

Base Prospectus dated 23 April 2021

CoinShares Digital Securities Limited



(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 127061)

LEI: 549300DR7967WVLR3P83

Exchange Traded Products Programme for the issue of

CoinShares Digital Securities

comprising:

	SIX Code
CoinShares Physical Bitcoin	BITC
CoinShares Physical Ethereum	ETHE
CoinShares Physical XRP	XRPL
CoinShares Physical Litecoin	LITE
CoinShares Physical Tezos	TEZO
CoinShares Physical EOS	EOS
CoinShares Physical Binance Coin	BCOIN
CoinShares Physical Polkadot	POLK

This document (the “**Base Prospectus**” or “**Prospectus**”) is issued in respect of the programme for the issue of CoinShares Digital Securities (the “**Digital Securities**”) by CoinShares Digital Securities Limited (the “**Issuer**”). This Base Prospectus relates to the issue of Digital Securities which are non-interest bearing, secured, limited recourse debt securities of the Issuer. The Issuer is currently making available for issue 8 separate classes of Digital Securities.

An investment in Digital Securities involves a significant degree of risk and investors may lose some or all of their investment. It should be remembered that the value of Digital Securities can go down as well as up.

It is important that an investor carefully reads, considers and understands this Base Prospectus before making any investment in Digital Securities.

TABLE OF CONTENTS

This table sets out the contents of this Prospectus together with an outline description of the contents of each section and is intended as a guide to help a prospective investor to navigate their way around this Prospectus.

Each section, together with the relevant Final Terms, should be carefully considered by a prospective investor before deciding whether to invest in the Digital Securities.

<i>Section of Prospectus</i>		<i>Page</i>	<i>What is covered by this section</i>
General description of the programme		4	<i>This section sets out a general description of the programme</i>
Risk Factors		11	<i>This section sets out the material risks known to the Issuer associated with an investment in the Digital Securities and should be carefully considered by a prospective investor.</i>
Part 1	Information on the Issuer, the Manager and the Digital Securities	26	<i>This section provides a description of the Digital Securities and the role of the different parties in the structure of the offering.</i>
Part 2	How does a Security Holder determine the value of their investment?	37	<i>This section sets out how an investor can work out the value of their investment and provides the relevant formulae and worked examples.</i>
Part 3	Digital Assets Market Overview	42	<i>This section provides an overview of the market for each of the digital assets offered under this Prospectus to help an investor decide whether an investment in a product which tracks movements in the price of such digital asset is appropriate for them.</i>
Part 4	Description of the Digital Securities	46	<i>This section provides a description of the Digital Securities as well as details of the rights attached to the Digital Securities, how the Coin Entitlement is calculated and details of how Digital Securities can be redeemed.</i>
Part 5	The Programme	52	<i>This section contains information relating to some, but not all, of the local regulations applicable to Digital Securities and the settlement process that apply to on-exchange trading in the Digital Securities.</i>

Part 6	Trust Instrument and the Conditions	56	<i>This section provides summaries of the main constitutive document in relation to the Digital Securities – The Trust Instrument. It includes an extract from the Trust Instrument under the heading “Conditions”, setting out the terms and conditions that apply to the Digital Securities. This extract is drafted in legal language as it is taken directly from the Trust Instrument but information on how the terms and conditions apply to the Security Holders is contained throughout this Prospectus in Parts 4 and Part 5.</i>
Part 7	Particulars of the Security Deeds	101	<i>The Security Deeds create security over and give investors (through the Trustee) rights to, the underlying relating to each class of Digital Securities. This section contains detail of the terms of the rights granted by the Security Deeds and when these rights become enforceable.</i>
Part 8	Custody and the Custodian Agreements	103	<i>The Custodian is responsible for the safe keeping of the digital assets backing the Digital Securities. This Section provides information on the Custodian and its role as well as describing the key terms of the Custodian Agreement.</i>
Part 9	Taxation	106	<i>This section sets out important considerations for investors with respect to the tax treatment of holding Digital Securities.</i>
Part 10	Additional information	108	<i>This section sets out further information on the Issuer which the Issuer believes a potential investor will want to be aware of or which the Issuer is required to include under applicable rules.</i>
Part 11	Documents incorporated by reference	117	<i>This section sets out the information incorporated by reference into this Prospectus.</i>
Form of Final Terms		118	<i>This section contains the form of Final Terms.</i>
Definitions and interpretation		124	<i>This section sets out the definitions that apply throughout this Prospectus.</i>
Directors, Secretary and Advisers		134	<i>This section sets out the names and addresses of the entities which provide services and legal advice to the Issuer.</i>

Important Information

The Digital Securities and the underlying assets in respect of the Digital Securities are highly speculative and involve a high degree of risk, including the risk of a total loss of all capital invested. Digital Currencies, which are the reference assets for the Digital Securities, represent both novel technologies as well as new asset classes. As a result, they may include risks that investors generally do not expect from other types of assets and commodities, including (but not limited to), risks relating to the loss of the underlying asset held by the Custodian. The recovery of such assets if lost due to hacking or fraud may be exacerbated by the lack of a central intermediary, the anonymity of Digital Currency accounts and the immutability of the decentralized databases (known as distributed ledgers) which record ownership. See “Risk Factors”.

A copy of this Base Prospectus has been delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of securities by the Issuer. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law, 1947, as amended, against liability arising from the discharge of its functions under that law. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience in investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Jersey Financial Services Commission as suitable investments for any other type of investor. The Jersey Financial Services Commission has not confirmed that that issuer falls within the scope of the Collective Investment Funds (Restriction of Scope) (Jersey) Order 2000. Accordingly, the Jersey Financial Services Commission takes no responsibility should the issuer fail to meet the conditions of the Collective Investment Funds (Restriction of Scope) (Jersey) Order 2000.

General description of the Programme

The following overview of the Programme and the Digital Securities 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 Class of Digital Securities. 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 Digital Securities providing exposure to a range of Digital Assets.

Issuer	CoinShares Digital Securities Limited. The Digital Securities will be undated, non-interest bearing debt obligations of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.
--------	--

The Programme	On December 30, 2020, the Issuer established an exchange traded products programme to issue the different classes of Digital Securities. The Final Terms relating to each series of each Class of Digital Securities will specify the details terms applicable to such Series of such Class of Digital Securities.
Base Prospectus	<p>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 Digital Securities.</p> <p>The Base Prospectus permits for an offer of Digital Securities to the public in Sweden and/or an admission to trading of Digital 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 a series of Digital Securities on a regulated market therein. As at the date of this Base Prospectus, the Issuer has asked/intends to ask the SFSA to notify approval of the Base Prospectus to competent authorities in Austria, Belgium, Germany, Luxembourg, the Netherlands, Italy, and Spain.</p>
Warning regarding expiry and supplement(s)	Investors should note that this Base Prospectus will expire on 22 April 2022. 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

The Issuer has established a programme under which eight classes of Digital Securities, each of which provides exposure to a single type of underlying Digital Asset may be issued from time to time. The Digital Securities are designed to offer investors a means of investing in Digital Assets without having to acquire Digital Assets themselves and to enable investors to buy and sell that interest through the trading of a security on a stock exchange.

The types of Digital Assets backing each class of Digital Security are as follows:

<u>Class of Digital Security</u>	<u>Applicable Digital Asset</u>
CoinShares Physical Bitcoin	Bitcoin
CoinShares Physical Ethereum	Ethereum
CoinShares Physical XRP	XRP
CoinShares Physical Litecoin	Litecoin
CoinShares Physical Tezos	Tezos
CoinShares Physical EOS	EOS
CoinShares Physical Binance Coin	Binance Coin
CoinShares Physical Polkadot	Polkadot

Each Class 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 Digital Securities of each Tranche of a Class being interchangeable with all other Digital Securities of that Class. Each Tranche is subject of a Final Terms.

A Digital Security is an undated secured limited recourse debt obligation of the Issuer, which ranks equally with all other Digital Securities of the same class. Security Holders only have recourse to the assets of the class of Digital Security of which they are a Security Holder. If the net proceeds are insufficient for the Issuer to make all payments due, neither the Trustee nor any person acting on behalf of the Trustee will be entitled to take any further steps against the Issuer, and no debt shall be owed by the Issuer in respect of such further sum.

Product Documentation

Each Class 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 Class (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.

Trustee

The Law Debenture Trust Corporation p.l.c.

Custodian

Komainu Digital

Administrator

JTC Fund Solutions (Jersey) Limited

Authorised Participants

Flow Traders B.V.; Jane Street Financial Limited

Market Maker(s)

Flow Traders B.V.

Index Calculation Agent	If applicable, the Index Calculation specified in the Final Terms
Open Ended Structure	It is intended that the Digital Securities of each Class shall be subject to a continual issuance and redemption mechanism, under which additional Digital Securities of such Class may be issued, and Products may be redeemed by Authorised Participants.
Terms and Conditions of the Digital Securities	Each Class of Digital Securities will have the terms and conditions set out in the section of this Base Prospectus headed “Trust Instrument and Conditions”, as completed by the Final Terms in respect of each Tranche of that Class.
Interest	The Digital Securities shall not bear interest.
Underlying Assets	The underlying assets for the Digital Securities of each class, by which they are backed and on which they are secured, comprise private keys evidencing ownership of Digital Assets. These private keys are held in the name of the Issuer in secure vaults at the premises of the Custodian and are not fungible with other Digital Assets held by the Custodian.
Security	The Digital Securities are constituted under the Trust Instrument. The Trustee holds all rights and entitlements under the Trust Instrument on trust for Security Holders. In addition, the Issuer and the Trustee have entered into a separate Security Deed in respect of each Pool. The rights and entitlements held by the Trustee under each Security Deed are held by the Trustee on trust for the Security Holders of that particular class of Digital Security. Under the terms of each Security Deed, the Issuer has charged to the Trustee for the benefit of the Trustee and the relevant Security Holders by way of first fixed charge the Digital Assets held in the Custody Account attributable to the relevant class of Digital Security and all rights of the Issuer in respect of the Custody Accounts. The Issuer has also, under the terms of each Security Deed, assigned to the Trustee by way of security the contractual rights of the Issuer relating to such class under the Custodian Agreements and has granted a first-ranking floating charge in favour of the Trustee over all of the Issuer’s rights in relation to the Secured Property attributable to the applicable Pool, including but not limited to its rights under the Custodian Agreements and the Custody Accounts attributable to that Pool.
Redemption	<p>An Authorised Participant has the right, at any time, to require the redemption of all or any of its Digital Securities for the aggregate Coin Entitlement of the Digital Securities the subject of that redemption (in accordance with the terms for redemption of Digital Securities).</p> <p>Investors other than APs can buy and sell Digital Securities on the secondary market or in private transactions (or, in certain circumstances, request a direct redemption from the Issuer, for either the relevant digital currency or cash.)</p>

Events of Default

Events of Default comprise:

- i. Failure by the Issuer to pay any sum or deliver of any Coin Entitlement due in respect of any Digital Security of that class for a period of 14 calendar days or more;
- ii. Failure of the Issuer to perform or comply with any one or more of its obligations (other than a payment or delivery obligation) under that class of Digital Securities, the Trust Instrument, any other Programme Document or the Security Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 calendar days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee (and, for these purposes, a failure to perform or comply with an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time), provided that if the Issuer has in respect of such default made a Breach Redemption Request under Condition 12.2 then such default shall not be an Event of Default
- iii. Resignation or termination of the Determination Agent and failure to appoint any successor Determination Agent; or
- iv. Termination of any Custody Agreement in respect of that class of Digital Securities is terminated and immediately upon such termination taking effect there is no Custodian that has been appointed with respect to such class of Digital Securities

Issuer Insolvency Event

If an Issuer Insolvency Event has occurred and is continuing, the Trustee may at any time, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount of the Digital Securities (as a whole) then outstanding or by an Extraordinary Resolution of the Security Holders (as a single resolution of the holders of all Digital Securities as though all Digital Securities constituted a single class)

Obligations of the Issuer

The Digital Securities will be obligations solely of the Issuer.

Governing Law of the Digital Securities

The Trust Instrument and the Digital Securities constituted thereunder are governed by and shall be construed in accordance with Jersey law.

The Security Deed is governed by and shall be construed in accordance with the laws of England and Wales.

Listing and Admission to Trading

The Issuer intends to apply for one or more Classes of Digital Securities issued under the Programme to be admitted to trading on a regulated market or any other market place, such as a multilateral trading facility (**MTF**), in Austria, Belgium, Germany, Luxembourg, the Netherlands, Italy, Spain and Sweden and, subject to completion of relevant notification measures, any other Member State within the EEA.

The SIX Swiss Exchange (the **SIX Swiss Exchange** or **SIX**) has approved a base prospectus in relation to the Programme as of December 30, 2020 (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. The Issuer may have applied and received approval for the listing of one or more Classes of Digital Securities under the Programme to be admitted to trading on SIX Swiss 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 Digital Securities or possession or distribution of any offering material in relation to any Digital Securities in any jurisdiction where action for that purpose is required. No offers, sales, resales, or deliveries of any Digital Securities or distribution of any offering material relating to any Digital Securities 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

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 FISA.

The Digital Securities may also be cleared and settled through the dematerialised book-entry registration system and clearing system operated by the relevant clearing system in the UK (Euroclear UK & Ireland Limited (Crest)) or through such other operator specified in the Final Terms.

Investors to Make Their Own Assessment

Prospective Securityholders may wish to obtain their own independent accounting, tax and legal advice and may wish to consult their own professional investment advisers to ascertain the suitability of Digital Securities as an investment. Prospective Securityholders may wish to conduct such independent

Responsibility and No Investment Advice	<p>investigation and analysis regarding the risks, security arrangements, delivery processes and cash-flows associated with Digital Securities as they deem appropriate, in order to evaluate the merits and risks of an investment in the Digital Securities.</p> <p>The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer, which has taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.</p>
Forward Looking Statements	<p>Nothing in this prospectus is intended as, constitutes nor should it be relied upon as investment advice.</p> <p>This Base Prospectus contains certain forward-looking statements and information relating to the Issuer and its affiliates that are based on the current expectations, estimates, plans, strategic aims, vision statements, and projections of the Issuer's management and information currently available to the Issuer.</p> <p>These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results of operations, financial condition, performance or achievements of the Issuer and/or its affiliates to be materially different from any future results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Terms and phrases such as “will”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “predict”, “estimate”, “project”, “target”, “assume”, “may” and “could”, and variations of these words and similar expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.</p> <p>The Issuer does not have an obligation to update any forward-looking statement, even if new information, future events or other circumstances have made them incorrect or misleading.</p>
No STS notification	<p>While the Issuer is established as a special purpose company for issuing the Digital Securities backed by the Underlying Assets as described in this Prospectus, no notification has been or is intended to be, communicated to ESMA in relation to the ‘Simple, Transparent, and Standardised’ (STS) criteria set out in the Securitisation Regulation (EU) 2017/2402.</p>
Consent to use this Prospectus	<p>If so specified in the Final Terms in respect of any particular Class of Digital Securities, the Issuer consents to the use of this Prospectus in connection with a Non-exempt Offer (i) by the financial intermediary/ies (each, an "Authorised Offeror"), (ii) during the offer period and (iii) subject to the relevant conditions, in each case as specified in the relevant Final Terms. As at the date of this Prospectus no Authorised Offeror has been designated so by the Issuer.</p>

RISK FACTORS

An investment in Digital Securities involves a significant degree of risk.

