[•]
Names and Addresses of Clearing Systems	[SIX SIS AG, [<i>specify address</i>] / [<i>give details of additional or alternative clearing system(s)</i>]
Terms and Conditions of the Offer	
Offer Price:	[Issue Price]/ [<i>specify</i>]

⁶ Only applicable if the approval of the Base Prospectus has been notified by the SFSA to the competent authorities of another EEA Member State; otherwise, this section can be deleted.

⁷ Only applicable to Non-Exempt Offers; otherwise, this section can be deleted.

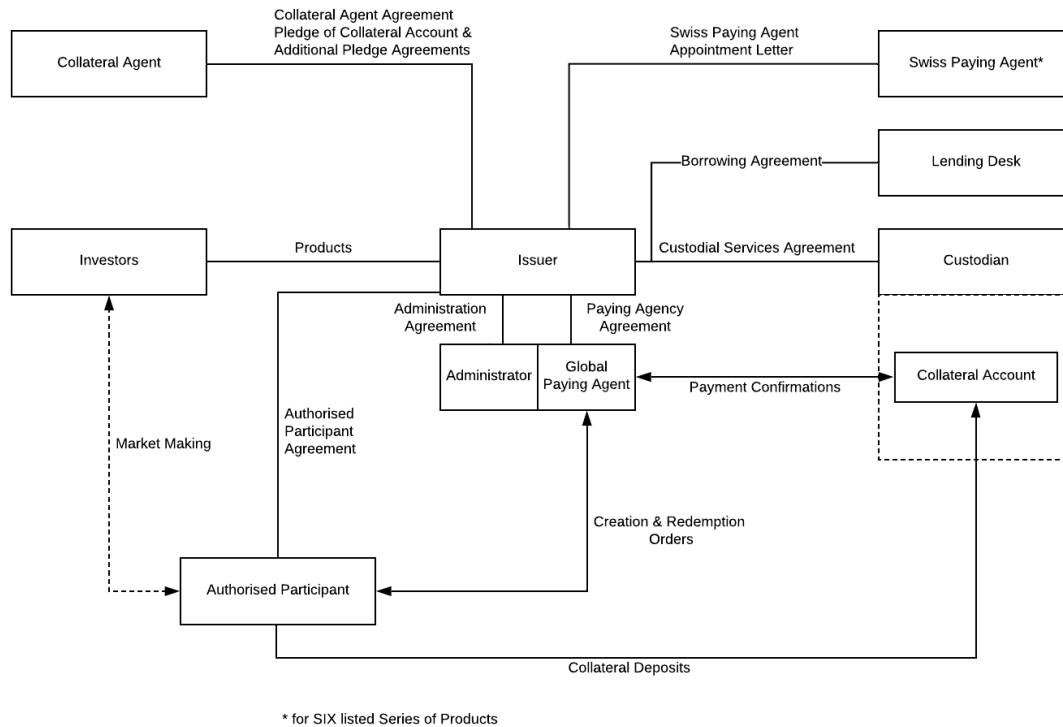
Conditions to which the offer is subject:	Offers of the Products are conditional upon their issue and, as between the Authorised Offeror(s) and their customers, any further conditions as may be agreed between them
Description of the application process:	[Not Applicable] / [<i>give details</i>]
Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants	[Not Applicable] / [<i>give details</i>]
Details of the minimum and/or maximum amount of application	[Not Applicable] / [<i>give details</i>]
Details of the method and time limited for paying up and delivery of the Products	[Not Applicable] / [<i>give details</i>]
Manner in and date on which results of the offer are made available to the public	[Not Applicable] / [<i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised	[Not Applicable] / [<i>give details</i>]
Whether tranche(s) have been reserved for certain countries	[Not Applicable] / [<i>give details</i>]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made	[Not Applicable] / [<i>give details</i>]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place	[Not Applicable] / [<i>give details</i>]
Name and address of financial intermediary/ies authorised to use the Base Prospectus, as completed by these Final Terms (the Authorised Offerors)	[•] [and] [each Authorised Participant expressly named as an Authorised Offeror on the Issuer's website (<i>insert Issuer's web address</i>)].

ANNEX – ISSUE SPECIFIC SUMMARY

[Issue specific summary of the Products as per Article 7 of the Prospectus Regulation to be inserted if Products are to be publicly offered or admitted to trading on a regulated market in a Member State of the EEA]

SUMMARY OF THE PARTIES AND THE STRUCTURE

Structure of the Programme



Principal Parties

A description of the functions of the principal parties in the structure set out above appears below:

- Authorised Participant:** Only an Authorised Participant may initiate the creation or redemption of Products directly from the Issuer, other than in the limited circumstances otherwise described herein. Authorised Participants will transfer funds directly to the Custodian. These trades will then internally settle on an in-kind basis, cash basis or otherwise, as described in “*The Authorised Participant’s Role—Settlement Process*”.
- Custodian:** The Issuer has entered into a custodial services agreement with each of The Kingdom Trust Company and Coinbase Custody Trust Company, LLC who manage and store underlying Crypto Assets. These Crypto Assets are kept in digital wallets according to the collateral procedures described in “*Collateral & Summary of Security Arrangements*”. The Kingdom Trust Company or Coinbase Custody Trust Company, LLC received transfers from the Administrator who is responsible for interfacing with the Authorised Participants.
- Authorised Exchange:** Products will generally be backed by corresponding Crypto Assets. As Products are created or redeemed, the Issuer will purchase or liquidate corresponding volumes of the underlying Crypto Assets via a crypto exchange. These assets will be purchased via an Authorised Exchange. The Custodian will transact directly with these exchanges without the involvement of the Issuer.

- **Administrators and Product Calculation Agents:** Pursuant to the Administration Agreements, the Administrators and Product Calculation Agents will: (i) supply, or arrange the supply of, all management and administration services for the Issuer, (ii) as Administrators, be responsible, *inter alia*, for Authorised Participant administration, general administration and fee calculation among other responsibilities, (iii) and as Product Calculation Agents, be responsible for making certain determinations and calculations in accordance with the General Terms and Conditions of the Products, such as whether there has been a Market Disruption Event, the determination of the Redemption Amount and, in respect of redemption by an Authorised Participant in accordance with Condition 5.4, the determination of the Crypto Asset Collateral required to be delivered. The Final Terms for each Tranche of Products will specify the details of the relevant Administrator and Product Calculation Agent.
- **Collateral Agent:** The Issuer has entered into a Collateral Agent Agreement with the Collateral Agent, which sets out the terms on which The Law Debenture Trust Corporation p.l.c. will act as Collateral Agent in relation to the secured assets under the Programme. See “—*Principal Transaction Documents—Collateral Agent Agreement*” and “*Collateral & Summary of Security Arrangements*”.
- **Paying Agents:** The Issuer has entered into a Paying Agency Agreement with the Global Paying Agent. The Global Paying Agent (and any other paying agent appointed in respect to a particular Series of Products) will be responsible for making payments in accordance with the General Terms and Conditions of the Products. Details of the Swiss Paying Agent and any other additional paying agent appointed in respect of a particular Series of Products shall be set out in the relevant Final Terms.
- **Calculation Agent:** The Final Terms for each Tranche of Products will specify the details of the Calculation Agent. The Product Calculation Agent will create portfolio composition files in respect of the Products (the PCF) and/or disseminates Indicative Optimized Portfolio Values in respect of the Products (the IOPV values).
- **Index Calculation Agent:** The role of the calculation agent includes, *inter alia*, the calculation of the value of the index and publishing this information in accordance with Swiss and EU requirements. The Index Calculation Agent will be specified in the relevant Final Terms.

Each of the Authorised Participants, the Custodian, the Administrator, the Collateral Agent and the Global Paying Agent and third parties are not related to the issuer. The Index Calculation Agent acting in respect of the 21 Shares Index and any Index Calculation Agent acting in respect of another applicable Index that serves as an Underlying of any Product, is also a third party that is not related to the Issuer.

Principal Transaction Documents

The following are summaries of certain provisions of the principal agreements entered into by the Issuer in relation to the Programme, which are qualified in their entirety by reference to the detailed provisions of each such agreement. The following summaries do not purport to be complete, and prospective Investors must refer to each programme agreement for detailed information regarding such agreement.

Capitalised terms used in the summaries below but not defined therein shall have the meanings given to such terms in the General Terms and Conditions.

Authorised Participant Agreements

On 9 November 2018 and 12 November 2018, respectively, the Issuer entered into a Authorised Participant Agreement with each of the Authorised Participants. These Authorised Participant Agreements set out the terms on which the Authorised Participants act as Authorised Participants in relation to each Series of Products issued by the Issuer under the Programme. The Issuer will enter into Authorised Participant Agreements with any other Authorised Participant on substantially the same terms.

The Authorised Participant Agreements provide that the Issuer has permitted the Authorised Participant to create and redeem the Products in accordance with the creation and redemption procedure set out in the Authorised Participant Agreement.

The Authorised Participant Agreements set out the conditions for appointment of the Authorised Participant and termination of the agreement (by either party to the agreement): (i) after giving two (2) months' prior written notice; or (ii) with immediate effect upon the occurrence of any of the following events:

- a) if the other party is in material breach of any of its obligations and has failed to remedy such breach without undue delay following of receipt of a notification specifying such breach and requiring its remedy;
- b) in the event that any representations are or become incorrect in any material respect;
- c) in the event of insolvency, bankruptcy, liquidation or analogous events or the commencement of any proceedings related to the same;
- d) if it has reasonable grounds to believe that the other party will not be able to perform its obligations thereunder in any material respect, and the other party has not provided the first party with reasonable assurance in writing that it will perform its obligations without undue delay following of notice by the first party,
- e) if it is subject to any change or effect that is materially adverse to its business, financial condition, assets, properties, operations or results of operations of it together with its subsidiaries taken as one enterprise, which change or effect would make it unreasonable for a professional market participant to continue performance.

The Authorised Participant Agreements state that the Issuer and the Authorised Participant are liable to each other only in the case of gross negligence, fraud or wilful misconduct.

The Authorised Participant Agreement entered into with Flow Traders B.V. is governed by the laws of the Netherlands and the Authorised Participant Agreement entered into with Jane Street is governed by the laws of England and Wales.

Custodial Services Agreement

On 17 September 2018, the Issuer entered into a custodial services agreement with The Kingdom Trust Company, which is governed by the laws of the State of South Dakota. This custodial services agreement sets out the principal terms on which The Kingdom Trust Company is appointed to act as a Custodian in respect of the Products issued under the Programme and sets out the duties and obligations of The Kingdom Trust Company in relation to holding all assets that the Issuer delivers to The Kingdom Trust Company in a separate account set up for the Issuer. The custodial services agreement sets out the conditions for appointment of the Custodian and termination of the agreement (by either party to the agreement after giving thirty (30) days' prior written notice to the other party by registered, certified or express mail). The custodial services agreement states that the Custodian indemnifies the Issuer for all costs, expenses, damages, liabilities and losses which arise directly in connection with any fraud, wilful misconduct, bad faith or gross negligence by the Custodian in pursuance of the agreement. Furthermore, the Issuer indemnifies the Custodian for any loss, damage, reasonable cost or expense, liability or claim of any third party arising directly or indirectly (a) from any action or inaction by the Custodian at the request of the Issuer and (b) from the performance of the Custodian of its obligations under the agreement.

On 15 April 2019, the Issuer entered into a custodial services agreement with Coinbase Custody Trust Company, LLC, which is governed by the laws of the State of New York. This custodial services agreement sets out the principal terms on which Coinbase Custody Trust Company, LLC is appointed to act as a Custodian in respect of the Products issued under the Programme and sets out the duties and obligations of Coinbase Custody Trust Company, LLC in relation to holding all assets that the Issuer delivers to Coinbase Custody Trust Company, LLC

in a separate account set up for the Issuer. The custodial services agreement sets out the conditions for appointment of the Custodian and termination of the agreement (by either party to the agreement after giving thirty (30) days' prior written notice to the other party by registered, certified or express mail). The custodial services agreement states that the Custodian has to indemnify the Issuer for all costs, expenses, damages, liabilities and losses which arise directly in connection with any fraud, wilful misconduct, bad faith or gross negligence by the Custodian in pursuance of the agreement. Furthermore, the Issuer indemnifies the Custodian for any loss, damage, reasonable cost or expense, liability or claim of any third party arising directly or indirectly (a) from any action or inaction by the Custodian at the request of the Issuer and (b) from the performance of the Custodian of its obligations under the agreement.

Collateral Agent Agreement

On or about 13 November 2018, the Issuer entered into a Collateral Agent Agreement with the Collateral Agent. The Collateral Agent Agreement was amended and restated on 15 April 2019 and 23 July 2020. The Collateral Agent Agreement sets out the terms on which The Law Debenture Trust Corporation p.l.c. will act as Collateral Agent in relation to the secured assets under the Programme.

Pursuant to the terms of the Pledge of Collateral Account Agreement and Additional Pledges, the Issuer has pledged and granted to the Collateral Agent (in favour of the Investors) a security interest and lien in and on all of the Issuer's right, title and interest in and to the Collateral.

Pursuant to the terms of the Collateral Agent Agreement:

- (a) the Issuer appoints the Collateral Agent to act on behalf of the Investors in accordance with the duties and obligations set out in the Collateral Agent Agreement, which shall include, but are not limited to, enforcing the rights of the Investors in the Products following the occurrence of an Event of Default or an Insolvency Event;
- (b) as set out in the General Terms and Conditions of the Products, on the occurrence of an Event of Default or Insolvency Event, the Collateral Agent shall: (i) in the case of an Event of Default, if so instructed by Investors representing not less than 25% of the Products in the relevant series in writing; or (ii) in the case of an Insolvency Event, if so instructed by any Investor in writing, serve an Enforcement Notice on the Issuer;
- (c) in accordance with the General Terms and Conditions of the Products, upon instruction by the Required Threshold of Investors following the occurrence of an Insolvency Event, the Collateral Agent shall, having first been indemnified and/or secured and/or prefunded to its satisfaction (subject as otherwise provided in the Collateral Agent Agreement), contact the Swiss bankruptcy official or administrator (the **Swiss Bankruptcy Official**); such Swiss Bankruptcy Official may then decide to either: (a) in accordance with applicable Swiss law, take such action, step or proceeding as necessary to enforce the rights under any of the Transaction Documents; or (b) instruct the Collateral Agent to institute such proceedings and/or take such action, step or proceeding as instructed to enforce the rights under any of the Transaction Documents;
- (d) subject to the other provisions of the Collateral Agent Agreement, the Collateral Agent may institute such proceedings and/or take such action, step or proceeding as instructed to enforce the rights under any of the Transaction Documents;
- (e) the Issuer has to indemnify the Collateral Agent from and against all costs and expenses, damages, liabilities and losses which the Collateral Agent may suffer in connection with the Collateral Agent Agreement or any Transaction Document, provided that such costs and expenses, damages, liabilities and losses do not arise out of the Collateral Agent's fraud, gross negligence or wilful default.

The Collateral Agent Agreement is governed by the laws of England and Wales, with certain provisions of the Collateral Agent Agreement being governed by the laws of Switzerland as stated within the Collateral Agent Agreement.

Pledge of Collateral Account Agreement

As of 13 November 2018 the Issuer entered into a pledge of collateral account agreement with the Collateral Agent, which is governed by the laws of the State of South Dakota. This pledge of collateral account agreement provides a security interest in favour of the Collateral Agent for the benefit of the Investors in certain accounts and all sums or other property of all kind now or at any time hereafter on deposit therein, credited thereto, or payable thereon, all proceeds and products thereof, and all instruments, documents, certificates, and other writings evidencing those accounts. The security interest created in this pledge of collateral account agreement is for the benefit of the Investors holding Products issued under the Programme.

On or about 15 April 2019, the Issuer entered into a pledge of collateral account agreement with the Collateral Agent, which is governed by the laws of the State of New York. This pledge of collateral account agreement provides a security interest in favour of the Collateral Agent for the benefit of the Investors in certain accounts and all sums or other property of all kind now or at any time hereafter on deposit therein, credited thereto, or payable thereon, all proceeds and products thereof, and all instruments, documents, certificates, and other writings evidencing those accounts. The security interest created in the pledge of collateral account agreement is for the benefit of the Investors holding Products issued under the Programme.