This section contains a number of selected risk factors, both risks pertaining to the Issuer and pertaining to the Digital Securities. The risk factors are presented in categories. 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. 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 Issuer believes that the factors relating to the Issuer, its industry and the Digital Securities set out below represent the principal risks inherent in investing in Digital Securities. All of these risk factors are risks which may or may not occur.

A Security Holder may lose the value of their entire investment or part of its investment in Digital Securities.

A Security Holder may also lose some or the entire value of its investment or part of its investment in Digital Securities for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risk factors relating to Digital Currencies

The value of a Digital Currency can change quickly and could even drop to zero

The price of Bitcoin and other Digital Currencies is volatile and may be affected by a variety of factors. Should demand for a Digital Currency decrease or should it fail to achieve adoption among the Digital Currency community or should it suffer technological or coding failures or hacks, for example, then its value could drop sharply and permanently.

Risk Rating: High

Valuation

Digital Currencies do not represent an underlying claim on income or profits, nor do they represent a liability that must be repaid. Their value is a function of the perspective of the participants within the market place (or specific, given, market place) and supply and demand. As a result, the value of Digital Currencies may be more speculative and more volatile than traditional assets representing claims on income, or profits or debts.

Risk Rating: High

Liquidity risk in the market for Digital Currencies

Exchanges for Digital Currencies are not only new, but most are also unregulated. As a result, there is a risk of delay or failure of liquidity in the markets for Digital Currencies, Market closures or liquidity failures can affect both the price and tradability of underlying Digital Currencies and, by extension, the Digital Securities. In such an event, the price of Digital Currencies may decline or be more volatile and price determination for a Digital Security may become more difficult. This may in turn reduce the ability

of investors to trade the Digital Securities and/or adversely affect their price.

Risk Rating: Medium

Political risk in the market of Digital Currencies

The legal status of Digital Currencies varies between different countries and is very much in transition. There exists a lack of regulatory consensus concerning the regulation of Digital Currencies in Europe. Future regulatory or political developments could adversely affect markets for Digital Currencies, their adoption and ultimately their value.

Risk Rating: Medium

Risk of loss of confidence in the Digital Currency protocols and their networks

Should miners for reasons yet unknown cease to register completed transactions within blocks which have been detached from the block chain, confidence in the protocol and network will decrease, which will reduce the value of the digital currency associated with that protocol.

Since the protocols for the Digital Currencies are public, the protocols can be particularly vulnerable to hacker attacks, which could materially damage confidence in the Digital Currency concerned and Digital Currencies in general and adversely affect their prices.

Should such a loss of confidence in the underlying protocol occur, the value of the associated Digital Currency will decrease, which in turn would affect the value of the Digital Securities.

Risk Rating: Medium

Development of the Digital Currency protocols

The protocols for Digital Currencies are publicly available and under development. Further development and acceptance of the protocols may be 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 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 Digital Currency protocols be prevented or delayed, this may adversely affect the value of the Digital Currency.

Further, as the structure of the protocols for the Digital Currencies are public, there is generally no direct compensation for the developers of the respective protocol. This could lead to decreased incentives for continuous development of the protocols. Should these protocols not develop further, the value of the associated Digital Currency may decrease, which in turn would affect the value of the Digital Securities.

Risk Rating: Low

Errors in the Digital Currencies’ codes or protocols

The source code of Digital Currencies is public and may be downloaded and viewed by anyone. Despite this, there may be errors in the respective codes that may jeopardise the integrity and security of one or more of these networks. Should any such material errors occur, the value of the associated Digital

Currency may decrease, which in turn would affect the value of the Digital Securities.

Risk Rating: Low

Risk of 51 per cent. attacks

The decentralised global P2P-network (peer-to-peer) of nodes making up the network for any particular.

Digital Currency should, to achieve high security, be spread across several participants. Should one participant control over 50 per cent. of all capacity to verify transactions in the network, there is a risk that such participant will be able to verify 100 per cent. of all transactions and thus earn all the rewards in the network. As private keys are needed to create transactions, the participant should not be able to create new transactions, however, the participant may in certain circumstances delete recent transactions. In practice, this should 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 be likely to materially damage confidence in the Digital Currency concerned and Digital Currencies in general and adversely affect their prices.

Should such a loss of confidence in the underlying protocol occur, the value of the associated Digital Currency will decrease, which in turn would affect the value of the Digital Securities.

Risk Rating: Low

Risk of ‘Cancerous’ Nodes

This form of attack involves one or more malicious actors propagating “cancer nodes” to isolate certain users from the legitimate Digital Currency network. If a targeted user is surrounded by such cancer nodes they may be placed on a separate “network,” allowing the malicious actor(s) to relay only blocks created by the separate network in order to open the target to the risk of double-spending attacks or to cut them off from the relevant Digital Currency community entirely by not relaying any new blocks. Software programs exist to make such attacks more difficult to achieve through limitation of the number of outbound connections through which a user may be connected to the Digital Currency network. Such a scenario would however be likely to materially damage confidence in the Digital Currency concerned and Digital Currencies in general and adversely affect their prices.

Should such a loss of confidence in the underlying protocol occur, the value of the associated Digital Currency will decrease, which in turn would affect the value of the Digital Securities.

Risk Rating: Low

Risk of Double-Spending

This form of attack involves the malicious actor(s) creating a valid new block which contains an instance of a double-spend transaction. The release of the new block is timed so as to be added to the relevant Blockchain before a target user’s legitimate transaction can be included in a block. Such attacks are expensive to co-ordinate and require great speed and accuracy. They are most likely to be effective where a transaction requires zero-confirmations. Relying on multiple confirmations is believed to be an effective means of defence. Adjusting a user’s software programme to connect only to other well-connected nodes and to disable incoming connections is an additional precaution that can be taken. Such a scenario would however be likely to materially damage confidence in the Digital Currency concerned and Digital Currencies in general and adversely affect their prices.

Should such a loss of confidence in the underlying protocol occur, the value of the associated Digital Currency will decrease, which in turn would affect the value of the Digital Securities.

Risk Rating: Low

General Storage Risk for Digital Currencies

Digital Currencies reside on the public blockchain in a distributed ledger. Evidence of ownership is not recorded by a central authority at a single location, but rather distributed among a network of users. The ledger in a public blockchain is transparent, and everyone can view the public addresses to which Digital Currencies can be sent. However, to evidence ownership of the coins from a particular address and transfer them to another address requires the use of a private cryptographic key. The private cryptographic key is the sole way to evidence ownership, and whoever controls that key controls the Digital Currencies held at its public addresses. As a result, securing the private keys that enable assets to be transferred is crucial to safeguarding ownership and control of the assets.

Storage of private keys is constantly evolving and there are now multiple methods to store the keys and multiple security protocols governing access to the private keys. One of the most popular methods is to independently hold private keys either in paper or electronic form. Independent storage of private keys involves the primary risk of permanent loss of such key, which in turn would result in the permanent loss in the ability to evidence ownership in the digital assets (including Digital Currency) linked to that private key. This could be either through forgetting encryption passwords to access keys or losing the recovery seed to hardware wallets. Alternatively, investors may underestimate the requirement to ensure effective backups of keys, risking the loss of their investments if the medium used to physically store private keys was to fail, rendering the digital assets inaccessible and incapable of being realised. Instances of investors losing access to digital assets may adversely affect the levels of adoption and use of digital assets (including Digital Currencies), as well as investor sentiment towards them. This could adversely affect the price of Digital Currencies and consequently the value of an investment in Digital Securities.

The Issuer will partner with reputable specialist institutional crypto custody firm(s) to minimise the risk of loss of assets. Institutional custodian solutions may vary in their specific security implementation and process. However, they often will offer duplicate high security wallets or vaults for safekeeping of private keys with elaborate security protocols surrounding access to such keys and withdrawals from addresses associated with the private keys stored or encrypted in the vault. Such arrangements offer high levels of security versus other ways of holding cryptocurrencies.

However, there is no guarantee than these arrangements fully protect from loss of assets. Furthermore such elaborate security protocols may delay access to assets, either as a normal aspect of operational procedure or in the event the custodian were to experience any kind of systematic failure relating to technology, process or people. Either of these situations could result in a loss in cases where the price of the relevant cryptocurrencies moves adversely.

The jurisdiction or geography in which private keys are stored by the custodian firm, in case they are stored physically or on paper, may also affect the ability of an investor to withdraw assets in instances where regulation changes. A successful hacking attempt on a reputable custodian may (i) adversely affect the levels of adoption and use of digital assets (including Digital Currencies), (ii) investor sentiment towards them, and (iii) adversely affect the price of Digital Currencies and consequently the value of an investment in Digital Securities.

Risk Rating: Low

Specific Storage Risk for Digital Currencies (Komainu (Jersey) Limited)

As at the date of this Prospectus, Komainu Jersey Limited, a joint venture between Nomura Holdings Inc., the Japanese Investment Bank, Ledger SA, the specialist cyber security company and CoinShares

International will set as Custodian to the Issuer's digital currencies.

The Issuer's custody accounts can only be accessed by a representative who has been registered and permissioned by Komainu and who has received a Komainu personal security device.

All digital currency will be held on a segregated basis within the Komainu Custody solution, operated in a multi signature environment, accessed via a Komainu portal and authorized via the hardware personal security devices, subject to a bespoke set of rules and Komainu minimum control standards.

It is possible that the Custodian or a system interfacing with the Custodian could be subject to a hacking attempt. Such attempt if successful could result in the loss of Digital Currency, or make it impossible for the Issuer to create or redeem Digital Securities. As discussed in more detail below in "No recourse except to the Issuer and the Secured Party," any loss of Digital Currency held by the custodian will not be recoverable by other assets and Security Holders could suffer a loss as they cannot realise the full value of their investment.

Risk Rating: Low

Amendments to a Digital Currency's protocol and "forking"

The discussion below is focussed on Bitcoin since a number of so-called 'hard forks' have occurred in this protocol. However, the risks exist for almost all Digital Currencies.

A group of developers known as 'Core Developers' are unofficially responsible for the periodic releases of updates to the Bitcoin Network's source-code. Such updates are only effective if accepted by users, miners, wallets and bitcoin-based companies which collectively have a prescribed majority of the processing power on the Bitcoin Network at the relevant time. If not so accepted, a 'fork' in the Bitcoin Network will take place, with one network (and the coins associated with it) running the pre-modification source-code and the other network (and its associated coins) running the modified source-code. Indeed, multiple 'forks' can occur simultaneously. Holders of Bitcoin before a forking event will technically own each of the resulting coins, which shared a common transaction history before the fork. Which of such resulting coins may henceforth be recognised by the Bitcoin community as being (the true or real) 'Bitcoin' can often be difficult to determine for a period of time following such fork. Bitcoin Exchanges have a particularly significant function to play in the determination in such regard. A new coin resulting from a fork may also change the speed at which new blocks are added to the Blockchain, which can result in a distortion of the cumulative proof of work which each coin has subsequent to the fork.

'Forks' within the Bitcoin Network are not an uncommon occurrence and notice of a forthcoming fork is typically commonly obtained well in advance. The circumstances of each fork are unique and their relative significance varies. It is possible that a particular fork may result in a significant disruption to the underlying asset and, potentially, may result in a market disruption event should pricing become problematic following the fork. It is not possible to predict, with accuracy, the impact which any anticipated fork could have or for how long any resulting disruption may exist.

There is a distinction to be drawn between 'hard forks' and 'soft forks'. A 'soft fork' is a backwards-compatible, temporary, split in the Blockchain that occurs when rules are implemented to adjust wallet software. The original Blockchain contains blocks from non-upgraded nodes but will also accept blocks generated by upgraded nodes. The new ('forked') Blockchain contains blocks only from upgraded nodes. Whether the new Blockchain survives is determined by whether the upgraded nodes reach a clear majority. If that is achieved, the new software rules for wallets are implemented across the entire Bitcoin Network (the original and new Blockchains). Any non-upgraded nodes on the original Blockchain will be re-hashing invalid information, generating and gaining nothing. The upgraded nodes are thereafter

recognized as the strongest (truest) chain of events.

In contrast, a ‘hard fork’ involves a change in a software rule, which is not backwards-compatible, and which results in a permanent diversion in the Blockchain from the moment when such new rules are implemented. Following a ‘hard fork’, both the original and new (‘forked’) Blockchains run in parallel to each other, each following a different set of software rules and code. Consequently, users on one chain will not be able to transfer its coins to the other chain. A hard fork can either increase value or decrease value. A hard fork can potentially cause changes to the adoption, use or confidence in the underlying protocol and should such a loss of confidence in the underlying protocol occur, the value of the associated Digital Currency will decrease, which in turn would affect the value of the Digital Securities.

Furthermore a fork which results in the creation of a new coin presents a number of operational difficulties. A provider of custodian services may not have the IT-infrastructure to cater for the new coin and its particular characteristics. Indeed, “wallets” may also not have the requisite software in order to receive the new coin. The new coin(s) may not readily be sellable (indeed, providers of custodial services have often been keen to either not release the new coin or to do so only at certain, perhaps a single, moments, in order to protect the security of their custodial systems). If and when a sale does become possible, the degree of market activity at that time in the relevant new coin can have a significant suppressant effect upon its price.

Price discovery in respect of the coins which result from a fork is not typically problematic but there may be an impact upon the Issuer’s creation and redemption processes (specifically, the timescales involved in connection therewith for transactions which have not yet settled, including transactions that have already been initiated) as a consequence of the foregoing operational considerations.

Furthermore, there can be no assurance that the new protocol or coin will have adoption or use or have any value assigned to it by investors.

Risk Rating: Low

The Issuer has discretion over how to treat any new coin created by a hard fork

If a permanent fork were to occur with respect to an underlying Digital Currency, the Issuer could hold in respect of a class of Digital Securities amounts of the original and the new Digital Currency as a result. In that event, the Issuer will have discretion on how to handle any distribution of such new Underlying Asset. The Issuer could choose (i) to adjust the rights of the Digital Securities so that such new Digital Currency will constitute an additional underlying asset in respect of such Digital Securities; (ii) to distribute such new Digital Currency to investors on a pro rata basis to their holdings of Digital Securities or (iii) to create and distribute a new class of Digital Security with the new Digital Currency as an Underlying Asset. It is uncertain whether the value of any such distribution would equal the change in the value of the Digital Securities resulting from such distribution.

It may be necessary for the listing in any relevant class of the Digital Securities to be suspended for a period whilst the determination of the coin which is accepted as continuing to be the ‘true’ coin is undertaken. The need for any such suspension is considered to be a reflection of the market dynamics for the underlying asset, rather than a deficiency to which the Issuer is uniquely subject.

It may not be possible, or desirable, for the Issuer to apply for listing of any new class of Digital Securities referenced to a new coin resulting from a fork.

Consequently, a permanent fork could materially and adversely affect the value of the Digital Securities.

Risk Rating: Low

Risk factors relating to the Digital Securities

Market risk due to lack of capital protection under the Digital Securities

The Coin Entitlement to be paid by the Issuer on redemption of any Digital Security depends on the performance of the relevant Digital Currency. The Digital Securities issued under this Base Prospectus are therefore neither fully nor partially capital protected. Investors may lose part or all of their initial investment.

Risk Rating: High

Secondary market, volatile market rates, tracking error and liquidity risk

Although redemption entitlement in the primary market is related to the Coin Entitlement as determined by the formula in the Conditions, price determination in the secondary market follows customary market mechanisms relating to the Digital Securities and their exposure. The bid/offer prices in the secondary market may thus become either higher or lower than the price at which the respective underlying Digital Currency trade. Although price determination in the secondary market is expected to be based on established calculation models and the price of the relevant Digital Currency, it is also dependent on supply and demand as well as development of a liquid secondary market. In the light of the volatility which can be historically observed in the prices for the Digital Currencies, it seems possible that market prices for the Digital Securities in the secondary market will be volatile.

Even if the Digital Securities are listed on a regulated market, there may be low or no demand for and/or trading in the Digital Securities. This can result in investors being unable to sell their Digital Securities at a price equal to or related to the value of the Coin Entitlement. A lack of an efficient market place and a liquid secondary market may consequently adversely affect the market value of the Digital Securities.

Risk Rating: Medium

The market makers' obligations are limited

Even where the Digital Securities are admitted to trading on a regulated market, a market maker in the Digital Securities will only be obliged to provide bid/ask prices under the conditions contained in the rules applicable on the relevant regulated market and, as applicable, in agreements between the market maker and the Issuer. In general, these conditions entail that the market maker is required to provide rates and prices under normal market conditions and within a certain spread at all times. However, the market maker is not obliged to secure a certain minimum level rate, to purchase unlimited numbers of the Digital Securities or provide any minimum volume of trading in abnormal market conditions or other similar obligations. Any interruption in the delivery of efficient pricing on exchange may consequently adversely affect the price at which investors are able to trade the Digital Securities in the secondary markets.

Risk Rating: Medium

Regulatory limits or consequences for investors

Investments in the Digital Securities in the light of their exposure to Digital Currencies must always be assessed by every investor based on the circumstances and legal and regulatory conditions applicable to that investor. An investor governed by such conditions may be subject to limited possibilities to invest in the Digital Securities and/or experience unforeseeable consequences of a holding in the Digital

Securities.

Risk Rating: Medium

Currency risk

The Digital Securities are denominated in US Dollars and most trading in Digital Currencies occurs in US Dollars. The volatility of the US Dollar may therefore have an impact on the prices provided in the secondary market for currencies other than the US Dollar. Any investor whose trading is denominated in such currencies may therefore see the market value of the Digital Securities affected by fluctuations in the value of the US Dollar as well as the price of the underlying Digital Securities.

Risk Rating: Low

Historical market data does not show future values

Historical prices are no guarantee for or indication of future price levels for the Digital Securities and/or the relevant Digital Currencies in relation to US Dollars. Historical trading patterns do not necessarily repeat themselves in the future and if an investor relies on historical trading patterns in the context of a forward-looking investment strategy, this may lead to the investment strategy failing and the investor incurring a loss.

Risk Rating: Low

De-listing

Although the Digital Securities will be admitted to trading on one or more exchanges, there is a risk that the Issuer may not succeed in maintaining this status for the Digital Securities of any class. If one or more regulated markets decides that the Digital Securities of any class should no longer remain admitted to trading, regardless of whether this is due to circumstances assignable to the Issuer, the Digital Securities, the relevant Digital Currencies, the market maker(s) and/or changed rules or any other reason, there is a risk that the Issuer will not succeed in having the Digital Securities of such class admitted to trading on another regulated market or other stock exchange or market.

Such a course of events would probably worsen the liquidity, disposal opportunities and the market value for the Digital Securities of such class and thus create risks of losses for investors. If a delisting were to occur and no other listing obtained within an appropriate time frame, the Issuer may be required to exercise its right to redeem the Digital Securities early. Such early Redemption will only occur following a notice period and investors risk that the market price and liquidity on the secondary market as well as the final settlement amount are negatively impacted in such a scenario.

Risk Rating: Low

Compulsory Redemption

The Digital Securities may be compulsorily redeemed at the Issuer's election in accordance with the Conditions. Redemption at the Issuer's election may cause the Digital Securities to be Redeemed when the value of the Digital Securities is lower than the purchase price of the Digital Securities. This may cause investors to lose part or all of their investments.

Risk Rating: Low

Trustee

In connection with the exercise of its function, the Trustee will have regard to the interests of the Security Holders as a class and will not have regard to the consequences of such exercise for individual Security Holders and the Trustee will not be entitled to require, nor will any Security Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Security Holders.

Risk Rating: Low

Tax

Depending on the investor's country of residence, a holding in the Digital Securities (which are structured as debt securities) and/or a deemed holding of certain Underlying Assets may have tax implications, such as value added tax or capital gains tax. Investors are advised to consult with their tax advisers as to their specific consequences. Therefore, investors should consider whether such tax liabilities apply when investing in the Digital Securities. Each investor will assume and be solely responsible for any and all taxes of any jurisdiction, including central government or local state taxes or other like assessment or charges which may be applied in respect of Digital Securities. In the event that any withholding tax or deduction for tax is imposed on payments on the Digital Securities, the Security Holders will be subject to such tax or deduction and will not be entitled to receive amounts to compensate for such withholding or deduction.

Risk Rating: Low

Trading Hours

The Digital Securities will trade only during regular trading hours on the Relevant Stock Exchange on which they are listed or traded. The relevant Underlying Assets may trade on exchanges which operate globally, 24 hours, seven days a week. To the extent that any Relevant Stock Exchange is closed while the markets for the Underlying Assets remains open, significant price movements may take place at a time during which an investor in the Digital Securities may not be able to trade. This may limit Security Holders' ability to react to price movements or volatility in the markets for the relevant Underlying Asset. Additionally, Security Holders will not be able to sell or redeem Digital Securities until the Relevant Stock Exchange is open for trading. In these circumstances, a Security Holder may suffer a loss if the cash value of the Digital Securities at that time is less than it would otherwise have been if sold or Redeemed at a time when the Relevant Stock Exchange was closed but other markets in Underlying Assets remained open.

Risk Rating: Low

Security Holder directions

The Conditions of the Digital Securities permit the holders of 25 per cent. or more (by Principal Amount) of the outstanding affected Digital Securities following the occurrence of (i) an Issuer Insolvency Event or (ii) an Agency Agreement Default to direct the Trustee to take proceedings against or in relation to the to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of all outstanding and affected Digital Securities. The Trustee will not however be obliged to take any step or action or to act in accordance with any such direction unless the Trustee has been indemnified and/or secured and/or pre-funded to its satisfaction.

Consequently, an investment in Digital Securities may be redeemed earlier than desired by a Security Holder and on short notice. In these circumstances, a Security Holder may suffer a loss if the Redemption Amount of the Digital Securities at that time is less than it would otherwise have been if

redeemed on a day chosen by the Security Holder.

Risk Rating: Low

Custodian non-performance on Redemption by Physical Delivery

In the case of a Redemption to be effected by Physical Delivery, the Issuer will instruct the Custodian to effect a transfer of the Coin Entitlement of the Digital Securities being redeemed to the Security Holder. There may be circumstances in which a Custodian fails to effect such a transfer in accordance with such instructions. In that event, the Issuer will not be responsible to or liable to the Security Holder for such failure. The Issuer will to the extent practicable procure the assignment to the redeeming Security Holder of its claims against the Custodian in respect of the Coin Entitlement that has not been transferred, but it may not be practicable to assign such claims and such claims may be of little or no value. As a result, a Custodian's failure to effect such a transfer may result in the Security Holder losing all of its investment.

Risk Rating: Low

Credit risk on third parties in relation to Cash Redemption

In the case of a Redemption to be effected by Cash Settlement, the Issuer will instruct the Coin Sales Agent to sell on its behalf the aggregate Coin Entitlement of the Digital Securities being redeemed. The Coin Sales Agency Agreement does not require the Coin Sales Agent to sell the Digital Currencies composed in the Coin Entitlement to a party to any Programme Document or to a person that meets any particular requirements or to sell such Digital Currencies on any particular terms. There is no requirement under the Programme to require the counterparty to any such sale to grant any security or provide any collateral in respect of the obligations it owes to the Issuer in respect of the sale. There may be circumstances in which such counterparty fails to perform its obligations under such sale and fails to pay the consideration for the purchase of the Digital Currencies to the Issuer. The Issuer will to the extent practicable procure the assignment to the redeeming Security Holder of its claims against such counterparty in respect of the redeeming Security Holder's share in the proceeds of the sale of such Digital Currencies that has not been paid, but it may not be practicable to assign such claims and such claims may be of little or no value. As a result, the failure of a counterparty to pay such proceeds to the Issuer may result in the Security Holder losing all of its investment.

Risk Rating: Low

Timing of settlement of Redemptions and Compulsory Redemptions

The Conditions of the Programme grant the Issuer discretion as to the exact timing of Redemptions and Compulsory Redemptions of Digital Securities. This reflects that there is no set timescale for the settlement of transactions in Digital Securities. This means that there is no certainty that a holder of Digital Securities will receive settlement of a Redemption or Compulsory Redemption on any particular date.

Risk Rating: Low

Risk factors relating to the Issuer

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

The Issuer was formed on 9 August 2018 under the name "Global Advisors Corporate Services Limited", as a private limited company for the sole purpose of providing corporate secretarial and

directorship services to affiliates within the CoinShares group structure. The Issuer changed its name to “CoinShares Digital Securities Limited” by written resolution dated 30 June 2020 and its status to a public company pursuant to a written resolution dated 28 July 2020.

The sole business of the Issuer is to issue exchange traded products. There is a risk that the Issuer will not be successful in its issue of exchange traded products, which in turn will impact the Issuer’s profitability. If the Issuer becomes unsuccessful in the issuance of exchange traded products, the Issuer may cease its business activities as issuer or ultimately may become insolvent.

Risk Rating: Low

Operational risk

Operational risks are risks relating to losses which the Issuer may encounter on grounds of incorrect or insufficient systems and controls, human error as well as legal risks. Operational complexity exists, in particular, around creation and redemption and the con-current management of flow of Digital Currencies. The occurrence of such operational risks, in particular those around creation and redemption, may adversely affect liquidity in the ETPs and/or, may adversely affect the Issuer’s reputation and operating results and/or its ability to continue offering the Digital Securities.

Risk Rating: Low

Risk of conflicts of interest

Save as set out below, 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.

Several legal entities belonging to or affiliated with the same group of companies may from time to time acquire, hold and/or divest any position in Digital Securities issued by the Issuer. Such entities will act in their respective capacity as purchaser, holder or seller of any such Digital Securities and not in the interest of any other holders of Digital Securities. If any material conflict of interest were to arise and it could not be resolved, it could adversely affect the Issuer’s ability to continue offering the Digital Securities.

Risk Rating: Low

Litigation Risks

The Issuer is not but may become involved in litigation, regulatory and arbitration proceedings from time to time, with investors, regulatory authorities or other claimants. Even if the Issuer is successful in defending such proceedings or resolves any claims to the satisfaction of the parties involved, and whether covered by insurance or otherwise, the Issuer may suffer from the distraction of management resources to such proceedings, or incur costs and possibly face harm to its reputation from case related publicity. The Issuer’s involvement in such proceedings or settlements may have a material adverse effect on its business, financial condition and results of operations.

Risk Rating: Low

Other Legal Risks

No Recourse except to the Issuer and the Secured Property

The Issuer is a special purpose company established for the purpose of issuing exchange traded products (ETPs) as asset backed securities. Any claims made against the Issuer will be satisfied in order of the priority of payments further details of which are set out in Condition 13 (Application of Moneys) as set out in Part 6 (Trust Instrument and Conditions). Claims for all amounts due to the Trustee and to payment of any remuneration and expense of any receiver and the costs of realisations of the security will rank above those of investors. If the net proceeds from the enforcement of the Secured Property in respect of a particular Pool, following enforcement of the Security Deed in respect of that Pool, are not sufficient to meet all obligations and make all payments then due in respect of the Digital Securities of that class, the obligations of the Issuer in respect of such Digital Securities of that class will be limited to the net proceeds of realisation of that Secured Property. In such circumstances the assets (if any) of the Issuer other than those attributable to the relevant Pool will not be available to meet any shortfall, the rights of the relevant Security Holders to receive any further amounts in respect of such obligations will be extinguished and none of the Security Holders or the Trustee may take any further action to recover such amounts. In these circumstances a Security Holder will suffer a loss as they cannot realise the full value of their investment.

Risk Rating: Low

Limited Enforcement Rights

The Trustee may enforce the Security at its discretion but is only required to enforce the Security on behalf of a Security Holder if it is directed to do so:

- (a) by a Security Holder to whom a Delivery Default is owed; or
- (b) if an insolvency event in relation to the Issuer or an Agency Agreement Default has occurred and
- (c) is continuing, (i) in writing by Security Holders holding not less than 25 per cent. by Principal Amount (as at the date of the last signature) of the Digital Securities (as a whole) then outstanding, or (ii) by an Extraordinary Resolution,

in each case provided that the Trustee will not however be obliged to take any step or action or to act in accordance with any such direction unless the Trustee has been indemnified and/or secured and/or pre-funded to its satisfaction. In circumstances where the Trustee is not obliged to enforce the Security, a Security Holder will have no right to proceed directly against the Issuer and may therefore not be able to realise the value of their investment.

Risk Rating: Low

Administration and Winding-Up Proceedings in England and stays

Under Section 426 of the Insolvency Act 1986, the English Courts may, if requested by a Court in a “relevant country or territory” (including Jersey), make an administration or winding up order in respect of a foreign company, such as the Issuer.

Furthermore, under the European Insolvency Regulations (No.1346/2000) as it applies in the United Kingdom (“EIR”) main insolvency proceedings (including administration and liquidation) can be opened if the centre of main interests of the Issuer is considered to be in England, or winding up proceedings (liquidation) may be opened if the Issuer has an establishment (as defined in the EIR) in England.