Account Control Agreement

As of 13 November 2018, the Issuer entered into an ACA with The Kingdom Trust Company and the Collateral Agent, which is governed by the laws of the State of South Dakota. The ACA with The Kingdom Trust Company was entered into pursuant to the terms of the relevant pledge of collateral account agreement for the purpose of perfecting the security interest in favour of the Collateral Agent for the benefit of the Investors in respect of the secured accounts and secured property.

On 15 April 2019, the Issuer entered into an ACA with Coinbase Custody Trust Company, LLC and the Collateral Agent, which is governed by the laws of the State of New York. The ACA with Coinbase Custody Trust Company, LLC was entered into pursuant to the terms of the relevant pledge of collateral account agreement for the purpose of perfecting the security interest in favour of the Collateral Agent for the benefit of the Investors in respect of the secured accounts and secured property.

Additional Pledges

As of 23 July 2020, the Issuer and the Collateral Agent have entered into a pledge of loan agreement and account control agreement which is governed by the laws of the State of South Dakota. This pledge provides a security interest in favour of the Collateral Agent for the benefit of Investors in certain agreements that the Issuer has entered into. The security interest created in the pledge of loan agreement and account control agreement is for the benefit of the Investors holding relevant Products issued under the Programme.

Administration Agreement

As at 23 July 2020, the Issuer has entered into the Administration Agreements with the Administrators. The Administration Agreements sets out the terms on which each Administrators will act in relation to the Products issued under the Programme. Pursuant to the Administration Agreement, the Administrators agrees to provide certain services, including:

Implementation Services – including, inter alia: (i) defining reporting requirements and establishing a client web portal; (ii) establishing an automated data feed between the Administrators and the Issuer; (ii) collecting and loading portfolio and financial data;

Daily Administrator & Accounting Services – including, inter alia: (i) daily processing of portfolio activity; (ii) daily reconciliation of cash and position with the Issuer’s prime broker, custodian, bank or exchange; and (iii) daily pricing of the Product portfolio using third party pricing sources; and

Reporting Services – including reporting in respect of: (i) daily cash and position reconciliations and a break report; (ii) daily portfolio reporting; and (iii) daily production of a net asset value (NAV) closing package, portfolio composition file and investor fee file, supported by a trial balance.

The Issuer has agreed to indemnify and hold the Administrators harmless against any liability, actions, proceedings, claims, demands, costs or expenses (including but without limitation any reasonable attorneys’ fees) whatsoever, which the Administrators may incur or be subject to, in its capacity as providing the services provided under the Administration Agreements, provided, however, that such indemnity shall not apply to any liability or expense occasioned by or resulting from that Administrator’s wilful misfeasance, bad faith, fraud or gross negligence in the performance of its duties or from reckless disregard by it of its obligations or duties under the relevant Administration Agreement.

The Administration Agreement with MG Stover & Co. is governed by the laws of the State of Colorado and the Administration Agreement with Sudrania Fund Services Corporation is governed by the laws of the State of Illinois.

Services Agreement with the Jura Pentium Servicing Entity

On 13 November 2018, the Issuer entered into a Services Agreement with the Jura Pentium Servicing Entity, pursuant to which the Issuer appoints the Jura Pentium Servicing Entity to be the servicer, in its name and on its behalf, and the Jura Pentium Servicing Entity agrees to provide or procure the provision of services (the **Services**) required by the Issuer in connection with its establishment of the Programme and the issuance, marketing, creation and redemption of Products thereunder, as well as the performance of its obligations under the Transaction Documents and any other such services as the Issuer and the Jura Pentium Servicing Entity may agree from time-to-time. In consideration for the Jura Pentium Servicing Entity’s provision of the Services, the Services Agreement provides that the Issuer shall pay to the Jura Pentium Servicing Entity a service fee. The Services Agreement is governed by the laws of England and Wales.

Paying Agency Agreement

On 31 October 2018, the Issuer entered into a Paying Agency Agreement with the Global Paying Agent. The Paying Agency Agreement sets out the terms on which Bank Frick & Co. AG will act as Global Paying Agent in relation to the Products issued under the Programme.

Pursuant to the Paying Agency Agreement:

- (a) the Global Paying Agent will represent the Issuer with regard to payments made under or in connection with the Products through SIS in accordance with the General Terms and Conditions;
- (b) the Global Paying Agent is responsible for: (i) the creation of the Products in SIS as intermediated securities; (ii) the delivery of Products to the respective Authorised Participants by way of a “delivery free of payment” method; (iii) disbursing fiat currency to Investors in the event of a redemption of the Products as set out in the General Terms and Conditions; (iv) cancellation of intermediated securities in the main register in case of redemptions; and (v) holding the cash balance in the period between the liquidation or sale, respectively, of the Underlying and the return of the cash to Investors;
- (c) on a Redemption Date, the Global Paying Agent shall, subject to: (i) transfer of the relevant Products terminated and to be redeemed and (ii) receipt of payment of the related taxes and duties, if any, initiate the redemption process by way of delivery versus payment procedure via SIS;

- (d) both the Issuer and the Global Paying Agent reserve the right at any time with three months prior notice to terminate the mandate of the Global Paying Agent and to appoint another paying agent, provided that (i) if Products are outstanding, the Issuer will maintain a paying agent and (ii) as long as Products are listed on SIX Swiss Exchange, the Issuer will maintain a Swiss Paying Agent for listing purposes only;
- (e) the Issuer may appoint additional paying agents in relation to a Series of Products if required by the rules of any Authorised Exchange on which Products are listed or admitted to trading;
- (f) any determinations, decisions and calculations by the Agent shall, save in the case of manifest error or wilful misconduct, be final and binding on the Issuer and the Investors; and
- (g) the Issuer shall pay to the Global Paying Agent a service fee.

The Paying Agency Agreement is governed by the laws of Switzerland.

Calculation Agency Agreement

The Issuer will enter into a calculation agency agreement with the Product Calculation Agent as and when appointed in relation to a Series of Products. The Product Calculation Agent for a Series of Products will be specified in the relevant Final Terms.

Summary of Product Issuance Process

The issue and redemption mechanism is intended to ensure that Products have sufficient liquidity and that the price at which they trade on the SIX Swiss Exchange or other relevant trading venues track the relevant Underlyings. Other than in the circumstances otherwise described herein, only an Authorised Participant may apply for or redeem the Products. All other persons must buy and sell Products through trading on the SIX Swiss Exchange or other relevant trading venue on which the Products are admitted to trading.

The practical steps involved in the issuance of Products under the Programme are as follows:

1. An Authorised Participant submits a creation order to the Issuer on the order taking platform (T).
2. The Authorised Participant buys a Crypto Asset on an Authorised Exchange (or uses its existing stock of Crypto Assets) and transfers Crypto Asset in kind to the Collateral Account with the Custodian specified for the respective Series of Products (T+1 Business Day).
3. The Global Paying Agent issues respective units of Products to the Authorised Participant via entry in the Issuer's book of uncertificated securities (*Wertrechtbuch*) on the Issuer's behalf (T+1 Business Day).
4. The Global Paying Agent (i) registers new units of Products in the main register of SIX SIS AG and (ii) credits these to the Authorised Participant's account with SIX SIS (creation of new Products as intermediated securities (*Bucheffekten*)) via delivery free of payment (**DfP**) transfer instructions (T+1 Business Day).
5. SIX SIS clears the trade (T+1 Business Day).

Redemption Process

There are two types of redemption: Investor and Issuer redemption, on the one hand, and Authorised Participant redemption, on the other hand, which follow different mechanisms.

Investor and Issuer Redemption

1. Investor and Issuer redemption is triggered by any of the following events:
 - a. The Issuer terminates a Series of Products (in whole but not in part) – this is possible at any time, at the Issuer’s sole discretion and without any further prior consent of the Investors – by publishing a Termination Notice (specifying the Redemption Date) in accordance with the General Terms and Conditions.
 - b. An Investor (via the financial intermediary maintaining the Investor’s relevant securities account on the investor’s behalf) gives notice of exercise of his/her Redemption Order (not less than 30 nor more than 60 days’ written notice) for redemption of the relevant Products held by him/her on the Investor Put Date specified in the relevant Final Terms.
 - c. Illegality, illiquidity, impossibility or increased cost of collateralisation with respect to the Products or any Underlyings occurs and the Issuer terminates the respective Products by giving notice of such redemption.
 - d. A tax event occurs, i.e. any present or future taxes, duties or governmental charges are imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction, and the Issuer notifies the Investors of such redemption.
2. In such event, the Issuer/Investor’s custodian bank informs the Investor’s custodian bank/the Global Paying Agent of redemption.
3. On the redemption date, the Issuer liquidates the relevant Crypto Asset Collateral.
4. The Global Paying Agent cancels the relevant Products in the Issuer’s book of uncertificated securities (*Wertrechtbuch*).
5. The Global Paying Agent (i) de-registers relevant Products in the main register of SIX SIS and (ii) debits the direct participant’s account accordingly.
6. SIX SIS forwards the relevant Redemption Amount to the direct participants for distribution to the Investor against debit of Products in the Investor’s securities account in a delivery versus payment transaction.
7. The Investor receives the relevant Redemption Amount (representing the proceeds from the sale of the relevant Underlyings, net of applicable fees and accounting for any tracking error) against debit of Products in his/her securities account.

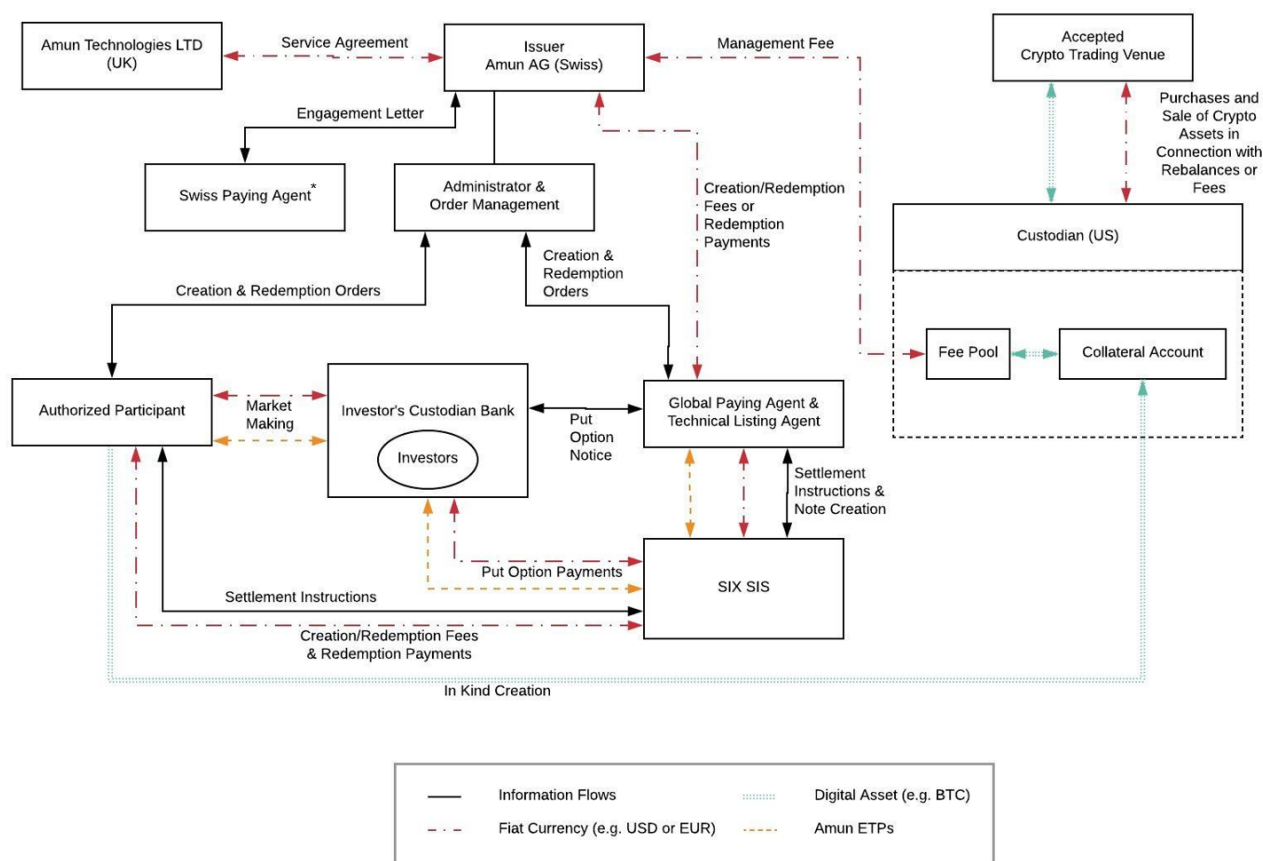
Authorised Participant Redemption

1. Authorised Participant redemption is triggered by an Authorised Participant requesting redemption from the Issuer in accordance with Condition 5.4 (*Redemption by an Authorised Participant*). The ability to request the Issuer to redeem is only available to designated Authorised Participants who have entered into an Authorised Participant Agreement with the Issuer.
2. The Authorised Participant shall submit a Form of Order Request on the order-taking platform.
3. The Issuer and Administrator shall verify the order to ensure that it complies with the General Terms and Conditions, the relevant Final Terms and the relevant Authorised Participant Agreement and, if so, shall send an order confirmation (T+1 Business Day).

4. The Global Paying Agent shall (i) de-register the relevant Products in the Main Register and (ii) debit the direct participant's account accordingly via DfP transfer instructions (T+1 Business Day).
5. The Global Paying Agent shall cancel the relevant Products in the Issuer's book of uncertificated securities (*Wertrechtbuch*) (T+1 Business Day).
6. The Custodian shall transfer the relevant Crypto Asset Collateral to the Authorised Participant's Wallet or account on the relevant AP Redemption Date (T+1 Business Day).

Flow of Funds

The following table sets out the flow of funds for each creation and redemption of Products under the Programme:



* For SIX listed Series of Products

The flow of funds reflects the structure from a practical perspective. From a legal perspective the Issuer will use the proceeds from the issuance to purchase the relevant Crypto Assets and to deposit and grant security interests over such assets. However, in order to further reduce the risks in the structure the Authorised Participants do not pay out the funds to the Issuer such that the Issuer would purchase the relevant Crypto Assets and then deposit and grant security interests over such assets. In practice the Authorised Participants will, acting at the Issuer's directions, will purchase the relevant Crypto Assets and deliver such assets to the Custodian where such assets will form part of the security arrangements created over the account structure. The intention is to minimise the risk that any Collateral is in the possession of the Issuer if the Issuer would become insolvent at such time. When and

to the extent fees have accrued to the benefit of the Issuer under the terms of the relevant Product, the corresponding amount of Crypto Assets will be released from the security arrangements and delivered to the Issuer. The collateral and security arrangements are described in further detail in the following section.

COLLATERAL & SUMMARY OF SECURITY ARRANGEMENTS

Collateralisation Method

Each Product issued under the Programme shall be collateralised through the purchase of a pool of Crypto Asset Collateral on a 1:1 basis, or by other eligible assets. Any such assets will be held on behalf of the Issuer by the Custodian in accordance with the Custodial Services Agreement. The Custodian is responsible for creating and maintaining wallet addresses and all safety and security measures associated with the wallet. See “Summary of the Parties and the Structure—Principal Transaction Documents—Custodial Services Agreement”.

The custody for the Crypto Assets is provided by either The Kingdom Trust Company or Coinbase Custody Trust Company, LLC, qualified custodians located in the United States, as applicable.

The Issuer, the Collateral Agent and the Custodian have entered into the Account Control Agreement with respect to the Collateral. See “Summary of the Parties and the Structure—Principal Transaction Documents—Account Control Agreement”.

Any Crypto Asset Collateral that is not represented by Crypto Assets but rather in assets denominated in Crypto Assets, such as futures contracts, will be pledged to the Collateral Agent under the Additional Pledge Agreements. See “Summary of the Parties and the Structure – Principal Transaction Documents – Additional Pledge Agreements”.