If the Issuer were placed in administration in England, the effect would be that during the period of administration, the affairs, business and property of the Issuer would be managed by a person known as an administrator and this could affect the ability of a Security Holder to redeem their Digital Securities

at a time of their choosing, which could mean a delay in the return of the underlying assets to Security Holders and a loss if the value of the underlying asset has reduced in the intervening period. During the period beginning with making an application for an administration order and ending with the making of such an order or the dismissal of the application, no steps could be taken to enforce the Security except with the leave of the Court and subject to such terms as the Court may impose. In the case of administration, while the Issuer remained in administration no steps could be taken to enforce the Security, except with the consent of the administrator or the leave of the Court and subject to such terms as the Court might impose. It is also open to the administrator to apply to the Court to sell property subject to the Security free from the Security. The administrator must however account to the Trustee for the proceeds of sale.

Under the Cross-Border Insolvency Regulations 2006 a foreign insolvency representative, in this case the insolvency representative of the Issuer in Jersey, may apply to the English Courts, inter alia, to commence insolvency proceedings under English law (which could include administration) or to have the English Courts recognise a foreign insolvency proceeding, or to have the English Courts grant a stay of any enforcement of any security. If any such application were made, it could affect the ability of the Trustee to enforce the Security.

If the Issuer were placed in liquidation in England, the Security could be enforced by the Trustee on behalf of the Security Holders.

Risk Rating: Low

Floating Charges

Floating charges have certain weaknesses, including the following:

- (i) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and the chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off even if crystallised prior to the commencement of the winding-up;
- (ii) they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (iii) they rank after certain insolvency remuneration expenses and liabilities;
- (iv) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (v) they rank after fixed charges.

The ability of the Trustee to appoint an administrator under the floating charge constituted by the Security Deed will depend on whether, at any time of the exercise of any rights as a qualifying floating charge holder to appoint an administrator, that floating charge is over all or substantially all of the assets of the Issuer and the Issuer is a company to which the Insolvency Act 1986 applies.

Risk Rating: Low

Status of Digital Currency as property under English law

Although the Security Deed purports to create a floating charge over the Digital Currency held by the Issuer, it also contains a provision that nothing in it is to be construed or understood to contain any warranty, assurance or representation on the part of the Issuer that Digital Currency constitutes a form

of property as a matter of English law or that the security thereby purported to be created is enforceable against the Digital Currency held by or for the Issuer as a property right as a matter of English law. It is unclear what law governs the Digital Currency held by or for the Issuer and were the Trustee to seek to exercise its enforcement rights under the Security Deed it is unclear whether such rights would be enforceable.

Risk Rating: Low

Recognition of Security in other Jurisdictions

The laws of certain jurisdictions may not recognise the security created by a Security Document over some or all of the assets comprising the Secured Property or may require that additional registration or perfection steps be taken in order for such security to be recognised or to rank ahead of other claims in respect of such assets or to be enforceable as against certain third parties and not vulnerable to being set aside in certain circumstances. In those circumstances, such security may not be effective in relation to assets deemed located in that jurisdiction, obligations governed by the laws of that jurisdiction or owing by a party incorporated or located in that jurisdiction and/or owing to a party not incorporated or located in that jurisdiction and/or such assets may be subject to claims which would otherwise rank after claims secured by the Security Document and/or the security over such assets may not be enforceable as against third parties and/or may be set aside in certain circumstances. In the event that it becomes necessary to enforce the security granted by a Security Document in a jurisdiction that does not recognise such security (or in which it has not been registered and/or perfected) there may be delays in enforcing the security or it may not be possible to enforce such security which could result in losses to Security Holders.

In addition, the nature of the security granted by a Security Document over the assets comprising the Secured Property may be characterised differently in different jurisdictions and/or no distinction drawn in such jurisdictions between the various security interests created by that Security Document. This may result in some or all of the security granted by such Security Document ranking behind other creditors of the Issuer.

Risk Rating: Low

The claims of Security Holders are subordinated upon enforcement of the Security

The Trustee will apply the proceeds derived from the realisation of the assets that are the subject of the Security Documents in the applicable order of priority set out in Condition 13 (Application of Moneys) as set out in Part 6 (Trust Instrument and the Conditions) under which amounts due to the Security Holders of any class will be subordinated to amounts due to the Trustee itself and any receiver(s), in each case in relation to the Digital Securities of that class.

Following the priority of payments, the security may be insufficient and the Issuer may not be able to return the full amounts due to Security Holders who may suffer a loss as a result.

Risk Rating: Low

Regulatory Risk

The Issuer may be required by the rules of an exchange (other than the SIX Swiss Exchange) to which the Digital Securities are admitted to trading to have a minimum number of market makers. If a market maker ceases to act as market maker and a replacement cannot be found and as a result the Issuer cannot meet the minimum requirement, the relevant exchange may require the Digital Securities to cease trading which may make it harder for a Security Holder to sell their Digital Securities at a time of their

choosing and which could lead to a loss to a Security Holder if, when they are subsequently able to sell their Digital Securities, the value of those Digital Securities has dropped below the value of the Digital Securities when the Security Holder initially sought to sell them.

Risk Rating: Low

Changes in Regulation

The combination of the nature of the Issuer's activities, the markets to which it is exposed, the institutions with which it does business and the securities which it issues makes it particularly exposed to national, international and supranational regulatory action and taxation changes. The scope and requirements of regulation and taxation applicable to the Issuer continues to change and evolve and there is a risk that as a result it may prove more difficult or impossible, or more expensive, for the Issuer to continue to carry on their functions in the manner currently contemplated. This may require that changes are made in the future to the agreements applicable to the Programme and may result in changes to the commercial terms of the Digital Securities and/or the inability to apply for and Redeem Digital Securities and/or Compulsory Redemption of some or all of the Digital Securities and/or disruption to the pricing thereof.

Risk Rating: Low

PART 1 GENERAL

Introduction

The Issuer has established a programme under which it has created and made available for issue different classes of securities, collectively referred to as Digital Securities, each of which provides exposure to a single type of underlying digital asset.

Digital Securities are intended to offer investors means of investing in the digital asset market without the necessity of taking delivery of or storing Digital Currencies in personal wallets. Investors can buy and sell Digital Securities through the trading of securities listed on the SIX Swiss Exchange (and on any other exchange to which they may be admitted to trading from time to time).

Digital Securities have an effective notional entitlement to a type of Digital Currency, known as the Coin Entitlement, (expressed as a quantity of the relevant Digital Currency) and aim (before management fees) to provide an investor with the same return that they would gain from investing directly in the relevant Digital Currency. As a result of the Application and Redemption mechanism, the Digital Securities are “physically backed” – that is, they maintain a direct relationship to the value of the underlying by holding that underlying. The precise rights attached to the Digital Securities, including deductions in respect of management fees and how they are applied, are set out in the Conditions which are reproduced in Part 6 (Trust Instrument and Conditions) and described in more detail below and in Part 4 (Description of the Digital Securities), and an illustration of the effect of these rights, including worked examples, is set out in Part 2 (How does a Security Holder Determine the Value of their Investment?).

General Description of Digital Securities

A Digital Security is a non-interest bearing, undated, secured, limited recourse debt obligation of the Issuer, which entitles a Security Holder (provided it is an Authorised Participant) to require redemption of the Digital Security and on the Settlement Date receive an amount of Digital Currency equal to the Coin Entitlement. In certain circumstances (i) when there are no Authorised Participants or a Security Holder elects for Physical Delivery, a Security Holder who is not an Authorised Participant is entitled to require redemption of a Digital Security directly with the Issuer in return for an amount of Digital Currency equal to the aggregate Coin Entitlement of the Digital Securities to be redeemed or (ii) (as required by the rules and regulations of the SFSA), when there are no Authorised Participants or if such delivery is prohibited, for cash obtained by the sale by the Coin Sales Agent (on behalf of the Issuer) of an amount of Digital Currency equal to the Coin Entitlement of the Digital Securities being redeemed.

Each class of Digital Security has a continuous issue and redemption process, under which additional Digital Securities of such class may be issued to Authorised Participants, and Digital Securities may be redeemed, on a daily basis on any business day.

A Security Holder of Digital Securities who is not an Authorised Participant who requires the redemption by way of delivery of Digital Currency may do so on a day (other than a Saturday or a Sunday or a public holiday in England) on which banks are open for business in England and Jersey, in which case the Security Holder will, as long as certain conditions are met, receive delivery of an amount of Digital Currency representing the amount of its Coin Entitlement (minus all relevant deductions including a Physical Delivery Fee currently equal to one per cent. of the aggregate Coin Entitlement to be redeemed) to its personal Digital Wallet. A personal Digital Wallet is generally defined as a physical device, software program or service that holds the public and private keys for transactions in a given digital currency. The personal Digital Wallet can be held directly by an individual or via a custodian or

other third party. The wallet is represented by a public key, which is like an address to and from which the wallet holder may receive and send Digital Currency. A Security Holder may obtain a personal Digital Wallet in a number of ways, the most recognised of which comprise opening an account with a digital currency exchange, purchasing a physical device or software program to hold the public and private keys or working with an established digital currency custodian.

The Digital Securities are backed by Digital Currencies, the private keys to which are maintained in the Custodian's multi-wallet custody solution.

Digital Currencies, which are the reference assets for the Digital Securities, represent both novel technologies as well as new asset classes. As a result, they may include risks that investors generally do not expect from other types of assets and commodities, including (but not limited to), risks relating to the loss of the underlying asset held by the Custodian. The recovery of such assets if lost due to hacking or fraud may be exacerbated by the lack of a central intermediary, the anonymity of Digital Currency accounts and the immutability of the decentralized databases (known as distributed ledgers) which record ownership. The Digital Securities and the underlying assets in respect of the Digital Securities should therefore be considered to be highly speculative and involve a high degree of risk, including the risk of a total loss of all capital invested. See further the section of this Base Prospectus entitled "Risk Factors".

Coin Entitlement

There will be a separate Coin Entitlement for each class of Digital Security denominated in the relevant underlying Digital Currency. The Coin Entitlement of each class of Digital Security is adjusted on each day by the Management Fee.

Whenever new Digital Securities of any class are issued or existing such securities redeemed, this will be done at the then prevailing Coin Entitlement, thereby ensuring that all Digital Securities of the same class have the same Coin Entitlement, are fully fungible and are backed by the same Digital Currency. Whenever new Digital Securities of a class contemplated by this Prospectus are issued, details will be set out in Final Terms prepared by the Issuer.

Further details of the determination of the Coin Entitlement and the Management Fees are set out under the heading "Coin Entitlement" in Part 4 (Description of the Digital Securities) and worked examples are provided in Part 2 (How does a Security Holder determine the value of their investment?).

Listing and Trading

All Digital Securities are fully transferable. The Issuer intends to apply for one or more classes of Digital Securities to be admitted to trading on a regulated market or any other market place, such as a multilateral trading facility (MTF), in Austria, Belgium, Germany, Luxembourg, the Netherlands, Italy, Spain and Sweden and, subject to completion of relevant notification measures, any other Member State within the EEA.

The SIX Swiss Exchange (the **SIX Swiss Exchange** or **SIX**) has approved a base prospectus in relation to the Programme as of December 30, 2020 (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. The Issuer has applied and received approval for the listing of one or more Classes of Digital Securities under the Programme to be admitted to trading on SIX Swiss Exchange.

In order to provide liquidity to investors and minimise tracking error, the Issuer will aim to appoint multiple Authorised Participants as well as Flow Traders B.V. and Jane Street Financial Limited to make a market on the SIX Swiss Exchange in some or all of the Digital Securities (or on the other exchanges on which the Digital Securities are admitted to trading). The Issuer will only appoint Authorised Participants that are financial services companies subject to the appropriate regulation in the European Union. In determining whether the Issuer should appoint any particular Authorised Participant, the Board will arrange for due diligence to be conducted in respect of the proposed counterparty. Such due diligence is likely to include (but may not necessarily comprise or be limited to) the making of enquiries as to the operating history, technical skill and experience, reputation, financial standing and regulatory status and track record of the proposed Authorised Participant as well as (as may be considered appropriate by the Board in each case) its key personnel and controllers, its ultimate beneficial owners and its wider group.

In the event the Issuer is unable to appoint such financial services companies or there are no eligible Authorised Participants available, the Issuer may also appoint one of its affiliates as an Authorised Participant.

Authorised Participants have the right to effect applications or redemptions, and Security Holders, in certain circumstances, have the right to effect redemptions – see below under “Applications and Redemptions” and Part 4 (Description of the Digital Securities) under the heading “Applications and Redemptions” for further details.

The standard settlement cycle for settlement of trades on the SIX Swiss Exchange is two business days (T+2). Any announcements made by the Issuer by RIS will be available, free of charge, on the website of www.coinshares.com.

Custody of Digital Currencies

The Issuer will store the Digital Currencies in the proprietary, multi-wallet technological platform operated by the Custodian.

Komainu (Jersey) Limited is a Jersey-domiciled company with its registered office at Third floor 2 Hill Street, St Helier, Jersey JE2 4UA, Channel Islands. It provides custody services from time to time pursuant to the Custody Agreement. Komainu (Jersey) Limited is a joint venture operated by Nomura Holding Inc., Ledger SA and CoinShares International Limited and is regulated by the Jersey Financial Services Commission for the provision of custody and depositary services.

The Custodian will be responsible for the safekeeping of the Digital Currency held in the Secured Wallets. The Custodian and/or its affiliates may from time to time purchase or sell Digital Securities for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

The Custodian will maintain the Secured Wallets, comprising a Subscription and Redemption Wallet and a Long-term Wallet. The Secured Wallets will be established and maintained under the Komainu master wallet custody solution. The Subscription and Redemption Wallets will hold sufficient Digital Currency to provide liquidity for creations and redemptions, up to a maximum of \$50 million. The Long-Term Storage Wallet will hold all Digital Security in excess of that required to ensure liquidity for creations and redemptions. The Secured Wallets will be subject to security protocols as agreed between the Issuer and the Custodian. The Security Protocols are confidential and are designed to limit access to and control over the Wallets to a pre-identified number of employees of the Issuer, the Administrator and the Custodian, to create secure processes for withdrawals from the Secured Wallets and to pre-authorise (and therefore) limit the wallets to which Digital Currency may be transferred from the

Secured Wallets.

The Digital Currency of each Underlying Type held in the Secured Wallets in respect of the relevant class of Digital Security will be the subject of a floating charge in favour of the Trustee under the Security Deed to secure the obligations owed by the Issuer to the Trustee and the Security Holders in respect of the Digital Securities of that class.

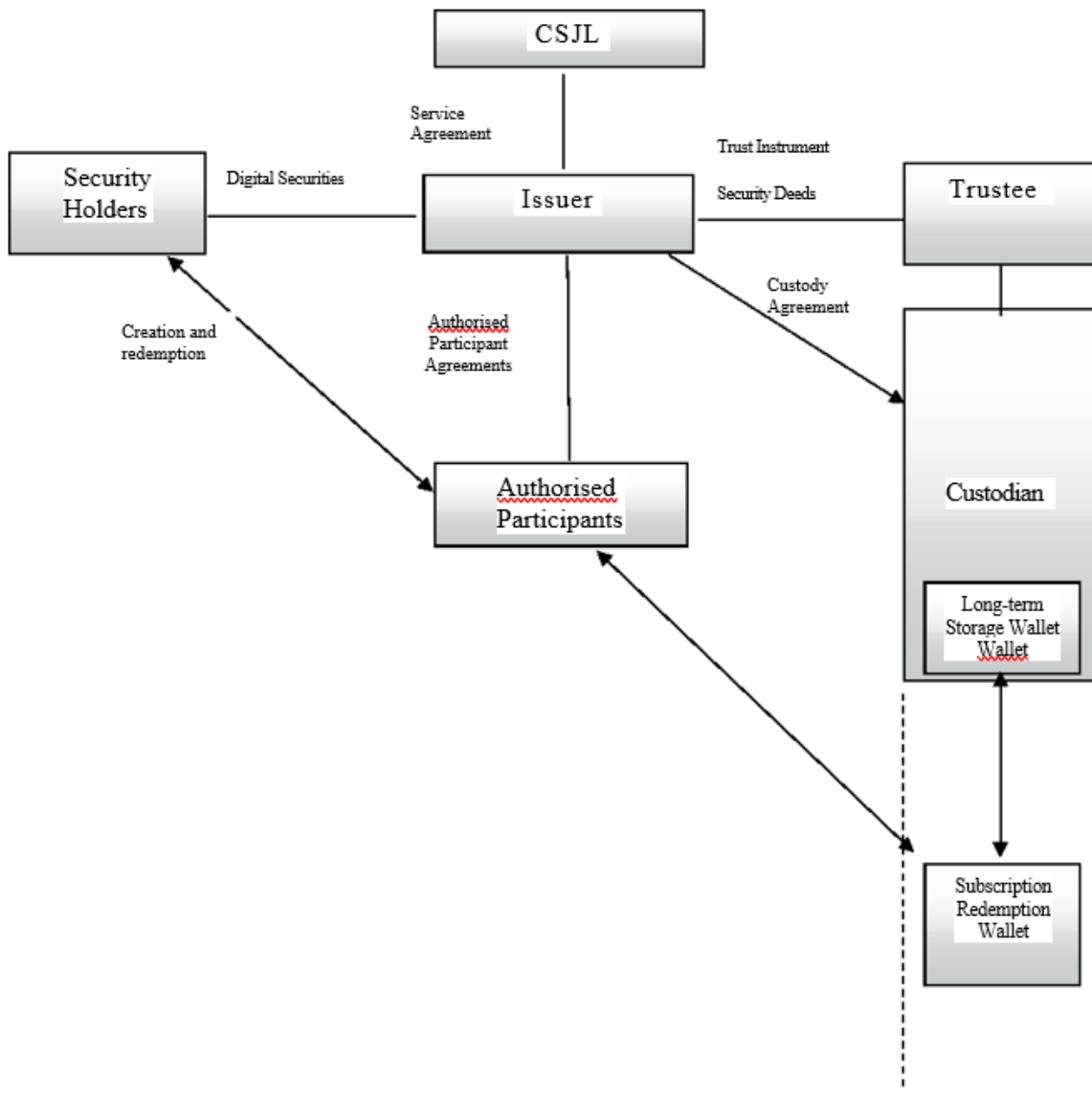
Further detail of the Custodian and the arrangements for the storage of Digital Currencies are set out in Part 8 (The Custodian and the Custody Agreement).

Contract Structure and Flow of Funds for Digital Securities

Digital Securities are constituted by the Trust Instrument. Under the terms of the Trust Instrument, the Trustee acts as trustee for the Security Holders of each class of Digital Security. The rights of the Issuer in respect of the Digital Currency of each Underlying Type held in the Secured Wallets in respect of the relevant class of Digital Security are the subject of an assignment by way of security and a first-ranking floating charge under the Security Deed in favour of the Trustee to secure the obligations owed by the Issuer to the Trustee and the Security Holders in respect of the Digital Securities of that class.

Each class of Digital Security has a continuous issue and redemption process, under which additional Digital Securities of such class may be issued to Authorised Participants, and Digital Securities may be redeemed, on a daily basis on any business day.

A diagrammatic representation of the principal aspects of the structure as currently in place appears below:



The following summarises the flow of funds and assets attributable to the Digital Securities as represented by the above diagram:

Digital Securities can be bought and sold for cash on SIX Swiss Exchange rather than directly from the Issuer. The cash used to settle these transactions is never delivered to the Issuer. Market makers work to ensure that there is sufficient liquidity on the relevant stock exchanges. To aid this process, the Issuer has entered into agreements (known as Authorised Participant Agreements) with certain financial institutions – Authorised Participants – whereby it has agreed to issue and redeem Digital Securities to or from those Authorised Participants on an ongoing basis. Further details about the terms of the Authorised Participant Agreements are set out in paragraph 2.6 of Part 10 (*Additional Information*).

Generally only Authorised Participants may request the creation of Digital Securities directly with the Issuer in exchange for physical Digital Currencies. Upon creation of Digital Securities, an Authorised Participant must deliver Digital Currency of the relevant Underlying Type in an amount equal to the Coin Entitlement of the Digital Securities into the relevant Secured Wallet with the Custodian. Only once the Digital Currency of the relevant Underlying Type has been received will the Issuer issue the Digital Securities and deliver them to the Authorised Participant. Further details about settlement of the Digital Securities can be found under the heading “Settlement” in Part 5 (*The Programme*).

The Authorised Participant may then sell the Digital Securities on a stock exchange, sell the Digital Securities in off exchange transactions (known as “OTC” or “Over-the-Counter” transactions) or keep the Digital Securities to hold themselves. The creation process is described in more detail under the heading “Applications and Redemptions” below.

Once the Digital Securities are created, the Digital Currency will be held with all other Digital Currency attributable to the Digital Securities of the applicable class in the Secured Wallets at the Custodian.

Authorised Participants may also request the redemption of Digital Securities directly with the Issuer in exchange for the transfer of relevant Digital Currency. If an Authorised Participant requests Redemption of Digital Securities, they must return those Digital Securities to the Issuer and in return will receive Digital Currency of the relevant Underlying Type equivalent to the aggregate Coin Entitlement of the Digital Securities which are being redeemed through a transfer from the Secured Wallets held by the Custodian. The Redemption process is described in more detail under the heading “Applications and Redemptions” below.

If holders who are not Authorised Participants wish to give up their holding of Digital Securities, they may sell them either on one of the stock exchanges on which the Digital Securities are admitted to trading or in a private transaction. Such sale would typically be for cash rather than Digital Currency. Generally, Digital Securities will only be issued to Authorised Participants.

Security Holders who are not Authorised Participants may request redemption of Digital Securities directly with the Issuer in the following circumstances:

- In circumstances where there are no Authorised Participants, Security Holders who are not Authorised Participants may require redemption of their Digital Securities directly with the Issuer. In this case, the Security Holder will receive either physical Digital Currency or, if such Security Holder is legally restricted from receiving physical Digital Currency or as irrevocably permitted by the Issuer, as required by the regulatory requirements of the SFSA and pursuant to Conditions 7.3(a)(i) and 7.3(b), the proceeds of sale of the Coin Entitlement in US dollars rather than in Digital Currency.
- In the case of an election pursuant to the Physical Delivery process, a Security Holder who is not an Authorised Participant may require the redemption of its Digital Securities by way of delivery of Digital Currency, in which case the Security Holder will, as long as certain conditions are met, receive delivery of an amount of Digital Currency of the relevant Underlying Type representing the amount of its Coin Entitlement (minus all Redemption Deductions and a Physical Delivery Fee currently equal to one per cent. of the aggregate Coin Entitlement) to its personal Digital Wallet.

Applications and Redemptions

Digital Securities can be issued to or redeemed at any time by Authorised Participants, and, in certain circumstances, can also be redeemed by Security Holders, subject to conditions. The issue and redemption mechanism is intended to ensure that Digital Securities have sufficient liquidity and that the price at which they trade on the SIX Swiss Exchange tracks the relevant Digital Currency (before fees). Only an Authorised Participant may apply for Digital Securities — all other persons must buy Digital Securities through trading on the SIX Swiss Exchange (or any other exchange to which they may from time to time be admitted to trading).

Digital Securities will only be issued on receipt of a valid Application Form and when the Digital

Currency of the relevant Underlying Type has been deposited by the Authorised Participant into the applicable Secured Wallet with the Custodian in an amount equal to the required Coin Entitlement.

Digital Securities will only be cancelled upon receipt of a valid Redemption Form and the delivery of the relevant Digital Securities to the Issuer on the Settlement Date, whereupon the relevant amount of Digital Currency of the relevant Underlying Type will be processed out of the relevant Secured Wallet.

Upon a Redemption by a Security Holder who is not an Authorised Participant, such Digital Securities will only be cancelled by the Issuer upon receipt of the Redemption Fee in cleared funds from the Security Holder in accordance with Condition 10 (*Redemption Fee*). The Settlement Date for such redemptions is the date the relevant Digital Currency is transferred to the relevant Security Holder Wallet by the Custodian.

Upon an optional Redemption of Digital Securities by a Security Holder who is not an Authorised Participant, the Security Holder must submit to the Issuer a valid Redemption Form in accordance with Condition 7 (*Redemption of Digital Securities*).

Further details in relation to the Application and Redemption processes are set out in Part 4 (*Description of the Digital Securities*). Further details of the Redemption processes are set out in the Conditions, which are set out in Part 6 (*Trust Instrument and Conditions*).

Security Structure

A security structure has been established to provide security for the Redemption Obligations of the Issuer to Security Holders upon redemption of Digital Securities.

The Programme has been established to hold separate Pools of assets so that the Issuer can issue separate classes of securities, based on different types of Digital Currency or having some other different characteristics, but on terms that each such separate class of securities would have recourse only to the Pool attributable to that class and not to the assets attributable to any other class. The assets and liabilities attributable to each class of Digital Security will represent the Pool for that class.

Thus there are eight separate Pools applicable to Digital Securities. A single Pool secures all Digital Securities of a single class. Digital Securities are constituted under the Trust Instrument entered into between the Issuer and the Trustee as trustee for Securities Holders of each class. The Trustee holds all rights and entitlements under the Trust Instrument on trust for the Security Holders.

In addition, the Issuer and the Trustee have entered into a single Security Deed applicable to all Pools. The rights and entitlements held by the Trustee under the Security Deed are held by the Trustee on trust for the Security Holders of each class of Digital Security. Further details of the Trust Instrument are set out under the heading in Part 6 (*Trust Instrument and Conditions*).

Further details of the Security Deed are set out in Part 7 (*Particulars of Security Deed*).

The Issuer

CoinShares Digital Securities Limited was formed on 9 August 2018 under the name “Global Advisors Corporate Services Limited”, as a private limited company to provide corporate secretarial and corporate directorship services to affiliates within the CoinShares group structure. The Issuer changed its name to “CoinShares Digital Securities Limited” pursuant to a written resolution dated 30 June 2020 and its status to a public company pursuant to a written resolution dated 28 July 2020 to enable it to engage in the activity of issuing the Digital Securities. The Issuer operates under Jersey law. The Issuer was registered with the Jersey Financial Services Commission on 19 August 2018. The Issuer’s registration

number is 127061 and its trading name is CoinShares Digital Securities. The Issuer’s articles of association are dated 29 July 2020. The Issuer has an issued share capital of £0.01 (Authorised Capital of £100 comprising 10,000 Ordinary Shares of £0.01) in a single class, fully paid. The Issuer’s address is: 2nd Floor, 2 Hill Street, St. Helier, Jersey JE2 4UA. The Issuer’s phone number is +44 1534 513100. LEI: 549300DR7967WVLR3P83.

The Issuer was formed by and is a wholly-owned subsidiary of CoinShares (Holdings) Limited (“CSHL”), a company incorporated in Jersey. The Issuer has not been assigned a credit rating and it is not intended that any Digital Securities will be assigned credit ratings.

The Issuer is neither directly or indirectly owned or controlled by any other party to the Programme. The Issuer is dependent upon CoinShares (Jersey) Limited (“CSJL”), a CoinShares Group company, to provide programme management and associated services to it, as further described below under the heading “Administration and Registrar Services”. CSJL intends to promote and to provide management and other services to the Issuer and currently also provides such services to XBT Provider AB (publ).

The Issuer has been established as a special purpose vehicle for the purposes of issuing Digital Securities, including, but not limited to, the Digital Securities currently listed in this Prospectus. The Issuer may also look to issue Digital Securities referencing baskets of digital currencies or indices combining exposure to digital currencies and other assets such as precious metals.

CSJL

CoinShares (Jersey) Limited is a company founded in Jersey incorporated under the Law. Its principal place of business is at 2nd Floor, 2 Hill Street, St Helier, Jersey, JE2 4UA, Channel Islands.

Pursuant to the Service Agreement, CSJL provides relevant programme management and associated services to the Issuer and pays all such costs of the Issuer, including the fees of the Administrator (as defined below), the Registrar, the Trustee and the Custodian. CSJL may engage third parties (including affiliates) to provide some or all of these services.

The Service Agreement may be terminated by CSJL at any time on three months’ notice or earlier in the event of certain breaches or the insolvency of either party.

CSIL

CoinShares (International) Limited is a company founded in Jersey incorporated under the Law. Its principal place of business is at 2nd Floor, 2 Hill Street, St Helier, Jersey, JE2 4UA, Channel Islands. CSHL is the ultimate holding company of a group of companies which include the Issuer and CSJL. Shares of CSIL are publicly listed on NASDAQ Nordic First North segment. CSIL, through its subsidiaries, operates as an exchange traded product sponsor and asset manager.

The ten largest shareholders of CSIL are:

Shareholder	Number of Shares	% holding of Issued Share Capital
Daniel Masters	15,035,459	22.59%
Mognetti Partners Limited	11,824,359	17.77%
Russell Newton	8,308,195	12.48%
AH (St Helier) Limited	5,484,580	8.24%
Adam Levinson	4,785,615	7.19%
Paul Davidson	3,000,000	4.51%
Meltem Demirors	2,778,020	4.17%
Vitruvius Limited	2,618,374	3.93%

Horseferry Trading Pte Ltd	1,792,100	2.69%
Ryan Radloff	1,425,120	2.14%

Administration and Registrar Services

The Issuer has entered into the Administration Agreement with JTC Fund Solutions (Jersey) Limited (JTC), whereby JTC will perform certain administration duties for the Issuer (including acting as receiving agent).

The Issuer, the Trustee and the Registrar have entered into an agreement pursuant to which the Registrar is to provide registry and associated services. The Registrar will maintain the Registers in Jersey. The Registrar is a Jersey company which was incorporated under the Companies (Jersey) Law 1991 on 2 September 1999.

Management Fee

In return for CSJL supplying to the Issuer all management and administration services, the Issuer is liable under the Service Agreement to transfer to CSJL by way of a fee an amount of Digital Currency equal to the Management Fee as described in more detail under the heading “Management Fee” in Part 4 (*Description of the Digital Securities*).