The Issuer may, at its discretion, use custodians in multiple jurisdictions, provided that such custodians are notified to Investors in accordance with Condition 16 (*Notices*). It may also, at its sole discretion and upon notification to the Investors and publication of such notice on any securities exchanges or trading venues on which the Products are listed, alter the custody arrangements for the Crypto Assets, including the jurisdiction of the custody. As at the date of this Base Prospectus, custody services are provided in the United States.

The collateral securing the Products will be held in a securities account. A “securities account” is an account maintained by a “securities intermediary”, such as a bank, a securities broker or other custodian, in which it holds securities or other financial assets (which can include Crypto Assets) for the benefit of a customer. When held in this way, the securities intermediary is technically the direct owner of the financial assets, and the customer holds a “security entitlement” against the securities intermediary with respect to the financial assets, giving the customer (the **entitlement holder**), here the Issuer, all the rights of beneficial ownership (such as rights to direct the disposition of the assets and receive any dividends). The customer, as a borrower or debtor, can pledge its security entitlement (*i.e.*, its interest in the financial assets held in the securities account) to a third party lender, as collateral, as discussed below.

Gaining a protected security interest in collateral generally involves two steps – “attachment” and “perfection”. Attachment refers to the creation of the security interest in the specified collateral, and gives rights to the secured party against the debtor; while perfection gives rights to the secured party against other creditors asserting rights in the same collateral. A security interest “attaches” when created or granted pursuant to a security agreement. Perfection of the security interest occurs by a variety of methods depending on the type of collateral involved (such as taking possession of the collateral or filing a Uniform Commercial Code (**UCC**) financing statement).

In the case of financial assets held by a securities intermediary in a securities account on behalf of the debtor, perfection is achieved under the UCC by acquiring “control” over the debtor’s security entitlement in those assets. This is accomplished through a securities account control agreement, which is a tri-party agreement among (1) a customer/debtor (e.g., a borrower, guarantor or other loan party pledging financial assets as collateral – the Issuer), (2) the secured party (secured lender, the Collateral Agent acting on behalf of the Investors) and (3) the securities intermediary maintaining the relevant financial assets in a securities account maintained on behalf of, and in the name of, the debtor (depository bank – the Custodian). Under the control agreement, the parties agree that the securities intermediary will comply with any instructions issued by the secured party with respect to the disposition of the financial assets in the securities account without the need for further consent from the debtor. Once that

agreement is in place, the secured party is deemed to have “control” over the securities account, and its security interest is therefore “perfected.” In addition to perfecting a security interest, the control agreement enables the secured party, when exercising remedies, to direct the disposition of the assets in the account as well as to prevent the debtor from giving instructions with respect to the financial assets without the secured party’s consent. The secured party and the debtor can agree in the relevant documentation as to when the secured party is permitted to issue such instructions.

The custody for the Collateral is provided by either The Kingdom Trust Company or Coinbase Custody Trust Company, LLC, qualified custodians located in the United States, as applicable.

The Issuer, the Collateral Agent and the Custodian have entered into the Account Control Agreement with respect to the Collateral. See “*Summary of the Parties and the Structure—Principal Transaction Documents—Account Control Agreement*”.

Kingdom Trust (USA)

The information in this section (Kingdom Trust (USA)) consists only of information provided to the Issuer by The Kingdom Trust Company. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by The Kingdom Trust Company, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Kingdom Trust is a privately-held independent qualified custodian established in 2010 after being granted a trust charter by the South Dakota Division of Banking and provides custody and escrow solutions for advisors, family offices, financial institutions, marketplace lending and individuals. As of February 2017, the firm had over 100,000 clients and U.S.\$12 billion of assets under management. As at 31 December 2017, Kingdom Trust supported the current top six cryptocurrencies including: Bitcoin (BTC), Bitcoin Cash (BCH), Ethereum (ETH), Ethereum Classic (ETC), Ripple (XRP), and Litecoin (LTC) and has been adding supporting for additional currencies on an ongoing basis. The firm uses third parties as the Wallet Provider, and uses internal development teams to develop wallet solutions. The Custodian primarily settles through Genesis Trading, although they allow account holders to transact on a wide range of exchanges pending KYC/AML approvals. The platform provides integration with administrators, auditors and other relevant parties as well as managing and executing any rebalances.

Kingdom Trust provides insured safekeeping of digital assets with KT ICEBOX. KT ICEBOX is a multi-layer, multi-authenticator cold storage security platform designed to provide ultra-cold security of the digital assets held by Kingdom Trust. KT ICEBOX aims to reduce risks commonly seen in third party security software solutions through security protocols and combines audited policies and procedures and best-in-class technology into an insurable safekeeping solution through a regulated financial institution. Each Underlying or Underlying Component will require its own wallet address on the associated blockchain; accordingly, the Collateral for the products may be held across multiple wallets. For example, an Underlying with five components will be held across a minimum of five separate wallets, each of which will feature the following safety and security measures to be implemented by the Custodian:

- **Cold-Storage:** Cold-storage in the context of Crypto Assets means keeping the reserve of Crypto Assets offline, which is a widely used security precaution especially when dealing with large amount of Crypto Assets. Crypto Assets held under custodianship with the Custodian will be kept in high-security, offline, multi-layer cold-storage vaults. This means that the private keys, a sophisticated form of cryptography, like passwords, that allows a user to access Crypto Assets, are stored offline, on computers or other hardware that has never been connected to the internet and never will be. Storing the private key offline on computers that will never access an internet network minimises the risk of the Crypto Assets being stolen.
- **Multiple Private Keys:** All private keys are securely stored using high-quality encryption in Custodian-owned offline hardware vaults in secure environments. No customers or third parties are given access to the Custodian’s private keys. The use of multiple private keys makes retrieving Crypto Assets from the wallet more difficult, and aims to further reduce the risk of hacking theft and/or robbery.

- **Whitelisting:** Transactions are only sent to vetted, known parties. The Custodian must pre-approve and test Wallet addresses before transactions are initiated, with assets only sent to pre-approved addresses.
- **Audit Trails:** Audit trails exist for all movement of Products within Custodian-controlled Crypto Asset Wallets, with each entry regularly audited for accuracy.

In addition to the above measures, in accordance the Custodial Services Agreement, Crypto Assets held in custody with the Custodian will be segregated from both the proprietary property of the Custodian and the assets of any other customer.

Coinbase Custody Trust Company, LLC (USA)

The information in this section (Coinbase Custody Trust Company, LLC (USA)) consists only of information provided to the Issuer by Coinbase Custody Trust Company, LLC. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by Coinbase Custody Trust Company, LLC, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Coinbase Custody Trust Company, LLC is a limited purpose trust that was chartered in 2018 upon receiving a trust charter from the New York Department of Financial Services. The company has a capitalisation of US\$10 million and bank-level oversight by the New York Department of Financial Services. Coinbase Custody Trust Company, LLC is a qualified custodian that provides custody solutions for financial institutions and certain qualified individuals. As of March 2019, Coinbase Custody Trust Company, LLC had over 90 clients and over USD \$575 million of digital assets under custody. As of March 2019, Coinbase Custody Trust Company, LLC supported: Bitcoin (BTC), Bitcoin Cash (BCH), Ethereum (ETH), Ethereum Classic (ETC), Ripple (XRP), Litecoin (LTC), Basic Attention Token (BAT), 0x (ZRX), OmiseGo (OMG), Blockstack (STX) and Maker (MKR), and has been adding support for additional digital currencies on an ongoing basis.

Coinbase Custody Trust Company, LLC provides insured safekeeping of digital assets using a multi-layer, multi-party cold storage security platform designed to provide offline security of the digital assets held by Coinbase Custody Trust Company, LLC. Coinbase Custody Trust Company, LLC. has insurance coverage as a subsidiary under its parent company, Coinbase Global, Inc., which procures fidelity (aka crime) insurance to protect the organisation from risks such as theft of funds. Specifically, the fidelity program provides coverage for the theft of funds held in hot or cold storage. The insurance program is provided by a syndicate of industry-leading insurers that are highly rated by AM Best.

Coinbase Custody Trust Company, LLC aims to reduce risks commonly seen in third-party security software solutions through security protocols and combines audited policies and procedures and best-in-class technology into an insurable safekeeping solution through a regulated financial institution. Each Underlying Component will require its own wallet address on the associated blockchain. Accordingly, the Collateral for the products may be held across multiple wallets. For example, an Underlying with five components will be held across a minimum of five separate wallets, each of which will feature the following safety and security measures to be implemented by the Custodian:

- **Cold Storage:** Cold storage in the context of Crypto Assets means keeping the reserve of Crypto Assets offline, which is a widely-used security precaution, especially when dealing with large amount of Crypto Assets. Crypto Assets held under custodianship with the Custodian will be kept in high-security, offline, multi-layer cold storage vaults. This means that the private keys, the cryptographic component that allows a user to access Crypto Assets, are stored offline on hardware that has never been connected to the internet. Storing the private key offline minimises the risk of the Crypto Assets being stolen.
- **Multiple Private Keys:** All private keys are securely stored using multiple layers of high-quality encryption and in Custodian-owned offline hardware vaults in secure environments. No customers or third parties are

given access to the Custodian's private keys. The use of multiple private keys makes retrieving Crypto Assets from the wallet more difficult, and aims to further reduce the risk of hacking theft and/or robbery.

- **Whitelisting:** Transactions are only sent to vetted, known addresses. The Custodian's platform supports pre-approval and test transactions.
- **Audit Trails:** Audit trails exist for all movement of Products within Custodian-controlled Crypto Asset wallets, and are audited annually for accuracy and completeness by an independent external audit firm.

In addition to the above measures, in accordance with the Custodial Services Agreement, Crypto Assets held in custody with the Custodian will be segregated from both the proprietary property of the Custodian and the assets of any other customer.

Determination of an Event of Default and Insolvency Event

The conditions which give rise to an Event of Default and Insolvency Event are set out in Condition 20 (*Events of Default and Insolvency Event*).

Liquidation will occur, in respect of the realisation of Collateral, following an Event of Default, in accordance with the Collateral Agent Agreement and, generally (in the liquidation of the Issuer), upon the instruction of the Swiss bankruptcy official.

Practical Procedure in the Event of Realisation

In the event of a realisation, the Collateral Agent (in the event of an Event of Default) or the Swiss bankruptcy official or a party appointed by it (including the Collateral Agent) (in the event of an Insolvency Event) will (i) enforce any of the Issuer's rights in any assets of the Issuer under the terms of the Additional Pledge Agreements and arrange for any Crypto Assets due under those agreement to be delivered to a designated collateral account and (ii) place an order through the designated collateral account under the terms of the Custodial Services Agreement. With the assistance of the Custodian and the relevant exchanges, the Collateral Agent or the Issuer will undertake to liquidate the assets as soon as possible assuming sufficient liquidity is available in the market.

Costs in the Event of Realisation

In the event of a realisation, Investors will bear a number of costs, including but not limited to transaction costs with custodians and exchanges, the fees and expenses of the Collateral Agent and other transaction participants, as well as spreads on Crypto Assets. These costs will be deducted from the amounts received upon the realisation of Collateral and may create a significant loss of value for Investors.

The post-enforcement priority of payments is as follows:

1. firstly, in payment or satisfaction of all amounts then due and unpaid or payable to the Collateral Agent.
2. secondly, in payment or satisfaction *pari passu* and rateably of all amounts then due and unpaid to the Jura Pentium Servicing Entity and the Custodian (as further set out in the Collateral Agent Agreement).
3. thirdly, in or towards payment or performance *pari passu* and rateably of all amounts then due and unpaid and all obligations due to be performed and unperformed in respect of the relevant Products; and
4. fourthly, in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any queries as to how such payment to the Issuer shall be dealt with between the Issuer and any such person).

Payout following a Market Disruption Event

In the case of a realisation due to a Market Disruption Event, the Investor will not receive the proceeds of the sale until all of the Collateral has been liquidated. Proceeds from the sale (net of the costs of such liquidation, including the Collateral Agent's fees and expenses) will be returned to the Investor on a *pro rata* basis through the appropriate paying agent.

In the case of liquidation due to other types of redemption by the Issuer or the exercise of the Investor's put option, the Investor will receive the Redemption Amount due to them once the sale of all of the Underlyings or Underlying Components has been processed and settled and the cash made available to the Issuer for transfer. This process may take upwards of ten days, during which Investors may be exposed to market risk.

No liability for an Extraordinary Event

None of the Issuer, the Collateral Agent or the Custodian is liable for an Extraordinary Event as defined in Condition 17 (*Extraordinary Event*).

Potentially insufficient funds upon realisation

In the event that the Issuer defaults and the Collateral Agent enforces its rights under the Collateral Agent Agreement and the ACA to take control of the Collateral Account, the realisation of this Collateral may not be of sufficient value to cover all Redemption Amounts payable to Investors because:

- (i) the Collateral Account only contains assets equal to the value of the Products as at the close of the immediately preceding Business Day on which the calculations and valuations are made and there may be a number of days between such valuations occurring and the date on which the Collateral Agent takes control of the Collateral Account, during which time a significant difference between the value of the Collateral in the Collateral Account and the price of the Underlying or Underlying Components could arise, particularly given the volatility of the crypto markets;
- (ii) the Collateral in the Collateral Account is not denominated in the Settlement Currency (but rather held in Crypto Assets) and the value of such Collateral may fall due to exchange rate movements;
- (iii) the face value of Products could rise due to market conditions;
- (iv) the Issuer (or the Collateral Agent) may not be able to realise some or all of the assets in the Collateral Account at the prices at which they were valued;
- (v) payment in respect of Redemption Amounts are required to be made in the Settlement Currency and there may be costs involved in converting the proceeds of realisation of the Collateral into the Settlement Currency or the Issuer may otherwise be unable to convert such proceeds into the Settlement Currency; or
- (vi) there may be certain costs associated with the realisation of the assets in the Collateral Account.

In addition, under the General Terms and Conditions, the Issuer may utilise depositories, banks or other financial institutions in connection with the custody of the Collateral. In the event that the Issuer defaults and the Collateral Agent enforces its rights to take control of the Collateral Account, this account will be held with a depository as arranged by the Issuer. Accordingly, the Issuer or the Collateral Agent may not be able to recover all sums due to it and may not, therefore, have sufficient amounts to fund the Issuer's payment obligations to Investors and/or it may take longer to realise the Collateral and, therefore, Investors may experience delays in receiving amounts due to them.

FEES RELATED TO THE PRODUCTS

Investors will be charged a fee in respect of the Products in the amount specified in the relevant Final Terms (the **Investor Fee**).

The Final Terms will set out the Investor Fee and the process for determining the Investor Fee on each following calendar day after the Issue Date (including holidays and weekends) until redemption, which shall be based on a percentage of the of the Crypto Asset Collateral at 17:00 CET/CEST (the closing time of the SIX Swiss Exchange) for that Product on the immediately preceding calendar day, divided by 365.

Because this fee is subtracted from the indicative value at the closing of the SIX on a daily basis, the fee accumulates over time and is subtracted at the rate of a percentage amount set out in the Final Terms. Because the net effect of the Investor Fee is a fixed percentage of the value of each Product, the aggregate effect of the Investor Fee will increase or decrease in a manner directly proportional to the value of each Product and the amount of Product that is held, as applicable. In addition, where lending arrangements are applicable, the fee arrangements may include a fixed percentage charge on any arranger fee payable on lending agreements used to generate additional income for the relevant underlying, payable to the issuer at the time of payment.

The Investor Fee includes all of the expenses related to the Products, including trading fees, custodianship and security fees. It is important to note that the Investor is still responsible for any tax consequences of rebalances. In addition, the pricing of Crypto Assets may be subject to a spread of as much as 1-1.5% or more by Market Makers and Authorised Participants.

This fee is deducted in kind following the procedure described in “—*Investor Fee*” below.