Directors and Secretary of the Issuer

The Issuer’s Board of Directors consists of:

Mr. Richard Nash (Member of the Board)

Mr. Nash is a Chartered Accountant and a registered member of the Institute of Chartered Accountants of Scotland. He currently serves as the Chief Financial Officer and Chief Operating Officer to the CoinShares Group. He has over 10 years over experience as an accountant, with a focus on audit, reporting accounting work for newly listed companies and merger and acquisition accountancy. He previously served as a Director of Cairn Financial Advisers, where he acted as a Nominated Adviser to a number of AIM-listed companies, holding the status of Qualified Executive (as granted by the London Stock Exchange). Prior to Cairn, he worked for Baker Tilly and RSM UK Capital Markets teams, where he acted as reporting accountant to a number of listings on a variety of exchanges.

Mr. Nash holds an MA in Sinological Methodology and a BA in Modern/Classical Chinese from the School of Oriental and African Studies, London.

Mr. Ben Gilbert (Member of the Board)

Mr. Gilbert currently serves as Head of Compliance and Regulatory Affairs, Jersey, for the CoinShares Group. Prior to joining CoinShares in May 2020, Ben was the Head of Compliance and Risk and Head of Funds, Corporate and Custody within the Apex Group’s Corporate Solutions business in Jersey. Ben was also a board member of the main Apex Jersey operating company. At Apex, Ben was responsible for compliance, risk and tax matters, which involved holding compliance officer positions on a number of client structures ranging from FTSE listed funds through to high net worth family private structures. Additionally, Ben led the Jersey Funds, Corporate and Custody business within Apex’s Corporate Solutions division, which involved being responsible for business development, maintaining existing customer relationships and acting as a director on client structures.

Before joining Apex, Mr. Gilbert held Head of Compliance and Risk positions at a couple of Jersey-headquartered international financial services businesses, where he was responsible for group and client compliance matters. Prior to that, he held international tax structuring roles at Kingfisher PLC, BP PLC and a private equity owned portfolio company.

Ben graduated in 1999 from Royal Holloway, University of London, with a First Class Honours Degree in History, qualified as a Chartered Accountant in 2003, before also qualifying as a Chartered Tax Adviser in 2006. In 2009 Ben also passed the Chartered Institute of Taxation's Advanced Diploma in International Tax.

Ms. Jeri-Lea Brown (Member of the Board)

Ms. Brown has been employed as the Group Company Secretary of the CoinShares Group since April 2018 and is responsible for developing and maintaining corporate governance standards across all jurisdictions. From August 2011 to April 2018, Ms. Brown was employed by Moore Management Limited in Jersey. Her last position there was Senior Administrator – Alternative Fund Administration. In this capacity, Ms. Brown was responsible for the management and oversight of a portfolio of over 28 entities of varying structures, asset classes and regulation. Ms. Brown's main responsibilities included ensuring proper corporate governance, compliance with regulations and client relationship management for her portfolio of clients. Ms. Brown is currently studying with the Chartered Governance Institute to qualify as a Chartered Secretary.

Secretary of the Issuer

The Secretary of the Issuer is CoinShares Corporate Services Limited (Jersey) Limited, a company founded in Jersey incorporated under the Law. Its business address is 2nd Floor, 2 Hill Street, St Helier, Jersey JE2 4UA, Channel Islands. It provides corporate secretarial services to various CoinShares Group companies.

Conflicts of Interest

Save as specifically stated herein, none of the principal activities performed by the Directors outside the Issuer are significant with respect to the Issuer and they have no interests that are material to the Programme.

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. Several legal entities belonging to or affiliated with the same group of companies may from time to time acquire, hold and/or divest any position in Digital Securities issued by the Issuer. Such entities will act in their respective capacity as purchaser, holder or seller of any such Digital Securities and not in the interest of any other holders of Digital Securities.

Jean-Marie Mognetti is both an underlying beneficial owner and a director of each of the Issuer's parent company (namely CoinShares (Holding) Limited) and Komainu (Jersey) Limited, the Custodian for the Issuer. Situations could arise in which the interests of the Issuer and/or the Trustee could be adversarial to those of the Custodian.

Mr. Mognetti is also a director of the Programme Manager.

Ben Gilbert is both a director of the Issuer and the Programme Manager. Mr. Gilbert and other directors of the Issuer also serve in a variety of roles at CoinShares Group companies that may provide services to the Issuer.

For more information on the risks associated with conflicts of interest, see “*Risk Factors – Risks of Conflicts of Interest.*”

Further information

Your attention is drawn to the remainder of this document which contains further information relating to the Programme and the Digital Securities.

PART 2
HOW DOES A SECURITY HOLDER DETERMINE THE VALUE OF ITS INVESTMENT?

Entitlement on Redemption

Each Digital Security carries a right upon Redemption to receipt of the higher of the Principal Amount and the Coin Entitlement. Authorised Participants and, in certain circumstances, Security Holders who are not Authorised Participants are able to redeem their Digital Securities directly with the Issuer. The value of a Security Holder’s investment is therefore equivalent to the amount of Digital Currency that they would receive upon a redemption – generally the applicable Coin Entitlement. The Principal Amounts of the Digital Securities are set out in paragraph 3 (*ISINs and Principal Amounts of the Digital Securities*) of Part 10 (*Additional Information*).

Calculation of the Coin Entitlement

On the first day of issue, the Coin Entitlement of each Digital Security of a particular class will be as set out under the heading “Coin Entitlement” in Part 4 (*Description of the Digital Securities*).

The Coin Entitlement will reduce each day since issue by the deduction of the Management Fee applicable to that class of Digital Security for that day represented in the formula by the Management Fee (MF(i,t)).

On each day the Management Fee is deducted from the previous day’s Coin Entitlement (CE(i,t-1)) to determine the new Coin Entitlement for a class of Digital Securities on a particular day in accordance with the following formula:

$$CE(i,t) = CE(i,t-1) \times (1 - MF(i,t))^{1/N}$$

The Management Fee is then apportioned to the number of days in the year in which the figure is being calculated to create a daily fee rate. This is represented by the 1/N in the formula.

Management Fee

The Management Fee for each class of Security is an annual rate as follows:

<i>Class of Digital Security</i>	<i>Management Fee</i>
CoinShares Physical Bitcoin	0.98 per cent. per annum
CoinShares Physical Ethereum	1.25 per cent. per annum
CoinShares Physical XRP	1.50 per cent. per annum
CoinShares Physical Litecoin	1.50 per cent. per annum
CoinShares Physical Tezos	1.50 per cent. per annum
CoinShares Physical EOS	1.50 per cent. per annum
CoinShares Physical Binance Coin	1.50 per cent. per annum
CoinShares Physical Polkadot	1.50 per cent. per annum

The rate of the Management Fee in respect of any class or classes of Digital Security may be varied by the Issuer from time to time. If the Management Fee is amended, such amendment will be notified

through a RIS, and in the case of an increase will not take effect for at least 30 days following the publication of such notification.

Application of the Management Fee to the Coin Entitlement

The Management Fee is based on an annual figure. The total amount of the fees is then converted into a daily fee rate by application of the 1/N element of the formula.

Redemption Fee

The Issuer charges a fee of US\$500 per redemption carried out by an Authorised Participant directly with the Issuer. In the event of a compulsory redemption or where a Security Holder is permitted to lodge a Redemption Form, the Issuer will adjust the Redemption Fee to an amount equal to the Issuer's cost in satisfying such redemption and of giving the redemption notice (but not exceeding US\$500), and that amount will be charged by the Issuer to the Security Holder.

Physical Delivery Fee

The Physical Delivery Fee applies (i) where a Security Holder who is not an Authorised Participant lodges a valid Redemption Form in respect of any Digital Securities requesting Redemption by way of delivery of Digital Currency to a personal Digital Wallet (other than such a Redemption pursuant to Condition 7.3 (Redemption by other Security Holders) and (ii) to a compulsory redemption of Digital Securities where a Security Holder who is not an Authorised Participant requests Redemption by way of delivery of Digital Currency to a personal Digital Wallet.

The Physical Delivery Fee is currently one per cent. of the aggregate Coin Entitlement of the Digital Securities being Redeemed.

Once the relevant Redemption Fee has been paid, and the Digital Securities have been delivered to the Issuer, the Custodian will deposit Digital Currency of the relevant Underlying Type in an amount equal to the Coin Entitlement (less the Redemption Deductions and the Physical Delivery Fee) into the relevant personal Digital Wallet.

The Physical Delivery Fee in respect of any class or classes of Digital Security may be varied by the Issuer from time to time. If the Physical Delivery Fee is amended, such amendment will be notified through a RIS, and in the case of an increase will not take effect for at least 30 days following the publication of such notification.

Valuing Digital Securities

For each Digital Currency there may be multiple available reference prices in the market. In light of the fact that Digital Securities are created and redeemed by the Issuer at the Coin Entitlement, the Issuer does not intend to identify or use a single benchmark, although it may, at its sole discretion, decide to provide an indicative monetary value for the Coin Entitlement on any given day. Market makers and price makers in secondary markets may use their own pricing models to calculate the value of the Coin Entitlement.

It is possible to calculate the cash value of the Digital Securities in US dollars on a particular day. This is done by using the spot price for that type of Digital Currency on that day. The following formula can then be applied using the spot price and Coin Entitlement to convert the Coin Entitlement into a value:

$$V(i,t) = S(i,t) \times CE(i,t)$$

To calculate the value on a particular day (represented in the formula above by $V(i,t)$), the spot price on that day (represented in the formula by $S(i,t)$) is multiplied by the Coin Entitlement that day to create a figure in US dollars. For example, if the spot price of Bitcoin on that day was \$10,000 and the Coin Entitlement was 0.01, then applying these figures to the calculation above would create a value of \$100 as follows: $100 = 10,000 \times 0.01$. The value so calculated is for illustrative purposes as there is no guarantee that any transactions in Digital Securities will be effected at that value.

In the event that a Digital Security trades at a significant premium or discount (i.e. +/- 2 per cent. or more for seven consecutive trading days) to the expected price for such Digital Security based on prevailing market prices for the specified underlying Digital Currency, the Issuer will make disclosure of such premium or discount on its website (www.coinshares.com) and provide a discussion of the factors that are reasonably believed to have materially contributed to the premium or discount (as applicable).

Although the Issuer relies solely on the Coin Entitlement for purposes of the Application and Redemption process, potential investors can look to external sources for real time prices of the underlying Digital Assets. Those sources include dedicated exchanges for digital assets, such as those listed in the table below as more traditional indexes and reference prices provided by index providers such as Bloomberg Index Services, CF Benchmarks and FTSE Russell Indices. The list is not exhaustive, and the Issuer takes no responsibility for the reliability or the accuracy of prices published by Digital Asset exchanges or index providers.

Digital Asset Exchanges	Website
Binance	https://www.binance.com/
Bitfinex	https://www.bitfinex.com/
Bitstamp	https://www.bitstamp.net/
Bittrex	https://global.bittrex.com/
Coinbase Pro	https://pro.coinbase.com/
Gemini	https://www.gemini.com/
Huobi Global	https://www.huobi.com/
itBit	https://www.paxos.com/itbit
Kraken	https://www.kraken.com/
KuCoin	https://www.kucoin.com/
OKEx	https://www.okex.com/

None of the websites or webpages referred to above are themselves incorporated into this Base Prospectus or form part of this Base Prospectus for any purpose.

How the value of a Digital Security is affected by changes in the value of the underlying Digital Currency

The three hypothetical scenarios in this section show some possible outcomes of an investment in the Digital Securities under normal market conditions. These scenarios are not indicators of the actual future performance of the Digital Securities and are for illustration purposes only.

The following assumptions have been made:

1. An investor invests in the Digital Securities for one full calendar year.
2. One Digital Security is bought from a broker at a price of \$100.
3. The price of the relevant Digital Currency when the Digital Security is bought is \$10,000.
4. The Coin Entitlement when the Digital Security is bought is 0.01.
5. The annual level of fees is 0.98 per cent., for which a dollar value has been given in the scenarios below.
6. There are no changes in the level of fees charged on the Digital Securities during the investment period.
7. All transaction fees (including any commission) of the investor's broker and investment adviser for the sale and purchase of the Digital Securities and the custody fees of the investors bank are excluded.

Scenario 1: The price of the relevant Digital Currency decreases

- Digital Security is bought from a broker at a price of \$100.
- The price of the relevant Digital Currency decreases by 75 per cent. to \$2,500 one year later.
- The sum of the fees charged during this time would be \$0.2456 per Digital Security.
- The price of the Digital Security has decreased to \$24.75
- The investor sells the Digital Security and has lost \$75.24 from their initial investment of \$100 a year ago.

Scenario 2: The price of the relevant Digital Currency increases

- Digital Security is bought from a broker at a price of \$100.
- The price of the relevant Digital Currency increases by 75 per cent. to \$17,500 one year later.
- The sum of the fees charged during this time would be \$1.7196 per Digital Security.
- The price of the Digital Security has increased to \$173.28
- The investor sells the Digital Security and has gained \$73.34 from their initial investment of \$100 a year ago.

Scenario 3: The price of the relevant Digital Currency remains the same

- Digital Security is bought from a broker at a price of \$100.
- The price of the relevant Digital Currency remains the same one year later.

- The sum of the fees charged during this time would be \$0.9826 per Digital Security.
- The price of the Digital Security has decreased to \$99.02.
- The investor sells the Digital Security and has lost \$0.08 from their initial investment of \$100 a year ago.

Publication of indicative value for each Digital Security

The Issuer undertakes to publish an indicative value for each Digital Security in Bloomberg prior to the issuance of such Digital Securities. Such indicative value will be calculated by a third party and published daily in Bloomberg by 5:30pm (central European time). The Issuer currently uses Compass Financial Technologies to calculate such values and the values for Digital Securities for each of the relevant trading currencies that are currently outstanding can be found with the following Bloomberg codes:

CSDSL Physical Bitcoin:

BITC SW
 BITCEUR SW
 BITCCHF SW
 BITCGBP SW

CoinShares Physical Ethereum:

ETHE SW
 ETHEEUR SW
 ETHECHF SW

CoinShares Physical Litecoin:

LITE SW
 LITEEUR SW
 LITECHF SW

Compass Financial Technologies (France) is regulated as a benchmark administrator by the Autorité des Marchés Financiers (AMF) under the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the “**Benchmark Regulation**”). Potential investors should note that the indicative values so published are reference prices regarding the relevant Digital Securities and do not benchmarks under the Benchmark Regulation. Nor does the Coin Entitlement constitute a benchmark under the Benchmark Regulation.

PART 3

DIGITAL ASSETS MARKET OVERVIEW

What is a Digital Currency?