Crypto Asset Collateral

The Crypto Asset Collateral is the amount of physical Crypto assets or assets denominated in Crypto backing the Product. The daily value of the Product is calculated based on the Crypto Asset Collateral of the Product, composed of the underlying Crypto Assets with the weighting determined on the basis of the rebalancing which took place on the last trading day of previous month.

Unless otherwise specified in the applicable Final Terms, the implied fiat value of the Product is based on the previous day's Crypto Asset Collateral multiplied by the latest available price for the relevant underlying Crypto Assets. The price of the underlying Crypto Assets are sourced from the Crypto Coin Comparison Aggregated Index (CCCAGG) Price Index issued by CryptoCompare (which is available at www.cryptocompare.com) or other exchanges as specified in the relevant Final Terms. CCCAGG is a weighted average of the latest available trading price at each exchange.

Investor Fee

The Product pays operation fees, which accrues at a rate *per annum* equal to the Investor Fee. The Issuer uses this fee to pay other service providers of the Issuer and fund its own daily operations. The rate will be set out in the relevant Final Terms, and is applied to the Crypto Asset Collateral on a daily basis to determine the daily deduction of an amount of Crypto Assets from the Crypto Asset Collateral.

The Crypto Asset Collateral is decreased daily at a rate equal to the portion of the Investor Fee applicable to such day, thus affecting the Crypto Asset Collateral calculation for the subsequent trading day. Crypto Assets representing the reduction in the Crypto Asset Collateral by daily application of the Investor Fee will be periodically sold to fund the payment of operation fees.

THE AUTHORISED PARTICIPANT'S ROLE

Only Authorised Participants are able to request the Issuer to create or redeem Products to be issued under the Programme, unless through special circumstances noted elsewhere in this document (including the Investors' put option set out in the General Terms and Conditions). Authorised Participants may also act as Market Makers (*i.e.*, buying and selling Products from and to Investors on an over-the-counter basis or via a securities exchange or trading venue). However, not all Market Makers need to be Authorised Participants.

A person or entity can only be considered an Authorised Participant if it is: (a) a securities house or other market professional approved by the Issuer (in its absolute discretion); and (b) an account holder on SIX (a **SIX Member**). An Authorised Participant must also have entered into an Authorised Participant Agreement with the Issuer dealing with, amongst other things, the rights and obligations of the Authorised Participant in relation to applying for and redeeming the Products.

Authorised Participant Agreements have been entered into with the Authorised Participants. See "*Summary of the Parties and the Structure—Principal Transaction Documents—Authorised Participant Agreements*".

The Issuer will use reasonable efforts to ensure that at all times for the duration of the Programme there is at least one Authorised Participant. In the event that at any time there are no Authorised Participants, Investors will be permitted to redeem the securities respectively held by them directly from the Issuer.

It is intended that Authorised Participants will sell Products in the secondary market to Investors who have either directly approached the Authorised Participant(s) or to Investors on a securities exchange or trading venue on which the Products are listed (as applicable) for a purchase price agreed between the Authorised Participant and such Investor(s) in respect of the Products. Investors may sell the Products from time-to-time in the secondary market to third parties or to Authorised Participants.

Authorised Participants

Jane Street

The information in this section (Jane Street) consists only of information published by Jane Street. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by Jane Street, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Jane Street Financial Limited is a limited liability company, incorporated on 13 April 2007 under the laws of England and Wales with company number 06211806 and with its registered office located at Floor 30, 20 Fenchurch Street, London, EC3M 3BY, United Kingdom. Jane Street Financial Limited is a registered dealer authorised and regulated by the U.K. Financial Conduct Authority. Jane Street Financial Limited is a wholly owned subsidiary of Jane Street Group, LLC, a quantitative trading firm, which engages in the trading of a range of financial products, including exchange traded funds, equities, futures, commodities, options, bonds and currencies. Jane Street Group LLC has its registered office located at c/o United Corporate Services, Inc., 874 Walker Road, Suite C, Dover, DE 19904.

Jane Street Financial Limited is a global liquidity provider and market maker. Jane Street Financial Limited is an active participant on electronic security exchanges and is one of the largest exchange traded fund liquidity providers in the world.

Flow Traders B.V.

The information in this section (Flow Traders B.V.) consists only of information published by Flow Traders. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and

is able to ascertain from information published by Flow Traders, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Flow Traders B.V., incorporated on 11 November 1991 and located at Jacob Bontiusplaats 9, 1018LL, Amsterdam, The Netherlands, is a private limited liability company operating under Netherlands law. It is registered with The Netherlands Chambers of Commerce with date of entry on 2 December 1991 and register number 33223268.

According to article 2.2 of Flow Traders B.V.'s articles of association, the objective of its business is trading in financial instruments for its own account and own risk, in a market maker capacity as permitted.

Flow Traders B.V. is part of the Flow Traders Group. Its ultimate parent is Flow Traders N.V., which is listed on Euronext Amsterdam. Flow Traders has APAC and U.S. affiliates.

Lang & Schwarz

The information in this section (Lang & Schwarz) consists only of information published by Lang & Schwarz. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by Lang & Schwarz, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Lang & Schwarz TradeCenter AG & Co. KG, a subsidiary of the Lang & Schwarz AG which is a holding company that was founded on January 19th in 1996, is located on Breite Straße 34, in 40213 Düsseldorf, Germany. The entity is mainly focused on market making of securities such as exchange traded products, equities, mutual funds, fixed income products and derivatives, issued by Lang & Schwarz AG. Its core business is the German market where it is engaged in market making on Börse Stuttgart and solely on the LS Exchange, an electronic trading platform operated by Börse Hamburg since 2016.

Application Process

Products may be issued upon application by an Authorised Participant. There is no minimum number of Products that must be applied for in order to ensure creation. The Issuer will decline applications for Products if it cannot for any reason secure corresponding collateral.

Settlement Process

In-Kind Settlement

Where initiated by an Authorised Participant, the Products generally have an in-kind settlement structure, which is similar to physical settlement in the context of options and futures contracts. For example, Authorised Participants will be required on T+1 Business Day to transfer to the Issuer's relevant accounts with the Custodian a basket of Crypto Assets specified in the order confirmation form. The amount of each Crypto Asset in the basket is equal to the number of units to be created multiplied by the number of the respective Crypto Asset in one product specified in the PCF prepared by the Administrator on T-1 Business Day. The Authorised Participants are also required to pay an application fee at subscription in U.S. Dollars. Alternatively, the Authorised Participant may also pay cash or Bitcoin (BTC) or another eligible crypto currency which is then used to, at the price locked-in at pricing, purchase the amount of each Crypto Asset in the basket equal to the number of units to be created multiplied by the number of the respective Crypto Asset in one product specified in the PCF prepared by the Administrator on T-1 Business Day.

The Issuer will not issue Products to an Authorised Participant until the settlement amount has been allocated to the Issuer's relevant account with the Custodian, and *vice versa* for redemption processes.

The primary benefit of in-kind settlement for Crypto Assets is that it is subject to less execution risk or slippage as the entire activity is measured by the physical amount of the underlying Crypto Assets regardless of the cash value

they represent. The entire process of delivery of the Underlying is also closely monitored by the Custodian and confirmed by the Administrator.

Redemption Process

The redemption process will follow the same flow as above and will settle on a T+1 Business Day basis.

Redemptions by Authorised Participants shall be settled on an in-kind basis unless the Issuer permits such redemption to be settled in accordance with Condition 5.3 (*Cash Settlement*).

See “*Summary of the Parties and the Structure—Redemption Process*”.

Application Fees and Redemption Fees

Application fees and redemption fees will be payable on the creation and redemption of the Products and not by Investors who buy and sell the Products on the secondary market, including the SIX Swiss Exchange. Investors may, however, be subject to other fees imposed by the persons from whom they acquire Products.

Application fees and redemption fees will be collected by the Issuer or any other entity designated by the Issuer for such purpose. The Redemption Amount may also be subject to additional fees related to the transfer of fiat assets.

Creation and Redemption Limits

There are no creation limits on the Products assuming sufficient liquidity in the crypto markets.

Redemption limits are set based on the proportion of assets held in cold storage. As at 15 April 2019, based on The Kingdom Trust Company, Coinbase Custody Trust Company, LLC and Issuer policy, more than 90% of all Crypto Assets is held in cold storage, respectively. As a result, the daily redemption limit of the security is less than 5% of the total issuance value at any given time. The policy regarding cold storage and, accordingly the daily redemption limit, is subject to change.

Additional redemptions may be processed but these require special authorisation and will settle on an elongated T+2 Business Day timeline.

Authorised Participants holding Products

Authorised Participants act as Market-Makers. Consequently, the Authorised Participants will from time hold Products in their own name, respectively. In such regard the Authorised Participants will be treated as Investors. For example, in the event of enforcement and post-enforcement priority of payments pursuant to the provisions in Condition 21 (*ENFORCEMENT AND POST-ENFORCEMENT PRIORITY OF PAYMENTS*) the Authorised Participants will be treated as any other Investors.

AML and Compliance

The Issuer’s primary counterparties for all fiat or crypto related transaction must be Authorised Participants. These institutions are responsible for delivering a basket of Crypto Assets during the creation process. In order to qualify as an Authorised Participant, the institution must be licensed to operate as a broker dealer and market participant on the relevant exchange.

The Issuer’s Authorised Participants are large, reputable institutional investors or banks. All of the Issuer’s Authorised Participants are required to comply with local regulatory requirements, including KYC/AML, in the jurisdiction(s) in which they operate and have robust compliance processes.

INFORMATION ABOUT THE ISSUER

Name, Registered Office, Location

The Issuer is 21Shares AG. Its registered office and address is at Dammstrasse 19, 6300 Zug, Switzerland, and the general telephone number is +41265880849.

Incorporation, Legal Form, Duration, Register Number

21Shares AG was established (at a meeting of its founders) on 20 July 2018 and was incorporated and registered in Zug, Switzerland on 27 July 2018 as a stock corporation (*Aktiengesellschaft*) under article 620 et seq. of the Swiss Code of Obligations for an unlimited duration. As from that day, 21Shares AG is registered in the Commercial Register of the Canton of Zug, Switzerland, under the number CHE-347.562.100. The Issuer's legal entity identifier or 'LEI' is 254900UWHMJRRODS3Z64.

The Issuer's website is available at: <https://21shares.com/>. This website does not form part of this Base Prospectus (other than where information has been explicitly incorporated by reference into this Prospectus).

Purpose

The Issuer has been established as a special purpose vehicle for the purposes of issuing exchange traded products and other financial products linked to the performance of Crypto Assets such as Bitcoin (BTC), Ethereum Ether (ETH), Bitcoin Cash (BCH), Ripple (XRP), Litecoin (LTC), Stellar Lumens (XLM) and EOS (EOS) and indices of Crypto Assets.

According to Article 2 of the Articles of Association of the Issuer dated 14 February 2020:

- 1. The purpose of the Company as a technology and financial company is to issue listed and exchange traded products and services in Switzerland and worldwide.*
- 2. The Company may open branch offices and subsidiaries in Switzerland and abroad and acquire participations in other companies in Switzerland and abroad.*
- 3. The Company may acquire, hold, manage, mortgage, exploit and sell real estate and intellectual property rights in Switzerland and abroad and may fund other companies.*
- 4. The Company may engage in any commercial, financial and other activities which are suitable to favour the purpose of the Company or which are related to its purpose.*

Group

As at 8 May 2020, the Issuer is a fully owned subsidiary of Amun Holdings Limited, CO Services Cayman Limited, PO Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands. The ultimate beneficial owner of Amun Holdings Limited is an individual – Samer Rashwan.

Through its shareholding in the Issuer, Amun Holdings Limited (and indirectly Samer Rashwan) can exercise a material influence over the Issuer. However, in certain respects, the provisions in the Swiss Code of Obligations regarding stock corporations regarding powers and responsibilities of different corporate bodies of the Issuer and regarding protection of creditor's interests, limit the influence of Amun Holdings Limited and Samer Rashwan.

Share Capital

As at the date hereof, the share capital of 21Shares AG amounts to CHF 100,000, divided into 5,000,000 registered shares with a face value of CHF 0.02 each. The shares are paid-up in the amount of 50%.

The share capital has been paid in by way of a contribution in kind. Pursuant to an agreement dated 20 July 2018, the Issuer has received 4,93487781 Bitcoin (BTC) and 40 Ethereum (ETH) in exchange for the 5,000,000 registered shares with a face value of CHF 0.02 each.

The share capital is held in its entirety by Amun Holdings Limited.

No Regulatory Status

21Shares AG is not authorised or subject to prudential supervision by FINMA or any other regulatory authority.

Business

21Shares AG was set up to issue exchange traded products and other financial products linked to the performance of Crypto Assets such as Bitcoin (BTC), Ethereum Ether (ETH), Bitcoin Cash (BCH), Ripple (XRP), Litecoin (LTC), Stellar Lumens (XLM) and EOS (EOS) and indices of Crypto Assets. The Issuer will also engage in other activities related to the issuance of the Exchange Traded Products and the maintenance of the Programme and the creation of new crypto-linked financial products. It does not have other revenue generating business activities.

Business Outlook and Recent Developments

While currently this Programme is the Issuer's only product, the Issuer may expand its product suite to include other financial products catered to crypto investors and the broader crypto market.

The business description contained herein is accurate at the date of this Base Prospectus.

Board of Directors

The Board of Directors is responsible for the management of 21Shares AG's business.

Under Swiss company law, the board of directors has the following non-transferable and inalienable duties:

- (i) overall direction of the company and issuing the necessary directives;
- (ii) determining the way the company is organised;
- (iii) appointing and dismissing the persons entrusted with management and representation and determining the method of signature;
- (iv) ultimate supervision of the persons entrusted with company management;
- (v) organisation of accounting, financial control and financial planning, to the extent that the latter is necessary for management of the company;
- (vi) drawing up the annual report;
- (vii) preparing for the general meeting and executing its decisions, and
- (viii) notifying the judiciary should the company become over-indebted.

The Board of Directors currently comprises three members (including the Chairman), two of which are executive directors.

The following table lists the Board of Directors of 21Shares AG:

Name	Position held
Hany Rashwan	Chairman
Ophelia Snyder	Director
Laurent Kssis	Director

The business address of the directors of 21Shares AG is Dammstrasse 19, 6300 Zug, Switzerland.

Founders

Jura Pentium Limited, International House, 12 Constance Street, London E16 2DQ, a UK private limited company.

Hany Rashwan, Chief Executive Officer and Co-Founder of Jura Pentium Limited

Prior to founding Jura Pentium Limited, Mr. Rashwan built the first in-stream social commerce “buy button” on Facebook and Twitter through his start-up Ribbon in 2012, a product that was used by thousands of merchants including retailers such as Target Corporation. He most recently started and founded Payout, whose payouts, disbursements, and compliance APIs were used by top online lenders. Payout was successfully sold to a payroll company in the second quarter of 2017.

Mr. Rashwan holds a Bachelor’s in History from Columbia University, magna cum laude, with great distinction.

Ophelia Snyder, Chief Product Officer and Co-Founder of Jura Pentium Limited

Ms. Snyder has worked in a number of positions in the finance industry, including at UBS and Evercore, as a technology, media and telecommunications investment banker, and at The Westly Group, as a venture capitalist. In addition, she spent several years in the entertainment industry in communications and fundraising for documentaries, including Emmy-award winning “Mission Blue”.

Ms. Snyder holds a Bachelor of Science from Stanford University and an MBA from New York University Stern School of Business.

Conflict of interests

Key personnel in the Issuer, or Jura Pentium Limited, including the respective directors and equity owners thereof, each has certain exposure to the broader cryptocurrency market, which may represent a significant portion of their individual net worth or of their institutional investment pool. Such persons or entities are under no obligation to disclose their holdings, changes in the value of their holdings, any trading activity in those holdings or which Underlyings or Underlying Components they transact in.

In addition, the Issuer or Jura Pentium Limited may transact in Crypto Assets on its own account, including in relationship to the payment of management fees.

The Issuer and its affiliates (which directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Issuer) may hold, retain, buy or sell Products, the Underlying or the

Underlying Components (each, as defined in the General Terms and Conditions) at any time. See “*Risk Factors—Risk Factors Relating to the Issuer—Potential Conflicts of Interest*”. They may also enter into transactions relating to or derivative of Products, in such amounts, with such purchasers and/or counterparties and at such prices (including at different prices) and on such terms as any such entity may determine, be it as part of its business and/or any hedging transactions as described in this Base Prospectus or for any other reason. There is no obligation upon the Issuer to sell all of the Products of any issue. The Products of any issue may be offered or sold in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, subject as provided above.

Save as set out in the preceding paragraphs, none of the members of the Board of Directors has a private interest or other duties resulting from their directorship of other companies, enterprises, undertakings or otherwise, that may be in conflict with the interests of the Issuer.

Statutory Auditors

The following firm has been appointed for the purpose of auditing the Issuer’s financial statements:

Copartner Revision AG, St. Alban-Anlage 46, 4052 Basel, Switzerland (the **Auditor**). The Auditor is a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary.

The Issuer’s annual report for the period ended 31 December 2019 has been audited by the Auditor. The information in this Base Prospectus has not been audited or reviewed by the Auditor.

Publications

According to its articles of association, currently dated 14 February 2020, 21Shares AG will publish its statutory publications in the Swiss Official Gazette of Commence (*Schweizerisches Handelsamtsblatt*). Notices to shareholders are given by publication in the Swiss Official Gazette of Commence.

Financial Statements

The financial year of the Issuer ends on 31 December of each year. The Issuer prepares annual financial statements in accordance with the Swiss Code of Obligations and International Financial Reporting Standards (IFRS).

As and when available, the Issuer’s annual and interim financial statements are made available at the Issuer’s website (<https://21shares.com/ir#financials>).

The audited IFRS financial statements for the period from the Issuer’s incorporation on 27 July 2018 to 31 December 2018, the unaudited interim IFRS financial statements for the period ended 30 June 2019, the audited IFRS financial statement for the period 1 January 2019 to December 31 2019 and the unaudited interim IFRS financial statements for the period ended 30 June 2020 are incorporated by reference into this Base Prospectus (see section “*Incorporation by Reference*”). The financial statements for the period ending on 31 December 2019 were given an unqualified auditor’s opinion by the Auditor.

Material contracts not entered into in the ordinary course of business

On 8 May 2019, the Issuer entered into a subordination agreement with its sole shareholder Jura Pentium Limited, whereby the latter agreed to subordinate loans granted to the Issuer. Jura Pentium Limited has assumed and assumes all past, present and future liabilities of the Issuer other than as a result of, or arising under, any ETP issued by the Issuer in order to keep it solvent.

Dividends

The Issuer has not paid any dividends since its foundation and incorporation.

PROGRAMME INDICES

The information in this section (Programme Indices) consists only of information provided to the Issuer by Jura Pentium Limited and MVIS. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by Jura Pentium Limited and MVIS, no facts have been omitted which would render such reproduced information inaccurate or misleading. The information below is subject to change. The current index guide at any time will be available on <https://www.mvis-indices.com/indices/customised> or <https://21shares.com/ir#index-guide>. No information from the Issuer's website or any other website listed herein is incorporated by reference into this Base Prospectus. For the purposes of this section (Programme Indices) only, the term "calculation agent" means CryptoCompare (as defined below) or any other calculation agent appointed by MVIS.

The 21Shares Index

The aim of the 21Shares Crypto Basket Index (**ACB, HODL 5** or the **21Shares Index**) is to track the financial performance of the top and most liquid crypto-assets, as well as to provide a professional benchmark for the broader Crypto Asset class. Due to the fact that the crypto market is relatively new, the health of the 21Shares Index will be evaluated on an ongoing basis every quarter by the 21Shares Index Committee.

The 21Shares Index is owned by Jura Pentium Limited. Jura Pentium Limited has selected an index administrator, MV Index Solutions GmbH (**MVIS**) to maintain the 21Shares Index. MVIS is a third party service provider and is not related to the Issuer or Jura Pentium Limited. MVIS is the administrator of the 21Shares Index for the purposes of the Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (**Benchmark Regulation**). MVIS is included in the register referred to in Article 36 of the Benchmark Regulation and consequently the 21Shares Index is provided by an administrator included in said register.

The 21Shares Index is calculated with the constituent prices converted to U.S. Dollars, on a daily basis between 00:00 and 24:00 (CET/CEST seasonally). Dissemination is conducted in U.S. Dollars. Real-time index values are calculated with the latest available CCCAGGPrice Index prices each 15 seconds. The closing values are calculated at 17:00:00 CET/CEST with fixed 17:00 CET/CEST exchange rates.

The 21Shares Index has the following identifiers:

Index Type	ISIN	SEDOL	WKN	Bloomberg	Reuters
Price Return Index	DE000SLA6E78	BGMJ4K4	BGMJ4K4	HODL5	HODL5

The 21Shares Index was launched on 6 September 2018, with a base index value of 100.00 as at 31 December 2016.

Review Schedule

The 21Shares Index is rebalanced monthly (the **Monthly Rebalance Date**), subject to public holidays. A detailed index review schedule is published by MVIS on its website (<https://www.mvis-indices.com/periodic-index-reviews>). Neither this website, nor any part of it, is incorporated by reference in this Base Prospectus.

The reviews for the 21Shares Index are based on the closing data (adjusted for the reviewed amount outstanding) on the fifth but last business day in that month. If a security does not trade on a business day, then the last available price for this security will be used.

A “**business day**” means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in Frankfurt.

Adjustments to constituents will be announced four business days prior to the first business day of the next month at 23:00 CET/CEST time.

The Index is rebalanced at 17:00:00 (CET/CEST) of the last trading day in each month (subject to public holidays).

For each component price, the respective CCCAGG Price Index by CryptoCompare (www.cryptocompare.com) is used. CCCAGG is a weighted average of the latest available trading price at each exchange.

Monthly Review

Index Universe

The 21Shares Index universe includes all crypto currencies traded on the exchanges covered by the CCCAGG pricing provided by Crypto Coin Comparison Ltd. (**CryptoCompare**).

Eligible Index Universe

The 21Shares Index does not include Crypto Assets that:

- are tied to a fiat currency or a commodity such as gold or diamonds;
- are ongoing ICOs;
- have been newly created in the last twelve months, other than forks of existing assets (see “—*Ongoing Maintenance—Changes due to Forks*” below);
- are designed to be anonymous or private;
- do not trade on an eligible exchange;
- trade less than 33% of three-month circulating supply;
- trade up to U.S.\$25 million of daily volume over past thirty days;
- have market capitalisation below U.S.\$1 billion over past thirty days;
- are not accepted as underlying assets by the Swiss legal and regulatory bodies;
- are not accepted by the SIX Swiss Exchange as an underlying;
- are without a reliable multi-signature hardware wallet solution;
- do not trade against a common fiat currency, *i.e.*, U.S. Dollars or Euros; and
- do not publish transparently (English website).

Index Selection

The assets and tokens fulfilling the universe criteria above are ranked by their forecasted 2050 market capitalisation (based on current price and forecasted supply) in descending order.

The top three digital assets qualify for selection.

The remaining two components are selected from the highest ranked remaining index components ranked between four and seven.

If the number of selected components is still below five, then the highest ranked digital assets are selected until the number of components equals five.

Weighting Scheme

The 21Shares Index uses cap-factors to guarantee diversification and avoid over-/underweighting. Index weightings are reviewed on a monthly basis, based on the forecasted 2050 market capitalisation (based on current price and forecasted supply). The cap ensures diversification by assigning weights to components which cannot exceed 50% but still ensures higher weights for larger components. All components are ranked by their market capitalisation.

The maximum weight for any component is 50%. If a constituent exceeds the maximum weight, the weight will be reduced to the maximum weight and the excess weight shall be redistributed proportionally across all other index components. This process is repeated until no component has a weight exceeding the respective maximum weight.

Afterwards, a floor is applied to small components. The minimum weight for any component is 3%. If a constituent is less than the minimum weight, the weight will be raised to the minimum weight and the additional weight shall be removed proportionally from all other index components after the cap has been applied. This process is repeated until no components have weights less than the minimum weight.

To determine the weighting factors, an average of the closing prices of the last 10 previous trading days prior to the rebalance date is used.

Ongoing Maintenance

Changes in Amount Outstanding

Changes in the amount outstanding will not be adjusted during the month, but with the next monthly review.

Changes due to Forks

A hard fork occurs when a blockchain protocol is radically changed, such that it becomes incompatible with older versions. In effect, participants taking part in transactions on the old blockchain must upgrade to the new one in order to continue validating transactions. However, participants that do not upgrade may continue to support and validate transactions on the older blockchain protocol separately. The result of this is that a blockchain splits into two. If there are nodes permanently supporting the new chain, then the two chains will co-exist. Users that once held digital assets on an older blockchain before the protocol change at a pre-specified blockchain length will now also hold an amount of new coins on the altered blockchain. This new asset has essentially been derived from an older token, as well as its associated blockchain's transaction history. If a forked asset will be included in the 21Shares Crypto Basket Index, an announcement will be made on the Index Sponsor's website indicating that the fork meets the established criteria. Unless such an announcement is made informing the market of such participation, the newly-forked asset should be considered ineligible. Given the nature of forks and the frequency of forks, neither MVIS nor the Index Sponsor expects to assess every fork event. Only fork events deemed material will be considered for evaluation. Evaluation criteria will include, *inter alia*, whether the newly-forked asset has:

- a reliable wallet solution with a qualified custodian;
- sufficient liquidity the day of the fork; and

- been forked from a current component.

The assessment of whether to include a forked asset or not is based on a specific point-in-time set of criteria prior to the fork day. The newly-forked asset may meet the eligibility criteria at a later date. This change in status does not constitute a reversal of the previous assessment.

Supported forks will be held as part of the index until the following rebalance. Prior to the rebalance, the index may contain more than five elements. At the time of rebalancing, the full eligibility criteria, index selection criteria and weighting scheme will be applied. This may result in the removal of the asset from the index allocation.

Forked assets or derivations may be added to the index the eligibility criteria described above, subject to the additional criterion such forked assets or derivations have to have been in existence for twelve months.

This rule also applies to soft forks which result in two different assets.

Changes to Pricing

In case an exchange is added to CCCAGG or removed from it, the index divisor will not be adjusted.

Trade Suspensions and Market Distortions

There are certain circumstances which might require extra-ordinary adjustments to the 21Shares Index. These circumstances include, but are not limited to:

- Longer or recurring outages of an exchange;
- Misconduct of an exchange or with a Crypto Asset or token has been noticed;
- Sharp decline in trading volumes of certain Crypto Assets or tokens, certain exchanges or even larger areas of the crypto market in general;
- Implementation of investment restrictions for international investors in certain countries or for certain exchanges; or
- A Crypto Asset or token does not trade any more permanently or for an extended period of time.

For all events that result in a deletion from the 21Shares Index, the deleted component will be replaced with the highest ranked non-component at the latest review. The replacement will be added with the same weight as the deleted component; the index divisor will not be adjusted.

Index Corrections

Index corrections distinguish between calculation errors and incorrect input data.

Calculation errors detected within a trading day are corrected immediately. Intraday tick data are not corrected retrospectively.

Calculation errors that are older or based on erroneous input data are corrected if technically possible and economically viable. If significant differences exist, index values can also be corrected retrospectively.

Review of 21Shares Index Concept

Due to a very dynamic market of Crypto Assets and tokens the index methodology, parameters and thresholds will be reviewed at least once a year. Market participants' feedback is being considered in the process whether or

not to make amendments to the methodology and the data sourcing process. Any changes will be communicated by Jura Pentium Limited and MVIS with a 60 day lead time to enable customers to adjust their processes.

Changes to the 21Shares Index Guide

Any changes to the 21Shares Index Guide, of which this is a summary, will be reviewed and approved by Jura Pentium Limited and MVIS's Legal and Compliance Department. MVIS's Legal and Compliance Department may also request a description and further information about any proposed change and may consult MVIS's Operations Department on such changes. The key elements that will be considered by MVIS's Legal and Compliance Team in this phase of the change process include robustness, transparency, reliability and integrity of the Index Guide following such change. The result of the review will be communicated to MVIS's Operations Department, which will archive the result of the review.

Changes that might immediately alter the composition of an index or that are otherwise material also need to be approved by MVIS's independent oversight function (**IOF**) prior to their publication and implementation.

In case of material changes, an advance notice will be published and provided to users. MVIS will generally disseminate a notification related to an Index Guide change 60 days prior to the change. A shorter period of time may be applied at MVIS's discretion if the relevant index has not received necessary licenses. The notice will describe a clear time frame that gives the opportunity to analyse and comment upon the impact of such proposed material change. Any material comments received in relation to the Index Guide change and MVIS's response to those comments will be made publicly accessible after any consultation, except where confidentiality has been requested by the originator of the comments.

Discretion regarding the Use of Input Data

In cases where (i) input data are or appear to be qualitatively inferior, (ii) different sources provide different data or (iii) a situation is not covered by the index rules, MVIS may use or change the data at its own discretion after a review. Such review may take into consideration liquidity and size data, event information or other secondary data.

Any changes to input data that MVIS intends to apply because of missing data, different data from different sources or other information concluding the inappropriateness or incorrectness of data will be subject to MVIS's reasonable discretion. The decision on any change must be required, appropriate, commensurable and in line with the respective index's scope and objective and must also reasonably consider in a balanced weight the interest of users, investors in related products and the integrity of the market.

Index operations aims to ensure consistency in its use of discretion. Employees involved in the operations team must have demonstrated the required experience and skills. Significant decisions are subject to sign-off by a supervisor. In cases where material changes are proposed to be made to the data, the change will be analysed in detail before being presented to, discussed with, and reviewed by, the IOF.

The broad range of possible data quality problems does not permit MVIS to define specific steps for each possible problem, although MVIS weights the different interests of index users and other parties involved, as well as the integrity of the market, in order to determine the least disadvantageous measure that also takes into account the relevant interests.

In order to avoid individual decisions on the use of data, an update of the index rules can be taken into consideration, if applicable. Other possible mitigation measures include the change of input data sources or providers and/or own data research where possible and reasonable.

MVIS keeps a record of all of its material judgements or exercises of discretion, including the reasoning behind such judgement or exercise of discretion.

Contributor Selection

The following requirements shall apply with regard to (i) the input data used for index management and (ii) the relevant input data providers (**Contributors**):

- the input data shall be sufficient to represent accurately and reliably the market or economic reality that the benchmark is intended to measure;
- the input data shall be transaction data, if available and appropriate. If transaction data is insufficient or unable to accurately and reliability represent the market or economic reality such index is intended to measure, index data which is not transaction data may be used, including estimated prices, quotes and committed quotes, or other values;
- the input data shall be verifiable;
- clear guidelines regarding the types of input data, the priority of use of the different types of input data and the exercise of expert judgement in order to ensure compliance with the Index Guide and index methodology, which are defined in MVIS's "Code of Conduct for Contributors"; and
- where an index is based on input data from Contributors, MVIS will obtain, where appropriate, input data from a reliable and representative panel or sample of Contributors so as to ensure that the resulting index is reliable and representative of the market or economic reality that such index is intended to measure.

In order to control the quality of Contributors, MVIS:

- evaluates market share, reputation, quality and cost of possible input data sources and providers before selecting a Contributor; and
- compares the input data of one Contributor with the input data from one or more other Contributors in order to ensure the integrity and accuracy of the input data and, based on these results, may replace a Contributor with bad-quality input data.

MVIS will not use input data from a Contributor if it has evidence that such Contributor does not adhere to its "Code of Conduct for Contributors" and, in such a case, MVIS will instead obtain representative publicly-available data.

Calculation

Index Formula

The 21Shares Index is calculated using Laspeyres' formula:

$$\text{Underlying Index} = \frac{\sum_{i=1}^n p_i * q_i * c_{fi} * f_{xi}}{D} = \frac{M}{D}$$

Where (for all tokens (i) in the Index):

p_i = price,

q_i = amount outstanding,

c_{fi} = weighting cap/floor factor (if applicable, otherwise set to 1),

f_{xi} = exchange rate (index currency to USD),

M = market capitalisation of the index,

D = divisor.