Digital currencies represent a new phenomenon. As a result, there have been numerous attempts to define and classify them but very little consensus. For purposes of this Prospectus, the Issuer defines a digital currency as: money, scrip or other representation of value or contractual rights that can only be exchanged electronically on a Distributed Ledger. Digital currency can also be considered as a digital representation of value that is cryptographically secured, verified and recorded on a blockchain or other form of distributed ledger.

Examples of Digital Currencies

Although there were potentially earlier examples, for many, Bitcoin represents the first digital currency; or, at least, the first to show true independence and centralisation (and to gain popular, wide-scale adoption). Launched by the pseudonymous Satoshi Nakamoto, Bitcoin was developed to allow for decentralised, secure transfer of value on a peer to peer basis. Decentralisation meant, inter alia, that Bitcoin's fixed supply schedule could not be altered by a central authority, a key feature for many who shared fears of government devaluation of fiat currencies. Property rights were ensured through encryption protocols based on recognised principles from cryptography, and transaction immutability was secured through permission less economic incentive structures and game theory.

Launched in January 2009, Bitcoin eventually saw exponential usage adoption, unit price and transaction immutability levels: for example;

- Since inception, the Bitcoin blockchain has settled more than \$8 trillion worth of total transaction value. However, since Bitcoin is a UTXO-based system, a significant portion of that value represents transaction 'change' (similar to that incurred by coins and bills) and is therefore non-economic. The best industry estimates of real economic value settled on the Bitcoin blockchain range between \$700 million and \$2.5 trillion.
- One of the most popular online wallet providers, blockchain.com, reports more than 46 million wallets created on their platform alone. Similarly, the mainly retail-focused crypto exchange Coinbase reports more than 30 million clients on their platform.

On the back of its success and equally exponential growth in interest in digital currencies, a number of new digital currencies were introduced to the market, such as: Ethereum, XRP, Litecoin, Bitcoin Cash, Binance Coin, Tether, EOS and Polkadot.

Cryptography behind Digital Currencies

Digital currencies use cryptography as the basis for their security. In particular, digital currencies make heavy use of public key cryptography and hashing algorithms.

Public key cryptography is an asymmetric cryptography system where information is encrypted and decrypted using a pair of different, but mathematically related keys. The private key is a very large random number (making it infeasible to guess), and the public key is a mathematical derivation of the private key. Whilst the public key can be derived from the private key, the opposite is not true – it is a one-way or trapdoor function. One of these keys, the public key, is broadcast to everyone, whereas the other, the private key, is kept secret.

Information which is encrypted using the public key, can only be decrypted by the private secret key.

This enables users to create encrypted messages which can only be decrypted by the intended recipient and no one else. Relatedly, a message which has been encrypted with a private key can be decrypted by its corresponding public key, this allows anyone who is aware of the public key to know that the message must have been encrypted by the holder of the private key. This is referred to as a digital signature.

Hashing algorithms are scrambling functions which can take inputs of arbitrary length, and output random-looking outputs of a fixed length. The same input will always give the same output, but it is infeasible to tell which input created a certain output, or what the output of a certain input will be before running it through the function. Hashing algorithms are also one-way or trapdoor functions—they are very easy to calculate in one direction, but very hard to calculate in the opposite direction.

In digital currencies, public key pairs are used to safeguard funds and authorise spending, enabling enforcement of property rights in the absence of an arbiter. Currency is sent to addresses derived from public keys and can only be spent from its corresponding private key via a digital signature. This makes the private keys controlling the spending of currency units akin to a bearer instrument.

Digital Currency Ecosystem

The success of digital currencies has created entirely novel industries. The most relevant for investors are: miners, exchanges and custodians/storage.

Miners

Digital currencies are created via a technological process colloquially referred to as mining. Mining is the process whereby the participants in a digital currency network arrives at distributed consensus—that is, how they agree on a shared transaction history in the absence of a central clearing party. The rule determining which ledger is the true ledger is simple – it is the ledger which was the costliest one to produce.

Miners prove that they have incurred real world cost through proof-of-work. In essence, a proof-of-work is an output of a hashing algorithm which fits certain stringent criteria. Remembering that outputs of hashing algorithms cannot be predicted from its input, finding such an output proves that the miner must have expended a certain amount of processing power, and therefore electricity, searching for the output.

As a reward for expending electricity finding the proof-of-work, miners are rewarded with freshly minted digital currency units. Mining is therefore both the process of arriving at distributed agreement on the transaction history of the currency ledger, and the creation of new currency units.

Exchanges

There are now a number of exchanges, spread across a variety of jurisdictions, that provide access to digital currencies to investors globally. Very few of these exchanges are regulated in a manner similar regulated markets in Europe. Furthermore, the exchanges can often differ in terms of liquidity, cost, and most importantly, security. They also differ in terms of exposure offered, with some exchanges allowing up to 100x leverage on major digital currencies. Some of the most widely used spot exchanges for digital currencies, in no particular order, are: Coinbase, Kraken, Binance, Huobi, OKEx, bitFlyer, Bitstamp, FTX, Liquid, Upbit, Poloniex, Gemini and Bitfinex.

Custodians/Storage

Digital currencies are, in essence, bearer instruments. Proof of ownership is not maintained by a centralized authority; rather, it is evidenced by control of the private key, which, when paired with the public key, can be used to transfer ownership of digital currencies.

As a result, storage or custody of digital currencies is primarily concerned with maintaining secure and private ownership of the private key. Custody storage technology and the resulting methods for storage continue to evolve, but generally comprise elements of:

- (i) “hot” storage, where the private key is maintained in a system or “wallet” that is online and readily accessible for use. A “hot” wallet is akin to an online bank account, traditionally maintained by a third party who allows the user to open an account, which in turn is connected to the wallet that “holds” the key and the underlying digital currency.
- (ii) “cold” storage, where the private key is held offline, inaccessible unless provided by the holder of the key. Keys held in cold storage are generally held in hardware wallets that are not connected to the internet. A cold wallet is more akin to storing gold or bearer bonds in a physical vault, and often, the private keys in cold storage are indeed stored in vaults.

Price formation and valuation

Digital currency prices are influenced by both supply and demand, with the major exchanges serving as venues for price discovery. Given the somewhat fragmented nature of market, liquidity and efficiency of any given exchange can also impact the price for that exchange. As a result, exchanges can often show different prices, although for the major exchanges, such variations are generally limited. As a result, exchanges can often show different prices, although for the major exchanges, such variations are generally limited. For example, between the six major exchanges Bitfinex, Bitstamp, Coinbase, Gemini, Kraken and Poloniex, the 54 month median spread between the furthest exchange outlier and the volume weighted average closing price was 0.71 per cent. with a mean of 1.46 per cent. (source: Kaiko). In general, order depth and volume for digital currencies cryptocurrencies is substantially lower than for more established asset classes; this can result in higher volatility (which is observed from historical price action).

Digital currencies comprise, among other things, innovative technologies, nascent but rapidly growing networks and digital assets that represent a store of value, a unit of account, and a medium of exchange. There have been multiple academic proposals for crypto asset valuation models. The issuer makes no recommendation or judgement on the advantages or disadvantages of any of them: Pagnotta & Buraschi 2018, Li & Wang 2016, and Wheatley et. al. from Imperial College London, City University of Hong Kong, and ETH Zurich, respectively. These models all use fundamentals external to the existing price of Bitcoin and can therefore be used to model value based on forward expectations.

As other non-academic examples, the anonymous analyst PlanB models the value of monetary assets using scarcity via a stock-to-flow approach – a method originally employed in the precious metals industry. The approach gives highly accurate results when applied not only to Bitcoin, but also scarce commodities with monetary properties such as gold and silver. Johnny Antos and Reuben McCreanor employ an Efficient-Markets Valuation Framework for Cryptoassets using Black-Scholes Option Theory and John Pfeffer uses a mixed methodology including the Equation of Exchange to value crypto assets. Apart from these valuation models, there exists a host of price indicators using various fundamental metrics in some relation to asset prices to give investors insights regarding current asset prices as compared to a variety of correlated benchmarks. Among many we mention Realised Capitalisation, Delta Capitalisation, Thermo-Capitalisation, Network Value to Transactions (NVT) Ratio, NVT Signal (Kalitchkin’s NVT), Mayer Multiple, Difficulty Ribbon and Bitcoin Network Momentum.

Market Volatility

Digital currencies represent one of the most volatile asset classes, even higher than Small Cap Equities, emerging market equities or energy futures. Annualised volatility has frequently reached over 100 per

cent. Those high volatility levels are in turn caused by fluctuations in supply and demand driven predominantly by short term trading sentiment. The Issuer expects digital currencies to continue to show high levels of volatility in the short and medium term.

PART 4 DESCRIPTION OF THE DIGITAL SECURITIES

The following is a description of the rights attaching to the Digital Securities. The legally binding Conditions of the Digital Securities are set out in the Trust Instrument and reproduced in Part 6 (Trust Instrument and Conditions) of this Prospectus. Copies of the Trust Instrument, by which the Digital Securities will be constituted, are available for inspection as set out in paragraph 6 (Documents Available for Inspection) of Part 10 (Additional Information).

A Digital Security is a non-interest bearing, undated, secured, limited recourse debt obligation of the Issuer, which entitles a Security Holder (provided it is an Authorised Participant) to require redemption of the Digital Security and on the Settlement Date receive an amount of Digital Currency of the relevant Underlying Type equal to the Coin Entitlement. In certain circumstances, including when there are no Authorised Participants, a Security Holder who is not an Authorised Participant is entitled to require redemption of a Digital Security directly with the Issuer in return for an amount of Digital Currency of the relevant Underlying Type equal to the aggregate Coin Entitlement of the Digital Securities to be redeemed or if such delivery is prohibited, for cash obtained by the sale by the Coin Sales Agent (on behalf of the Issuer) of an amount of Digital Currency of the relevant Underlying Type equal to the Coin Entitlement of the Digital Securities being redeemed.

A Security Holder of Digital Securities who is not an Authorised Participant who requires the redemption by way of delivery of Digital Currency may do so on a day (other than a Saturday or a Sunday or a public holiday in England) on which banks are open for business in England and Jersey, in which case the Security Holder will, as long as certain conditions are met, receive delivery of an amount of Digital Currency of the relevant Underlying Type representing the amount of its Coin Entitlement (minus all relevant deductions including a Physical Delivery Fee currently equal to one per cent. of the aggregate Coin Entitlement to be redeemed) to its personal Digital Wallet.

Eight classes of Digital Security are available for issue under this Programme and each will be backed by Digital Currency held by the Custodian.

Coin Entitlement

There is a separate Coin Entitlement for each class of Digital Security. As at the day dealings in the Digital Securities of each class first commence on SIX Swiss Exchange, the Coin Entitlement for each class of Digital Security will be fixed at as follows:

<i>Class of Digital Security</i>	<i>Coin Entitlement</i>
CoinShares Physical Bitcoin	0.001
CoinShares Physical Ethereum	0.03
CoinShares Physical XRP	40.0
CoinShares Physical Litecoin	0.20
CoinShares Physical Tezos	5.0
CoinShares Physical EOS	4.0
CoinShares Physical Binance Coin	0.40
CoinShares Physical Polkadot	1.0

Whenever new securities are issued or existing securities redeemed, this will be done at the then prevailing Coin Entitlement, thereby ensuring that all securities of the same class have the same Coin Entitlement and are fully fungible. The Coin Entitlement is reduced daily by the Management Fee as

follows:

$$CE(i,t) = CE(i,t-1) \times (1 - MF(i,t))^{1/N}$$

where:

- i refers to the relevant class of Digital Security;
- t refers to the applicable day (with t - 1 being the previous day);
- CE(i,t) is the Coin Entitlement for Digital Securities of class i for day t;
- CE(i,t-1) is the Coin Entitlement for Digital Securities of class i on the previous day;
- MF(i,t) is the per annum Management Fee applicable to Digital Securities of class i on day t, expressed as a decimal (so that 98 basis points per annum is expressed as 0.0098 or 0.98 per cent.),
- N is 365 (or 366 in a leap year).

The Coin Entitlement is calculated each day to 8 decimal places rounded downwards. The Management Fee will be paid monthly in arrears by transfer of Digital Currency from the Secured Wallets.

Publication of Coin Entitlement

The Issuer will arrange for publication on the Issuer’s Website at <https://www.coinshares.com> of the current Coin Entitlement for each class of Digital Security in issue.

Management Fee

The Management Fee for each class of Digital Security is determined by applying the applicable rate to the aggregate Coin Entitlement of the relevant class. The rate of the Management Fee for each class of Digital Security is an annual rate as follows:

<i>Class of Digital Security</i>	<i>Management Fee</i>
CoinShares Physical Bitcoin	0.98 per cent. per annum
CoinShares Physical Ethereum	1.25 per cent. per annum
CoinShares Physical XRP	1.50 per cent. per annum
CoinShares Physical Litecoin	1.50 per cent. per annum
CoinShares Physical Tezos	1.50 per cent. per annum
CoinShares Physical EOS	1.50 per cent. per annum
CoinShares Physical Binance Coin	1.50 per cent. per annum
CoinShares Physical Polkadot	1.50 per cent. per annum

The Management Fee for each class of Digital Security is aggregated and payable in Digital Currency to CSJL on a monthly basis.

The rate of the Management Fee in respect of any class or classes of Digital Security may be varied by the Issuer from time to time. If the Management Fee is amended, such amendment will be notified through a RIS, and in the case of an increase will not take effect for at least 30 days following the

publication of such notification.

Creations and Redemptions

Creations

Digital Securities may be created at any time during the period of 12 months from the date of this Prospectus. Unless otherwise agreed with Authorised Participants, there shall be no minimum number of Digital Securities that may be applied for.

An Authorised Participant applying for Digital Securities will be required to deposit Digital Currency of the relevant Underlying Type in a Secured Wallet in an amount equal to the Coin Entitlement of the Digital Securities applied for. The standard settlement cycle for settlement of trades on SIX Swiss Exchange is two Business Days (T + 2).

An Application received by the Issuer by 2:30 p.m. London time (day “T”) with receipt of the Digital Currency in a Secured Wallet within one Business Day (“T+1”) will generally enable investors to be registered as the Security Holder in respect of the relevant Digital Securities within two Business Days, that is, on a T+2 basis.

Digital Securities will only be issued after:

- (a) receipt by the Issuer of a valid Application;
- (b) the deposit into a Secured Wallet of Digital Currency of the relevant Underlying Type in an amount equal to the Coin Entitlement of the Digital Securities applied for;
- (c) transfer by the relevant Custodian of the Digital Currency deposited by the Applicant as referred to in (b) above to the Secured Wallets; and
- (d) receipt by the Issuer of the Creation Fee.

Upon the occurrence of (a) to (d) above, the Digital Securities applied for will be issued to the relevant Applicant, provided that the Issuer reserves the right to reject any Application. If the Issuer elects to reject an Application, it must notify the relevant Applicant forthwith and ensure any Digital Currency and any money in respect of the Creation Fee received from such Applicant is returned to it as soon as possible.