Input Data

The following rounding procedures are used for the index calculation:

- Rounding to 2 decimal places: index values;
- Rounding to 6 decimal places: divisors (D),
- Rounding to 18 decimal places: prices (pi), exchange rates (fxi) and weighting cap/floor factors (cfi).

Divisor Adjustments

Index maintenance—reflecting changes in amount outstanding, events, addition or deletion of tokens to the 21Shares Index—should not change the level of the 21Shares Index. This is accomplished with an adjustment to the divisor.

Any change to the tokens in the 21Shares Index that alters the total market value of the index while holding token prices constant will require a divisor adjustment.

The 21Shares Index is calculated by deducting an annual fee of 2.5% from the underlying index performance. This is done by applying a divisor increase from the closing value:

$$Divisor_{close} = Divisor_{open} * \frac{1}{1 - \frac{2.5\%}{365}}$$

$$Divisor_{open} = Divisor_{close} * \frac{\sum_{i=1}^n p_i * q_i * cfi * fxi \pm \Delta MC}{\sum_{i=1}^n p_i * q_i * cfi * fxi}$$

ΔMC = Difference between closing and adjusted closing market capitalisation of the index.

Data Correction and Disruptions

MVIS will usually receive information about errors or disruption from a calculation agent, index owner, client or internal systems department, as well as by monitoring the respective output.

Incorrect or missing input data will be corrected immediately, as follows:

- the error is immediately communicated to the calculation agent, if applicable;
- the calculation agent will be asked to investigate the reason for the error;
- an email is sent to all affected clients to inform them about the error, which will include the reason for the issue and an estimate of when the issue will be solved;
- MVIS recalculates any missing end-of-day data points and disseminates these to vendors and clients.

In case of a material error:

- MVIS's Legal and Compliance Department will check the relevant agreements to determine the liability of the calculation agent;
- if MVIS identifies any conduct that may involve manipulation or attempted manipulation of an index by a calculation agent, MVIS will report this conduct to the appropriate regulator; and
- where possible and economically reasonable, MVIS will try use another calculation agent.

Investigations and communications regarding disruption with calculation agents will be handled by MVIS's Compliance Department and by its senior management. If a disruptions in calculation or dissemination is identified:

- the disruption is immediately communicated to the calculation/dissemination agent, if applicable;
- the calculation/dissemination agent is asked to investigate the reason for the disruption;
- an email is sent to all affected clients to inform them about the disruption, which includes the reason for the issue and an estimate on when the issue will be solved.
- MVIS instructs the calculation agent to make all efforts to restart index calculation;
- MVIS instructs the dissemination agent to make all efforts to restart index dissemination;
- MVIS recalculates any missing end-of-day data points and disseminates these to vendors and clients;
- MVIS's Legal and Compliance Department checks the relevant agreements to determine the liability of the calculation/dissemination agent;
- if MVIS identifies any conduct that may involve manipulation or attempted manipulation of an index by calculation/dissemination agent, MVIS will report this to the appropriate regulator; and
- where possible and economically reasonable, MVIS will try use another calculation and/or dissemination agent.

Other Indices

The Issuer may elect to use other indices (other than the 21Shares Index), which shall be specified in the relevant Final Terms.

A description of such additional index will be set out in the Final Terms issued in respect of the issue of the Products related to such additional index or in a supplement to this Base Prospectus.

Additional Disclaimers Applicable to Products where the 21Shares Index is the Underlying

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GENERAL DESCRIPTION OF CERTAIN UNDERLYINGS OR UNDERLYING COMPONENTS

*The following is a summary description of certain Underlyings or Underlying Components intended to be used in respect of certain Products issued by the Issuer under the Programme. Investment decisions should **not** be made solely on the basis of this summary description. It is the responsibility of Investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, regulatory, accounting and other business evaluation of the merits and risks of investing in Products issued under the Programme, including with respect to the Underlyings or Underlying Components.*

The information in this section (General Description of Certain Underlyings or Underlying Components) consists only of extracts from, or summaries of, publicly available information (including on Bitcoin.org, Stellar.org, Ethereum.org, BitcoinCash.org, Litecoin.org, Block.one, and Ripple.com). Such publicly available information was not prepared in connection with the offering of the Products. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by each of the relevant sources, no facts have been omitted which would render such reproduced information inaccurate or misleading.

The Development of Blockchain Technology

Following the launch of Bitcoin, there have been a growing number of other blockchains, which have been developed for a range of purposes from file storage to payments. Most but not all Crypto Assets are based on the original code of either the Bitcoin or the Ethereum blockchain.

Bitcoin was the first blockchain ever developed. In 2008, Satoshi Nakamoto, a pseudonym for an individual (or possibly a group of individuals), published a research paper describing a new digital currency called Bitcoin. Shortly thereafter, in 2009, this individual mined the first 50 Bitcoins, known as the genesis block. To date, no individual or group has been reliably identified as the creator of the Bitcoin Network and these creators disappeared shortly after the mining of the genesis block.

Initially, the network was formed by a small group of initial participants and only began to gain traction after the first year of operations. It has since evolved into a vast peer to peer payments network with no centralised authority. Today the Bitcoin Network is maintained by a growing number of miners, developers, Wallet Providers, software companies, and account holders. Since Bitcoin is, at its core, an open source project, there is no official organisation or authority that governs the codebase (a computer programme). However, there are a number of groups who unofficially promote and maintain the network.

Ethereum was created later and initially released on in 2015, based on an initial description of the project by programmer Vitalik Buterin in 2013. Bitcoin lacks a scripting language and is therefore considered by some to be an imperfect platform for writing decentralised applications. After failing to add scripting to Bitcoin, Ethereum was built as a platform for this application development capability and was initially funded through a crowd sale where participants bought the currency Ether (ETH) with Bitcoin (BTC) in 2014. Ethereum has been used as a platform powering numerous decentralised applications, smart contracts, and initial coin offerings.

Since the code behind Bitcoin is open-source, companies and individuals are able to use its codebase to create a new project, in what is called a fork. This has happened multiple times with numerous recorded Bitcoin forks. There were two major Bitcoin forks and both are represented in the original and initial version of the 21Shares HODL5 Crypto Index.

- In 2011, Charlie Lee changed three key parameters of the Bitcoin code – increasing the total supply of the currency to 84 million Litecoins (LTC) from Bitcoin's 21 million, reducing target block confirmation time to 2.5 minutes, and implementing an ASIC (application-specific integrated circuit)-resistant memory-hard Proof of Work algorithm (which reduced the risk of centralised mining) – creating Litecoin.

- In 2017, a group of Bitcoin developers forked Bitcoin, this time creating a replica of the blockchain (a **hard fork**), in an attempt to resolve perceived problems with Bitcoin's scalability, as transaction times were taking a long time, making the currency unattractive for small transactions. This new currency was called Bitcoin Cash and is mostly distinguished by a block size limit of 8 megabytes (as opposed to Bitcoin's 1 megabyte) as well as a difficulty adjustment algorithm. The block rewards, target block time, and supply limit are identical to Bitcoin, 12.5, 10 minutes, and 21 million respectively.

Ripple refers to both an open payments network and the crypto currency (also referred to as XRP) associated with it. In this way, Ripple is all of a real-time gross settlement system (RTGS), currency exchange, remittance network, and crypto currency. The Ripple protocol is built on top of an open source and distributed consensus ledger (a blockchain) using the decentralised digital currency XRP. While this was created and is today maintained by Ripple Labs Inc., an American corporation, the network can operate without Ripple Labs Inc. XRP is an example of a pre-mined digital asset.

While, for example, Bitcoin is a mined digital asset, XRP is pre-mined in the sense that every single unit of the currency that will ever exist has already been created at the beginning of the network with a grand total of one hundred billion XRP. Most are owned by Ripple (55 billion of which was placed in escrow for supply predictability, so that the maximum supply that can enter the market can be mathematically verified and the rest held by companies and individuals). Ripple also is much faster than Bitcoin in terms of transaction speeds: 3 seconds for Ripple; 20 minutes to an hour for Bitcoin. It is also much cheaper than Bitcoin: A transaction costs about USD 0.004 on RippleNet versus about USD 40 on Bitcoin network.

Banks, payment providers and digital asset exchanges process and provide liquidity for payments on RippleNet, creating new, competitive cross-border payments services for their customers. XRP has significant support from major global financial institutions in 75 countries including: Santander, Royal Bank of Canada, MUFG, BMO, Standard Chartered, Credit Agricole, BBVA, Unicredit and American Express.

Other blockchains: There are a number of different blockchains, including the ones that powers Bitcoin, Ethereum, Ripple, Monero, and others. These chains may be more centralised and may not feature all of the characteristics described above. New chains may be created at any time, which may differ significantly in terms of their underlying technology.

Mining

As more participants join or leave the network and the number of transactions rises, the network itself cannot verify and confirm transactions anymore, which would result in an information gap in the transaction chain and thus undermine the idea of the network. In order to solve this problem, the blockchain codebase provides for blocks of a given size (e.g., Bitcoin's 1 megabyte) and allocates a computationally complex numeric problem (a "hash", which is a 64-digit hexadecimal number) to each block. The mining process involves compiling recent transactions (which vary in size) into the blocks and trying to solve the numeric problem, once the block reaches its fixed size. Solving the numeric problem requires great computing power. For that matter, it is the computing power that gives legitimacy to the information chain of the transactions and thus stability to the cryptocurrency. The miner who first solves the numeric problem gets to place the next block on the blockchain and claim the rewards for successfully completing a block and confirming the transactions contained in the block. Therefore, mining is the process by which transactions are verified and confirmed, reaching consensus in the network (**distributed consensus**), and, as a result of this agreement, displayed on the public ledger, which is the blockchain, and also the means through which new coins are released into circulation, meaning that new coins are constantly created by huge datacentres processing complex numeric problems, or "proof of work".

The rewards incentivise mining. Rewards may be both transaction fees associated with the transactions compiled in the block as well as newly released coins (provided for in the blockchain codebase). Cryptocurrency miners earn cryptocurrencies by confirming transactions and reaching consensus as a compensation for their computing power.

Furthermore, mining can also give “voting power” when changes are proposed in the blockchain codebase. In other words, a successful miner has influence on the decision-making process on such matters as forking.

Pre-mined Crypto Asset (e.g., Ripple), on the other hand, means that (unlike e.g., Bitcoin or Ethereum) there are no miners that validate transactions in exchange for transaction fees and newly created units. All of the units that will ever be created are already in existence. Therefore, a pre-mine is where a developer allocates a certain limited amount of currency credit to a particular address before releasing the source code to the open community.

Pre-mined Crypto Assets are placed in a cryptographically-secured escrow account to create certainty of supply at any given time. By securing the Crypto Assets in escrow, it is possible to mathematically verify the maximum supply that can enter the market. This lockup eliminates the concern of flooding the market. Escrow allows a sender of Crypto Assets to put conditions on exactly when a payment can be completed, so the payment remains cryptographically locked until the due date.

Due to the absence of the complex mining process, transactions in pre-mined Crypto Assets are also much faster.

Uses of Crypto Assets

The use cases of Crypto Assets can include:

- Data on the global market;
- Exchange market;
- Goods and Services; and/or
- Peer to Peer Transactions;

From a Swiss regulatory perspective, FINMA has published guidelines regarding the regulatory framework for Crypto Assets. FINMA has identified three different token categories:

- **Payment tokens:** Payment tokens (synonymous with cryptocurrencies) are tokens which are intended to be used, now or in the future, as a means of payment for acquiring goods or services or as a means of money or value transfer. Cryptocurrencies give rise to no claims on their issuer.
- **Utility tokens:** Utility tokens are tokens, which are intended to provide access digitally to an application or service by means of a blockchain-based infrastructure.
- **Asset tokens:** Asset tokens represent assets such as a debt or equity claim on the issuer. Asset tokens promise, for example, a share in future company earnings or future capital flows. In terms of their economic function, therefore, these tokens are analogous to equities, bonds or derivatives. Tokens which enable physical assets to be traded on the blockchain also fall into this category.

The individual token classifications are not mutually exclusive. Asset and utility tokens can also be classified as payment tokens (referred to as hybrid tokens). In these cases, the tokens are deemed to be both securities and means of payment (as defined below).

If FINMA comes to the conclusion that the tokens constitute securities in the sense of the Financial Market Infrastructure Act (**FMIA**), they fall under securities regulation. Under the Swiss Stock Exchange Act (**SESTA**), book-entry of self-issued uncertificated securities currently is essentially unregulated, even if the uncertificated securities in question qualify as securities within the meaning of the FMIA. The same applies to the public offering of certain securities to third parties. The creation and issuance of derivative products as defined by FMIA to the public on the primary market is, however, regulated (see Article 3 para. 3 of the Swiss Stock Exchange Ordinance

(**SESTO**)). Underwriting and offering tokens constituting securities of third parties publicly on the primary market, is, if conducted in a professional capacity, a licensed activity (Article 3 para. 2 SESTO).

The issuing of tokens that are analogous to equities or bonds can also result in prospectus requirements under the Swiss Code of Obligations (**CO**). According to the Swiss Financial Services Act (**FinSA**) (not yet in force) prospectus requirements will become part of supervisory law (Article 37 FinSA). The CO provides, and FinSA will provide, for a number of different exceptions and exemptions.

The issuing of tokens is not generally associated with claims for repayment and such tokens do not therefore fall within the definition of a deposit in the sense of the Swiss Banking Act (**BA**). To this extent there is no requirement to obtain a banking license because of such an activity. If, however, there are liabilities with debt capital character (e.g. promises to return capital with a guaranteed return), the funds raised are treated as deposits and there is a requirement under the BA to obtain a license unless exceptions apply.

The provisions of the CISA are relevant only if the funds accepted in the context of an issuance of tokens are managed by third parties.

The issuing of payment tokens constitutes the issuing of a means of payment subject to anti-money laundering regulation (*i.e.*, the Swiss Anti-Money Laundering Act (**AMLA**)) as long as the tokens can be transferred technically on a blockchain infrastructure. This may be the case at the time of the issuance of tokens or only at a later date.

In the case of utility tokens, anti-money laundering regulation is not applicable as long as the main reason for issuing the tokens is to provide access rights to a non-financial application of blockchain technology (see Article 2 para. 2 let. a no. 3 Anti-Money Laundering Ordinance, FINMA Circular 11/1 “Financial intermediation under AMLA” margin no. 13 *et seq.*).

The Issuer complies with all applicable AMLA requirements and has established in-house procedures to monitor such compliance on an on-going basis for all partners and service providers, including but not limited to Authorised Participants, Custodians, Wallet Providers and exchanges.

Under current FINMA practice, the exchange of a cryptocurrency for fiat money or a different cryptocurrency falls under the AMLA. The same applies to the offering of services to transfer tokens if the service provider maintains the private key (custody Wallet Provider).

Safety & Security: How are Crypto Assets stored?

After purchase, Crypto Assets regularly are stored in a “digital wallet” on a computer, laptop or smartphone. Digital wallets, similar to a bank account, identify the participant and allow transactions. These digital wallets are usually protected by a private key or password. Digital wallets also usually have a public key and a private key or a password, which allows access and thus authority to dispose of the Crypto Assets.

Exchanges and Liquidity

There are several trading venues for Crypto Assets. See below the list of exchanges meeting the criteria of the 21Shares HODL5 Crypto Index, by currency. This list is not exhaustive but gives a sense of the range of available options. All of these exchanges meet the following criteria: (a) the cryptocurrencies can be traded against fiat currencies, (b) there is transparency by the publication of prices, and (c) the trading venue has an “application programming interface” and the website is in the English language at least.

- Bitcoin: Coinbase Pro, Bitstamp, Kraken, Gemini
- Ethereum: Coinbase Pro, Bitstamp, Kraken, Gemini
- Ripple: Bitstamp, Kraken, Korbit

- Bitcoin Cash: Coinbase Pro, Bitstamp, Kraken, Bithumb, Korbit
- Litecoin: Coinbase Pro, Bithumb, Bitstamp

Information on past performance is available on any of these company websites (among others) free of charge:

- [Pro.Coinbase.com](https://pro.coinbase.com)
- [Bitstamp.com](https://bitstamp.com)
- [Kraken.com](https://kraken.com)
- [Coinbase.com](https://coinbase.com)
- [CoinMarketCap.com](https://coinmarketcap.com)
- [CryptoCompare.com](https://cryptocompare.com).

The Issuer does not take responsibility for the contents of these websites, nor are they incorporated by reference herein.

OFFERING AND SALE

Only Authorised Participants may subscribe for Products from the Issuer, acting as principals in respect of such subscriptions.

General

This Base Prospectus has been prepared on a basis that permits offers that are not made within an exemption from the requirement to publish a prospectus under Article 1(4) of the Prospectus Regulation (**Non-Exempt Offers**) in Sweden and any EEA Member State to which the approval of this Base Prospectus is notified by the SFSA in accordance with the Prospectus Regulation (each, a **Non-Exempt Offer Jurisdiction** and, together, the **Non-Exempt Offer Jurisdictions**). Any person making or intending to make a Non-Exempt Offer of Products on the basis of this Base Prospectus must do so only with the Issuer's consent, as described below.

In the context of any Non-Exempt Offer of Products, the Issuer accepts responsibility, in each of the Non-Exempt Offer Jurisdictions, for the content of this Base Prospectus in relation to any person (each, an **Investor**) who purchases any Products in a Non-Exempt Offer made by an Authorised Participant or another person that is an Authorised Offeror (as defined below), where that offer is made during the offer period specified in the relevant Final Terms (the **Offer Period**).

Consent to use this Base Prospectus

Except in the circumstances described below, the Issuer has not authorised the making of any offer by any offeror, and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any offer of the Products in any jurisdiction.

Any offer made without the consent of the Issuer is unauthorised and the Issuer does not accept any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Non-Exempt Offer, an Investor is offered Products by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purpose of the relevant Non-Exempt Offer and, if so, who that person is. If an Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

The Issuer consents to the use of this Base Prospectus (as supplemented at the relevant time, if applicable) in connection with any Non-Exempt Offer of a Product in the Non-Exempt Offer Jurisdictions specified in the relevant Final Terms during the Offer Period by or to each of the following financial intermediaries (each, an **Authorised Offeror**):

- each Authorised Participant which either:
 - is expressly named as an Authorised Offeror in the Final Terms; or
 - is expressly named as an Authorised Participant on the Issuer's website: <https://21shares.com/ir#authorised-participants> (in which case, its name and address will be published on the Issuer's website).

The consent referred to above relates to Offer Periods occurring within 12 months from the date of approval of this Base Prospectus.

New information with respect to any financial intermediaries acting as Authorised Offerors that are unknown at the time of the approval of the Base Prospectus will be published on the Issuer's website.

The Issuer accepts responsibility for the content of this Base Prospectus also with respect to the subsequent resale or final placement of securities by any financial intermediary which was given consent to use this Base Prospectus.

Arrangements between an Investor and the Authorised Offeror who will distribute the Products

The Issuer has and accepts no responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

In the event of an offer being made by a financial intermediary, the financial intermediary will provide the information to investors on the terms and conditions of the offer at the time the offer is made.

An Investor intending to acquire or acquiring any Products from an Authorised Offeror will do so, and offers and sales of the Products to such Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between that Authorised Offeror and such Investor including as to price, allocations and settlement arrangements (the Terms and Conditions of the Non-Exempt Offer). The Issuer will not be a party to any such arrangements with such Investor, and, accordingly, this Base Prospectus does not contain such information. The Terms and Conditions of the Non-Exempt Offer shall be provided to such Investor by that Authorised Offeror at the time the offer is made. None of the Issuer or, for the avoidance of doubt, any other Authorised Offeror has any responsibility or liability for such information.

Selling Restrictions

General

This selling restrictions may be modified by the agreement of the Issuer and the Authorised Participants following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of the Products to which it relates or in a supplement to this Base Prospectus.

None of the Issuer or any Authorised Participant represents that the Products any at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Save for the approval of this Base Prospectus by the SFSA, which allows for a public offering of the Products and/or admission to trading on a regulated market in Sweden, and any notification of the approval to other EEA Member States in accordance with the Prospectus Regulation for the purposes of making a public offer in such Member States, no action has been or will be taken by the Issuer that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

Each Authorised Participant agrees in the relevant Authorised Participant Agreement that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Products or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Authorised Participant shall have responsibility therefor.

Switzerland

Any relevant Final Terms and any other offering or marketing material for or in respect of Products which are to be sold exclusively to qualified investors as defined by article 10 para. 3, 3^{bis} and 3^{ter} of the Swiss Federal Act on

Collective Investment Schemes (**CISA**) may not be distributed, copied, published or otherwise made publicly available.

Any Products which are also to be distributed to non-qualified investors may only be offered or advertised in accordance with the provisions of the CISA and the Swiss Federal Ordinance on Collective Investment Schemes (**CISO**).

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Regulation (each, a **Relevant Member State**), each Authorised Participant has represented and agreed that with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Products which are the subject of this Base Prospectus as completed by the applicable Final Terms to the public in that Relevant Member State, except that the Products may, with effect from and including the Relevant Implementation Date, be offered to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Products specifies that an offer of those Products may be made by the Authorised Participant(s) other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant Member State (a **Non-Exempt Offer**), following the date of publication of the Base Prospectus in relation to such Products which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-Exempt Offer, in accordance with the Prospectus Directive, in the period (if any) beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-Exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Authorised Participant or Authorised Participants nominated by the issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of Products referred to in (b) to (d) above shall require the Issuer or any Authorised Participant to publish a prospectus pursuant to the Prospectus Regulation or supplement a base prospectus pursuant to Article 23 of the Prospectus Regulation as soon as possible prior to the respective offer.

For the purposes of this provision, the expression “an offer of Products to the public” in relation to any Products in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an investor to decide to purchase or subscribe the Products, as the same may be varied in that Member State by any measure implementing the Prospectus Regulation in that Member State and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (and amendments thereto) and includes any relevant implementing measure in each Relevant Member State.

The Final Terms in respect of any Products may include a legend entitled “*MiFID II Product Governance*” which will outline the target market assessment in respect of the Products and which channels for distribution of the Products are appropriate. Any person subsequently offering, selling or recommending the Products (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU, as amended (**MiFID II**), is responsible for undertaking its own target market assessment in respect

of the Products (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Authorised Participant subscribing for any Products is a manufacturer in respect of such Products, but otherwise neither the Authorised Participants nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules. For the avoidance of doubt, the Issuer is not a manufacturer or distributor for the purposes of MiFID II

United States of America

The Products have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that it has not offered or sold and will not offer and sell Products at any time, directly or indirectly, within the United States or its possessions or for the account or benefit of any U.S. person (as defined in Regulation S under the Securities Act) or any person that is not a Non-United States person (as defined by the U.S. Commodity Futures Trading Commission). Each Authorised Participant has further represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver Products except in accordance with Rule 903 of Regulation S, and that none of it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to such Products, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Products within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Offering materials for the offering of the Products have not been filed with or approved or disapproved by the SEC or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful.

United Kingdom

Each Authorised Participant of the Products has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) received by it in connection with the issue or sale of any Products in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Products in, from or otherwise involving the United Kingdom.

Cautionary statement regarding suitability and appropriateness restrictions

The Products may not be a suitable investment for all investors. Each potential investor in the Products must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Products, the merits and risks of investing in the Products and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Products and the impact the Products will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Products, including Products with principal in one or more currencies, or where the currency for principal is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Products; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

No recommendations

Neither this Base Prospectus nor any other information supplied in connection with the Programme (i) is to be used as the basis of any credit assessment or other evaluation or (ii) is to be considered as a recommendation by the Issuer that any recipient of this Base Prospectus (or any other information supplied in connection with the Programme) should purchase any Products. Each Investor contemplating the purchase of any Products should make his or her own independent enquiries regarding the financial condition and business development of the Issuer and his or her own appraisal of their creditworthiness.

TAXATION

General

Warning: Tax legislation in the investor's home member state and the Issuer's member state may have an impact on any return received from the Products.

GENERAL INFORMATION

Authorisation

The Programme and the issuance of Products under the Programme have been duly authorised by the Board of Directors of 21Shares AG pursuant to a resolution dated as of 13 November 2018 and the issuance of this Base Prospectus has been duly authorised by the Board of Directors of 21Shares AG pursuant to a resolution date 10 November 2020.

Approval of the Programme

The SIX Swiss Exchange has approved the Programme as of 13 November 2018.

Clearing Systems

The Products have been accepted for clearing through SIX SIS AG. In addition for the purpose of good delivery of the Products on the Frankfurt Stock Exchange and the Vienna Stock Exchange, the products are accepted for clearing through Clearstream and OeKB respectively. If the Products are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

Recent events relevant for evaluation of Solvency

On 8 May 2019, the Issuer entered into a subordination agreement with Jura Pentium Limited, whereby the latter agreed to subordinate loans granted to the Issuer. Jura Pentium Limited has assumed and assumes all past, present and future liabilities of the Issuer other than as a result of, or arising under, any ETP issued by the Issuer in order to keep it solvent.

Save for the preceding paragraph, there has been no recent events particular to the Issuer and which are to a material extent relevant to an evaluation of the Issuer's solvency.

Significant Change

Save as disclosed herein, there has been no material adverse change in the prospects of the Issuer since 31 December 2019 and there has been no significant change in the financial performance of the Issuer since 31 December 2019.

Trend Information

Save as disclosed herein, there has been no material adverse change in the prospects of the Issuer since 31 December 2018 and there has been no significant change in the financial performance of the Issuer since 30 June 2020 to the date of this Base Prospectus.

Legal, Administrative and Arbitration Proceedings

21Shares AG has not been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Base Prospectus a significant effect on the financial position or prospects of 21Shares AG, nor are, so far as 21Shares AG is aware, any such proceedings pending or threatened.

Use of Proceeds

The Issuer intends to use the net proceeds from each issue of Products for the purchase of the Underlying or Underlying Component to be used as Collateral and for general corporate purposes.

Third Party Information

No person is authorised to provide any information or to make any representation not contained in or not consistent with this Base Prospectus, the Final Terms or any other information supplied by the Issuer in connection with the Programme. Investors should not rely upon information or representations that have not been given or confirmed by the Issuer.

Where information in this Base Prospectus has been sourced from third parties including, *inter alia*, under the caption “*General Description of Certain Underlyings or Underlying Components*”, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where such information used.

No verification by other parties

None of the Authorised Participants, the Administrators, Bank Frick & Co. AG (the **Global Paying Agent**), the Custodian, the Collateral Agent, any Product Calculation Agent, any Index Calculation Agent, any Swiss Paying Agent or any listing agent has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by such parties as to the accuracy or completeness of the information contained herein, or any other further information prepared by the Issuer and supplied in connection with the Programme or any of the Products or their distribution.

Post-Issuance Information

The Issue Price and the number of the relevant Products will be determined before filing of the applicable Final Terms of each Series based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any of the indices or Products.

Incorporation by Reference

The information in the following documents are incorporated by reference into this Base Prospectus and constitute an integral part of this Base Prospectus:

- the Issuer’s audited IFRS financial statements for the period ended on 31 December 2018;
- the Issuer’s interim unaudited IFRS financial statements for the period ended on 30 June 2019;
- the Issuer’s audited IFRS financial statements for the year ended on 31 December 2019; and
- the Issuer’s interim unaudited IFRS financial statements for the period ended on 30 June 2020.

The documents listed above are available in electronic format at the Issuer’s website <https://21shares.com/ir#financials>.

Documents On Display

For so long as Products remain outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuer in printed form:

- the Issuer’s most recent Articles of Association;
- the Issuer’s financial statements;

- each Authorised Participant Agreement;
- each Custodial Services Agreement;
- the Administration Agreement;
- the Collateral Agent Agreement;
- each Pledge of Collateral Account Agreement;
- the Additional Pledge Agreements
- each Account Control Agreement;
- the market making agreement in respect of each Series of Products;
- the Final Terms in respect of each Series of Products;
- this Base Prospectus.

During the term of the Products, the Transaction Documents can be ordered by an Investor free of charge from 21Shares AG at Dammstrasse 19, 6300 Zug, Switzerland, via e-mail etp@21Shares.com.

Websites

Any website mentioned in this Base Prospectus does not form part of this Base Prospectus (other than where information has been explicitly incorporated by reference into this Prospectus).

Description of Service Providers

Bank Frick & Co. AG

Bank Frick & Co. AG, a joint stock company, FL-0001.548.501-4, was established in 1998 by the Liechtenstein trustee Kuno Frick sen., together with financial investors from Austria. Today, the bank is owned by the Kuno Frick Family Foundation (65%) and Net 1 UEPS Technologies, Inc. (35%), a Nasdaq-listed company and financial technology company, respectively. Bank Frick & Co. AG has its registered office at Landstrasse 14, 9496 Balzers, Principality of Liechtenstein. The bank strategically manages the business area of digital banking services. The bank's roots lie in private banking and in the development of tailor-made financial services. Further business areas of the bank include institutional banking and capital market solutions. The bank's shareholders' equity at the end of 2017 amounted to CHF 85 million and its net profit to CHF 6.3 million.

According to article 3 of the articles of incorporation dated 3 November 2015 of Bank Frick & Co. AG, the company was established to conduct "...as a universal bank and Liechtenstein private bank of its business district commercial banking operations of all kinds for its own account and for the account of third-parties in Liechtenstein and abroad".

Flow Traders B.V.

Flow Traders B.V., incorporated on 11 November 1991 and located at Jacob Bontiusplaats 9, 1018LL, Amsterdam, The Netherlands, is a private limited liability company operating under Netherlands law. It is registered with The Netherlands Chambers of Commerce with date of entry on 2 December 1991 and register number 33223268.

According to article 2.2 of Flow Traders B.V.'s articles of association, the objective of its business is trading in financial instruments for its own account and own risk, in a market maker capacity as permitted.

Flow Traders B.V. is part of the Flow Traders Group. Its ultimate parent is Flow Traders N.V., which is listed on Euronext Amsterdam. Flow Traders has APAC and U.S. affiliates.

ISP Securities AG

ISP Securities AG, Aktiengesellschaft, CHE-107.536.101, was incorporated in 1993 and is located at Bellerivestrasse 45, 8008 Zurich, Switzerland.

ISP Securities AG is a Swiss securities dealer subject to the supervision of the Swiss Financial Market Authority FINMA. It is part of ISP Group AG, which offers wealth management, capital markets and institutional investment services, including custody and trading.

According to article 2 of ISP Securities AG's articles of association dated 2 November 2010, its purpose is to provide services as a securities dealer in the field of asset management, investment advice and securities trading in Switzerland and abroad.

Jane Street Financial Limited

Jane Street Financial Limited is a limited liability company, incorporated on 13 April 2007 under the laws of England and Wales with company number 06211806 and with its registered office located at Floor 30, 20 Fenchurch Street, London, EC3M 3BY, United Kingdom. Jane Street Financial Limited is a registered dealer authorised and regulated by the U.K. Financial Conduct Authority. Jane Street Financial Limited is a wholly owned subsidiary of Jane Street Group, LLC, a quantitative trading firm, which engages in the trading of a range of financial products, including exchange traded funds, equities, futures, commodities, options, bonds and currencies. Jane Street Group LLC has its registered office located at c/o United Corporate Services, Inc., 874 Walker Road, Suite C, Dover, DE 19904.

Jane Street Financial Limited is a global liquidity provider and market maker. Jane Street Financial Limited is an active participant on electronic security exchanges and is one of the largest exchange traded fund liquidity providers in the world.

Lang & Schwarz TradeCenter AG & Co. KG

Lang & Schwarz TradeCenter AG & Co. KG, a subsidiary of the Lang & Schwarz AG which is a holding company that was founded on January 19th in 1996, is located on Breite Straße 34, in 40213 Düsseldorf, Germany.

The entity is mainly focused on market making of securities such as exchange traded products, equities, mutual funds, fixed income products and derivatives, issued by Lang & Schwarz AG. Its core business is the German market where it is engaged in market making on Börse Stuttgart and solely on the LS Exchange, an electronic trading platform operated by Börse Hamburg since 2016.

The Kingdom Trust Company

The Kingdom Trust Company is a public trust company incorporated under the laws of the State of South Dakota in the United States of America and is chartered, supervised and examined by the South Dakota Division of Banking. It also has a Trust Services Office in the State of Kentucky, which is supervised and examined by the Kentucky Department of Financial Institutions. It was incorporated on 20 December 2010, by Douglas Lawson and Matt Jennings, and has a company registration number of DB055771. The Kingdom Trust Company is located at 4300 South Louise Avenue, Suite 104, in Sioux Falls, South Dakota. Its credential number is TC.058-2 and it received its charter on 29 December 2010. The Trust Services Office is located at 1105 State Route 121 N, Murray, Kentucky 42071.

Founded in 2010, Kingdom Trust is an independent qualified custodian under the Investment Advisers Act of 1940, as amended, and the Investment Company Act, as amended, a qualified third party under Regulation CF under the Securities Act and a qualified custodian under 26 USC 408. The company currently serves over 100,000 clients and has over U.S.\$12 billion in assets under custody. Kingdom Trust's corporate office is located in Sioux Falls, South Dakota. Its administrative operations are conducted by Kingdom Services and conducted in the Murray, Kentucky Trust Services Office. The purpose of the company is to offer qualified custody services.

Pursuant to Article III of Kingdom Trust's articles of incorporation, the objects and purpose for which Kingdom Trust is formed are to conduct and transact generally the business of a trust company and do all things, exercise all powers and perform all functions that a trust company is authorised or empowered to do, exercise or perform under and by virtue of the laws of the State of South Dakota.

Coinbase Custody Trust Company, LLC

Coinbase Custody Trust Company, LLC is a limited purpose trust incorporated under the laws of the State of New York in the United States of America and is chartered, supervised and examined by the New York Department of Financial Services. The term of existence of the company is 100 years. Coinbase Custody Trust Company, LLC is located at 200 Park Avenue South, Suite 1208, New York, NY 10003, USA. It received its charter on 22 October 2018. Coinbase Custody Trust Company, LLC is a subsidiary of Coinbase Global, Inc. Affiliates of Coinbase Custody Trust Company, LLC provide various services to Coinbase Custody Trust Company, LLC, including engineering, sales support, marketing, communications, information technology, security, business operations, tax, strategy, finance, accounting, human resources, customer support, compliance, and legal advice.

Founded in 2018, Coinbase Custody Trust Company, LLC is a fiduciary under § 100 of the New York Banking Law and a qualified custodian licensed to custody clients' Crypto Assets in trust on clients' behalf. As at 19 March 2019, the company served over 90 clients and has over U.S. \$575 million in assets under custody. Coinbase Custody Trust Company, LLC's corporate office is located in New York, New York, USA. The purpose of the company is to offer qualified custody services and pursuant to Article 9 of the company's articles of organisation, the company is to exercise the powers conferred by § 100 of the New York Banking Law and the company shall neither accept deposits nor make loans except for deposits and loans arising directly from the exercise of the fiduciary powers specified in § Section 100 of the New York Banking Law.

The Law Debenture Trust Corporation p.l.c.

Law Debenture is a public limited company with company number 01675231, which was incorporated on 2 November 1982 under the laws of England and Wales. Law Debenture has its registered office at Fifth Floor, 100 Wood Street, London, EC2V 7EX.

Law Debenture is a subsidiary of The Law Debenture Corporation p.l.c., which is listed on the London Stock Exchange.

Pursuant to Article 4 of Law Debenture's memorandum of association dated 5 August 1998, its principal business purpose is to carry on business as a trust corporation and to undertake any trust or trust business.

MG Stover & Co.

MG Stover is a corporation with identification number 20071088083, which was incorporated on 21 February 2007 under the laws of the State of Colorado in the United States. MG Stover has its registered office at 1331 17th Street, Suite 720, Denver, Colorado 80202.

MG Stover is an accounting and administration company providing portfolio and partnership accounting. It provides fund administration for hedge funds, funds of funds, single- and multi-family offices, private equity, venture capital and real estate.

According to Section 2 of MG Stover's operating agreement, MG Stover was established with the purpose of accomplishing such lawful business and activities as determined by its members.

Sudrania Fund Services Corporation

Sudrania Fund Service Corporation ("Sudrania") is a corporation incorporated in the State of Illinois in the United States of America with identification number 72079728. Sudrania has its registered office at 633 Rogers Street, Suite 106, Downers Grove, IL 60523. Sudrania Fund Services is a fund accounting and fund technology company providing NAV Calculation and other services. It provides fund administration for hedge funds, commodity pools, private equity funds, and digital asset funds. Sudrania was established with the purpose of accomplishing such lawful business and activities as determined by its shareholders.

MV Index Solutions GmbH

MVIS was incorporated on 6 June 2011 as a German limited liability company (*Gesellschaft mit beschränkter Haftung*). It is registered with the commercial register at the local court of Frankfurt am Main, Germany, under the number HRB 91272 and has its registered office at Kreuznacher Strasse 30, 60486 Frankfurt am Main.

Pursuant to section 3 of MVIS' articles of association, MVIS' business object is primarily research, development and maintenance of indices related to financial products. MVIS is a wholly-owned subsidiary of Van Eck (Europe) GmbH, which is a wholly-owned subsidiary of Van Eck Associates.

APPENDIX I - GLOSSARY OF FREQUENTLY USED DEFINED TERMS

51% attack means a negative action undertaken against a particular blockchain network by a single minor, or group of miners acting in concert, who control (even temporarily) a majority of the network mining power of a particular blockchain network.

ACA means (i) the account control agreement, governed by the laws of South Dakota, entered into between the Issuer, The Kingdom Trust Company, and the Collateral Agent with respect to the respective Collateral Account or (ii) the account control agreement, governed by the laws of New York, entered into between the Issuer, Coinbase Custody Trust Company, LLC, and the Collateral Agent with respect to the respective Collateral Account, as applicable.

ACB or HODL 5 or the 21Shares Index means the 21Shares Index owned by Jura Pentium Limited.

Administrator means MG Stover & Co., or Sudrania Fund Services Corp. as specified in the relevant Final Terms and any successor administrator(s).

Airdrop means the equivalent of a special dividend in kind which results in the creation or allocation of new units of an existing asset serving as an Underlying or Underlying Component (as defined below) to participants in the blockchain. The new units of Crypto Asset are allocated to some but not necessarily all participants on a blockchain and are typically designed to incentivise specific behaviour in the network (i.e., increased participation, maintaining infrastructure etc.).

AMLA means the Swiss Anti-Money Laundering Act.

ARETP means the SIX Additional Rules for the Listing of Exchange Traded Products.

Auditor means Copartner Revision AG, St. Alban-Anlage 46, 4052 Basel, Switzerland or any successor auditor.

Authorised Exchange means any exchange on which a Person or an Entity can transact in Crypto Assets which has been approved by the Issuer, the Custodian and the Authorised Participants.

Authorised Offeror means each Authorised Participant which either is expressly named as an Authorised Offeror in the relevant Final Terms or is expressly named as an Authorised Participant on the Issuer's website.

Authorised Participant means the authorised participant for each Tranche of Products as specified in the relevant Final Terms.

Authorised Participant Agreement means the authorised participant agreement entered into between the Issuer and the Authorised Participant and as specified in the relevant Final Terms.

BA means the Swiss Banking Act.

CCCAGG means the Crypto Coin Comparison Aggregated Index provided by CryptoCompare.

CCCAGG Prices means the relevant crypto prices as calculated in accordance with CCCAGG.

CISA means the Swiss Federal Act on Collective Investment Schemes, as amended.

CISO means the Swiss Federal Ordinance on Collective Investment Schemes.

CO means the Swiss Code of Obligations.

Coinbase means Coinbase Custody Trust Company, LLC.

Collateral means the Underlyings or Underlying Components credited to the Collateral Account and other assets denominated in the Underlyings or Underlying Components which serve as collateral for the Product.

Collateral Account means the account or sub-account, as applicable, administered by the Custodian and opened for the Products.

Collateral Agent or **Law Debenture** means The Law Debenture Trust Corporation p.l.c. and any successor Collateral Agent.

Contributor means each relevant input data provider with respect to an index.

Crypto Assets means: (i) any digital asset whose origin is derived from a blockchain, including digital currencies; (ii) digital commodities provisioning raw digital resources; or (iii) digital tokens, provisioning finished digital goods and services.

CryptoCompare means Crypto Coin Comparison Ltd.

Custodian means The Kingdom Trust Company, Coinbase Custody Trust Company, LLC or any successor custodian as specified in the applicable Final Terms.

Custodial Services Agreement means (i) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated 17 September 2018 between the Issuer and The Kingdom Trust Company, as may be amended and/or supplemented and/or restated from time-to-time or (ii) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated on or about March 9, 2019 between the Issuer and Coinbase Custody Trust Company, LLC, as may be amended and/or supplemented and/or restated from time-to-time, as applicable.

DEBA means the Swiss Federal Debt Enforcement and Bankruptcy Act, as amended.

Double Spending means the act of permitting coins to be spent on multiple occasions and, due to having sufficient network control, confirming and posting these transaction to the blockchain.

DPoS means a Delegated Proof of Stake consensus architecture.

EU means the European Union.

EUR, Euro or **€** means the participating member states in the third stage of the Economic and Monetary Union of the Treaty establishing the European community.

Event of Default has the meaning given to it in Condition 20.1 of the General Terms and Conditions.

Extraordinary Events means any of fraud, theft, cyber-attack, change in regulations and/or a similar event.

Fiat currency means a currency issued by a central bank or Government, such as the U.S. Dollar or the Euro.

Final Terms means, in relation to a Tranche, the Final Terms issued specifying the relevant issue details of such Tranche, as from time-to-time amended, supplemented or replaced.

FINMA means the Swiss Financial Market Authority.

FinSA means the Swiss Financial Services Act.

Flow Traders means Flow Traders B.V.

FMIA means the Financial Market Infrastructure Act.

Fork Event means an event where a developer or group of developers split the code base powering a Crypto Asset that serves as an Underlying or Underlying Component into two or more branches of variations of development, resulting in the creation of a new asset which derives from the original blockchain of the respective Underlying or Underlying Component.

FSMA means the Financial Services and Markets Act 2000, as the same may be amended from time-to-time, or any successor legislation.

General Terms and Conditions means in respect of the Products of each Series the terms and conditions applicable thereto which shall be substantially in the form set out in this Base Prospectus.

Global Paying Agent or **Bank Frick** means Bank Frick & Co. AG.

ICO means an initial coin offering.

IOF means MVIS's independent oversight function

Issuer means 21Shares AG.

Issuer Security means the security created over the Collateral in favour of the Collateral Agent pursuant to the Pledge of Collateral Account Agreement, the ACA and the Additional Pledge Agreements.

Issuer Security Enforcement Proceeds has the meaning given to it in Condition 21.2 of the General Terms and Conditions.

Insolvency Event means the opening of bankruptcy proceedings within the meaning of DEBA with respect to the Issuer.

Investor(s) means the investors in the Product(s).

Jane Street means Jane Street Financial Limited.

Jura Pentium Servicing Entity means Jura Pentium Limited.

Kingdom Trust means The Kingdom Trust Company.

Market Maker means each such person that has entered into a contract as a market maker in accordance with the rules of the SIX.

MiFID II means Directive 2014/65/EU.

MVIS means MV Index Solutions GmbH.

OTC means over the counter.

Paying Agency Agreement means the agency agreement between the Issuer and the Global Paying Agent in relation to the Programme, as may be amended and/or supplemented and/or restated from time-to-time.

PCF means portfolio composition file.

Pledge of Collateral Account Agreement means (i) the pledge of collateral account agreement governed by the laws of South Dakota dated 13 November 2018 between, the Issuer, as pledgor, and the Collateral Agent, as

collateral agent, in respect of the Collateral (as defined therein) or (ii) the pledge of collateral account agreement governed by the laws of New York dated on or about 15 April 2019 between, the Issuer, as pledgor, and the Collateral Agent, as collateral agent, in respect of the Collateral (as defined therein), as applicable.

Product or **ETP** means the exchange traded products of each Series issued in accordance with the General Terms and Conditions.

Product Documentation means, in respect of each Series of Products, the General Terms and Conditions, as completed by the relevant Final Terms.

Programme means the exchange traded products programme of the Issuer as described in this Base Prospectus.

Prospectus Regulation means Regulation (EU) 2017/1129, as amended.

Redemption Amount has the meaning given to it in Condition 1 of the General Terms and Conditions.

Redemption Order has the meaning given to it in Condition 5.2 of the General Terms and Conditions.

Redemption Period has the meaning given to it in Condition 5.2 of the General Terms and Conditions.

Regulatory Call means the redemption by the Issuer of all outstanding Products, *inter alia*, for reasons of regulatory changes affecting the Products or any of the Underlyings in accordance with Condition 11 of the General Terms and Conditions.

SEC means the Securities and Exchange Commission of the United States of America.

Secured Obligations means the Issuer's obligations to pay the Redemption Amount of the Products.

Securities Act means the U.S. Securities Act of 1933, as amended.

Security Documents means the ACA, the Pledge of Collateral Account Agreement and the Additional Pledge Agreements.

Series means a series of Products issued under the Programme comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the issue date and their issue price) have identical terms on issue.

Servicing Agreement means the servicing agreement entered into between the Issuer and the Jura Pentium Servicing Entity dated 13 November 2018.

SESTA means the Swiss Stock Exchange Act.

SESTO means the Swiss Stock Exchange Ordinance.

SFSA means the Swedish Financial Supervisory Authority (Sw.: *Finansinspektionen*).

SIX Swiss Exchange or **SIX** means the SIX Swiss Exchange AG.

SIX Member means an account holder on SIX.

Swiss Paying Agent means the Swiss bank or securities dealer performing the paying agency function for a particular Series of Products for the purposes of the regulations of the SIX Swiss Exchange as set forth in the relevant Final Terms.

Swiss Paying Agent Appointment Letter means the letter from the Issuer appointing the Swiss Paying Agent listed in the relevant Final Terms in relation to a Series of Products.

Tax Call means the redemption by the Issuer of all outstanding Products at any time, *inter alia*, for certain tax reasons in accordance with Condition 12 of the General Terms and Conditions.

Tranche means Products of the same Series, which are identical in all respects except for the Issue Date and the Issue Price.

Transaction Documents means the Product Documentation, the Security Documents, the Servicing Agreement, the Custodial Services Agreement, the Administration Agreement, the Collateral Agent Agreement, the Paying Agency Agreement, the Swiss Paying Agent Appointment Letter and the Authorised Participant Agreements.

UCC means the Uniform Commercial Code.

UCITS Directive means Directive 2009/65/CE of the European Parliament and of the Council of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (UCITS), as amended.

UCITS Scheme means a scheme which is an undertaking for collective investment in transferable securities subject to the UCITS Directive.

U.S.\$ or **U.S. Dollar** means the currency of the United States of America.

UK's EU Referendum means the referendum on the United Kingdom's membership of the EU held on 23 June 2016 pursuant to the European Referendum Act 2015 with the majority voting to leave the EU.

VanEck means Van Eck Associates Corporation.

Wallet (or Digital Wallet or Cryptocurrency Wallet or Crypto Wallet) means a software program where a private key (secret number) and public address for every Crypto Asset address that is saved in the wallet of the person or person who owns the balance.

Wallet Provider means a service or platform that offers users a dedicated storage as well as sending and receiving capabilities related to Crypto Assets.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

NAMES AND ADDRESSES

REGISTERED AND PRINCIPAL OFFICES OF THE ISSUER

21Shares AG
Dammstrasse 19
6300 Zug
Switzerland

GLOBAL PAYING AGENT

Bank Frick & Co. AG
Landstrasse 14, 9496 Balzers,
Principality of Liechtenstein

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