The number of Digital Securities to be issued to an Applicant will be specified in the Application. The Applicant will deposit into the Secured Wallets an amount of Digital Currency of the relevant Underlying Type equal to:

- (a) the number of Digital Securities to be delivered; multiplied by
- (b) the Coin Entitlement on the date of issue.

Applicants will be refunded any excess Digital Currency deposited with the Custodian in connection with the creation of Digital Securities, whether arising from an error by the Applicant or from rounding.

Redemptions

A Security Holder (provided it is an Authorised Participant) may, at any time, by lodging a Redemption Notice with the Issuer, require the redemption of all or any of its Digital Securities by way of delivery

of Digital Currency.

Redemptions will generally be settled two Business Days following the date upon which a valid Redemption Notice is lodged with the Issuer, that is, on a T+2 basis (or on such later date specified in the Redemption Notice). Redemption Notices lodged after 2.00 p.m. (London time) or on a day which is not a Business Day will be treated as having been received on the next Business Day.

If Digital Securities are to be redeemed in Digital Currency, the Custodian will be instructed to withdraw from the Secured Wallets Digital Currency of the relevant Underlying Type in an amount equal to the Coin Entitlement of such Digital Securities on the Redemption Date, and deliver the same (less any Redemption Deductions) to the Digital Wallet of the redeeming Security Holder, provided that no delivery shall be made unless the redeeming Security Holder has paid the Redemption Fee to the Issuer. Neither the Trustee nor the Issuer shall be responsible or liable for any failure by the Custodian to effect a delivery of Digital Currency in accordance with the instructions of the Trustee. However, in the event of such failure, the Issuer shall to the extent practicable assign to the redeeming Security Holder its claims in relation to such Digital Currency in satisfaction of all claims of such Security Holder in respect of the Digital Securities to be redeemed and the Security Holder shall have no further claims against the Issuer or the Secured Property.

Furthermore, as required by the regulatory requirements of the SFSA and pursuant to Conditions 7.3(a)(i) and 7.3(b), the Issuer irrevocably agrees that it will permit Security Holders investing under this Prospectus who are not authorised participants to redeem (in the event there are no Authorised Participants) by way of Cash Settlement or by requesting delivery of the relevant Digital Currency.

In the limited circumstances under which Digital Securities may be redeemed by way of Cash Settlement, the Coin Sales Agent (on behalf of the Issuer) will sell Digital Currency of the relevant Underlying Type in an amount equal to the aggregate Coin Entitlement of such Digital Securities for US Dollars at the best price reasonably attainable therefor pursuant to the Coin Sales Agency Agreement. In determining the best price reasonably attainable, the Coin Sales Agent is required to have regard to any reference price that is regulated in accordance with the EU Benchmarks Regulation (Regulation (EU) 2016/1011) (or any reference price used by any listed security providing passive exposure to the relevant digital currency which is the subject of a prospectus published in an EU member state in accordance with the EU Prospectus Regulation (Regulation (EU) 2017/1129)). Given the asset-backed and limited recourse nature of Digital Securities, investors must be aware that the net proceeds may be other than (i) any assessment made by a Security Holder pursuant to the description in Part 2 (*How does a Security Holder determine the value of its investment?*), and (ii) any published indicative value of the relevant Digital Security as described in the section “Publication of indicative value for each Digital Security” in Part 2.

Pursuant to the Coin Sales Agency Agreement, the Custodian will be instructed to withdraw from the Secured Wallets such Digital Currency and to transfer the same to the Coin Sales Agent in settlement of such sale on the Redemption Date.

The Coin Sales Agent will be instructed to remit the net proceeds of sale (after deduction of all Redemption Deductions) realised from such sale to any account of the relevant Security Holder (via the Swiss Paying Agent or any other relevant Paying Agent, if applicable) notified to the Issuer in accordance with its Redemption Notice.

None of the Issuer, the Determination Agent, the Coin Sales Agent or the Trustee will be liable for any failure by any purchaser of Digital Currency to effect or complete the purchase of such Digital Currency, to deliver the applicable net proceeds of sale or other amount due or otherwise comply with its obligations entered into for these purposes, but in the event of any such failure, the Issuer will to the extent practicable procure the assignment to the redeeming Security Holder of its claims in relation to

such Digital Currency in satisfaction of all claims of such Security Holder in respect of the Digital Securities to be Redeemed and the Security Holder will have no further claims against the Issuer, the Determination Agent, the Coin Sales Agent, the Trustee or the Secured Property.

What are the Redemption Deductions?

Certain costs, defined in the Conditions as Redemption Deductions, may be deducted upon Redemption. In particular, delivery of Digital Currency often incurs a transaction cost payable to the relevant blockchain or distributed ledger technology on which the relevant Digital Currency operates. Any such transaction fee will be deducted by the relevant blockchain from amount of the Digital Currency transferred.

For Security Holders who are not Authorised Participants who elect to redeem via physical delivery, Redemption Deductions will be in addition to the relevant Physical Delivery Fee. For more information, see Part 6 (*Trust Instrument and Conditions*).

Prospective purchasers should note that Redemption Deductions are payable in respect of redemption of Digital Securities. Prospective purchasers should note that the Redemption Amount payable by the Issuer in respect of a Digital Security will be calculated less any applicable fees, which include but not are limited to Redemption Deductions. As such, the amount due to a Security Holder in respect of each Digital Security held by it on the Redemption Date or the Compulsory Redemption Date may be less than the aggregate Coin Entitlement in respect of such Digital Securities.

Coin Sales Agent

The Issuer has, pursuant to the Coin Sales Agency Agreement, appointed CoinShares Capital Markets (Jersey) Limited to act as Coin Sales Agent for the purpose of effecting sales of Digital Currency on a redemption of Digital Securities. Neither the Issuer nor the Trustee shall be liable to the Security Holders for any loss arising from the appointment (or non-appointment) of any dealer as a Coin Sales Agent.

Transaction Costs

The bid/offer quotes sought and the price obtained by the Coin Sales Agent (on behalf of the Issuer) for all sales of Digital Currency in redeeming Digital Securities by way of Cash Settlement will generally be on the basis of the transaction costs and dealer fees being absorbed by the counterparty. However, the redeeming Security Holder will be obliged to pay the Issuer all sale costs (including any transfer and sales taxes associated with sales of Digital Currency and exchanges of currencies (if any)) and, unless paid by the redeeming Security Holder, such amounts may be set off by the Issuer against the redemption moneys payable to the redeeming Security Holder.

Security Structure

A security structure has been established to provide security for the Redemption Obligations of the Issuer to Security Holders upon redemption of Digital Securities. The Issuer has been established as an “umbrella” or “multi-class” company with separate Pools of assets so that the Issuer can issue separate types of securities, based on different types of Digital Currencies, combinations of types of Digital Currencies or combinations of Digital Currencies and precious metals, but on terms that each such separate class of securities would have recourse only to the Pool attributable to that class and not to the assets attributable to any other class.

The assets and liabilities attributable to each class of Digital Security will represent the Pool for that class. Thus there are eight separate Pools applicable to Digital Securities. A single Pool secures all Digital Securities of a single class.

Digital Securities are constituted under the Trust Instrument entered into between the Issuer and the Trustee as trustee for Securities Holders of each class. The Trustee holds all rights and entitlements under the Trust Instrument on trust for the Security Holders. In addition, the Issuer and the Trustee have entered into a single Security Deed in respect of all Pools. The rights and entitlements held by the Trustee under the Security Deed in respect of the Digital Securities of each class are held by the Trustee on trust for the Security Holders of that particular class.

Further details of the Trust Instrument are set out in Part 6 (*Trust Instrument and Conditions*). Further details of the Security Deed are set out in Part 7 (*Particulars of the Security Deed*).

Custody of Secured Digital Currency

All Secured Digital Currency will be held by the Custodian in its proprietary multi-wallet solution.

Further information in relation to custody of the Digital Currency held by or for the Issuer, the Custodian and the Custody Agreement are set in Part 8 (The Custodian and the Custody Agreement).

Insurance of Digital Currency

The Custodian may make such insurance arrangements from time to time in connection with its custodial obligations with respect to Digital Currency held in the Secured Wallets as it considers necessary or appropriate and the Custody Agreement provides that any such insurance will be solely for the benefit of the Custodian. The Custodian has no obligation to insure such Digital Currency against loss, theft or damage and the Issuer does not intend to insure against such risks. In addition, the Trustee is not responsible for ensuring that adequate insurance arrangements have been made, or for insuring the Digital Currency held in the Secured Wallets, and shall not be required to make any enquiry regarding such matters.

The Custodian

The initial Custodian appointed to, the Issuer is use Komainu (Jersey) Limited, a private limited company incorporated under the laws of Jersey, Channel Islands (with registered number 127169) having its registered address at 3rd Floor, 2 Hill Street, St. Helier, Jersey, JE2 4UA, Channel Islands. The Custodian is regulated by the Jersey Financial Services Commission for the provision of custody and depositary services.

The Custodian is entitled to a fee, for its services under the Custody Agreement, based on the value of Digital Currency held in the Secured Wallets. Such fee will be paid by the Programme Manager out of the fee payable to it as described under the heading “Management Fee” in Part 1 (General).

As assets under management increase, the Issuer may look to utilise additional custodians, in order to spread (de-risk) storage of the Issuer’s assets (in the interests of the Issuer and Security Holders), and to demonstrate that partiality is not being shown to any one Custodian and to make the Digital Securities more attractive to potential investors and the market in general.

PART 5 THE PROGRAMME

Overview of the Programme

Digital Securities are being made available by the Issuer for subscription only to Authorised Participants. Applications for Digital Securities will not be accepted unless the Issuer in its discretion determines to do so. Only Authorised Participants may apply for and/or redeem Digital Securities (except that in certain circumstances, including when there are no Authorised Participants, a Security Holder who is not an Authorised Participant may require redemption of Digital Securities in return for an amount of Digital Currency of the relevant Underlying Type equal to the aggregate Coin Entitlement of the Digital Securities to be redeemed or if such delivery is prohibited, by way of Cash Settlement, such cash to be obtained by the sale by the Coin Sale Agent of the relevant Underlying Type of an amount of Digital Currency equal to the Coin Entitlement of the Digital Securities being redeemed).

A Security Holder of Digital Securities who is not an Authorised Participant who requires the redemption by way of delivery of Digital Currency may do so on a day (other than a Saturday or a Sunday or a public holiday in England) on which banks are open for business in England and Jersey, in which case the Security Holder will, as long as certain conditions are met, receive delivery of an amount of Digital Currency of the relevant Underlying Type representing the amount of its Coin Entitlement (minus all relevant deductions including a Physical Delivery Fee currently equal to one per cent. of the aggregate Coin Entitlement to be redeemed) to its personal Digital Wallet.

A Security Holder is defined in the Conditions as the person in whose name a Digital Security is registered. Under the Trust Instrument, the Issuer will recognise the registered holder of any Digital Securities as the absolute owner thereof and will not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Digital Securities may be subject.

Digital Securities are available to be issued in Certificated Form or in Uncertificated Form in the CREST System in accordance with the Uncertificated Regulations. See “CREST” below. Persons who apply for Digital Securities and wish to hold their Digital Securities in Uncertificated Form should so signify on the Application Form and complete the relevant sections of that form in accordance with the instructions thereon. See “CREST” below.

Procedure for Application

Only Authorised Participants may make an Application. An Authorised Participant who wishes to apply for Digital Securities should complete the Application Form in accordance with the instructions thereon and send it to the Issuer.

For those Applicants who wish to hold their Digital Securities in Certificated Form, certificates in respect of the Digital Securities will be dispatched within 10 Business Days of the Digital Securities being issued. For those Applicants who desire to hold their Digital Securities in Uncertificated Form, the relevant CREST account will be credited on the day on which the Digital Securities are issued against payment. The Issuer considers it preferable that Digital Securities be held in Uncertificated Form. Notwithstanding any other provision in this document, the Issuer reserves the right to issue any Digital Securities in Certificated Form. In normal circumstances this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Registrar in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account details) are not provided as requested on the Application Form. No temporary documents of title will be issued and, pending despatch of security certificates, transfers will be certified against the register.

By completing and delivering an Application Form or lodging an Application order through the System, the Applicant confirms and agrees that:

- (a) it is not relying on any information or representation other than such as may be contained in this document;
- (b) no person responsible solely or jointly for this document or any part of it shall have any liability for any information or representation not contained in this document;
- (c) it is an Eligible Authorised Participant; and
- (d) it understands that Digital Securities are direct, limited recourse obligations of the Issuer alone.

Further details on new issues are set out in Part 4 (*Description of the Digital Securities*).

Subscription for Digital Securities

Subscriptions for Digital Securities must be equal to or greater than €100,000 in notional value of the Digital Currency to be delivered. All Digital Currency being used to apply for Digital Securities must be deposited into a Secured Wallet. To the extent that an Applicant deposits Digital Currency into a Secured Wallet in excess of the amount required for the number of Digital Securities applied for, or if the relevant Application is rejected, such excess Digital Currency will be returned to the relevant Applicant as soon as practicable.

Duration of Trading

The Issuer currently has a listing for all classes of Digital Securities currently in issue on the SIX Swiss Exchange and intends to maintain such listing until such time as trading in respect of the relevant class is discontinued. It is expected that trading on additional exchanges in the EEA in respect of any class of Digital Securities will commence on the date of the listing of the Digital Securities of that class on a regulated market or MTF in Austria, Belgium, Germany, Luxembourg, the Netherlands, Italy, Spain and Sweden.

Settlement ***CREST***

The Issuer is a participating issuer in, and the Digital Securities are participating securities in, CREST, a paperless multi-currency electronic settlement procedure enabling securities (including debt securities) to be evidenced otherwise than by written instrument, and transferring such securities electronically with effective delivery versus payment. Accordingly, to the extent that the Digital Securities are issued in Uncertificated Form, settlement of transactions in the Digital Securities may take place within the CREST system.

Settlement on the SIX Swiss Exchange

In Switzerland, all Digital Securities traded on the SIX Swiss Exchange will be settled through SIX SIS AG, Olten, Switzerland (**SIS**) and any additional clearing system approved by the SIX Swiss Exchange AG, Zurich, Switzerland ("**SIX Swiss Exchange**"), or any other additional clearing system specified in the Final Terms ("**Relevant Clearing System**").

Digital Securities of each class are issued in uncertificated form, as uncertificated securities that are created by the Issuer by means of a registration in its register of uncertificated securities within the CREST system.

No responsibility for settlement systems

Neither the Issuer nor the Trustee will have any responsibility for the performance by the relevant settlement systems, which are CREST and SIX SIS SA (or its participants or indirect participants), of any of their respective obligations under the rules and procedures governing their operations.

No application has been or is currently being made for the Digital Securities to be admitted to listing or trading on any exchange or market outside Switzerland but the Issuer may cause such application to be made in respect of the Digital Securities of any or all classes on any such exchanges or markets in its discretion, including in Germany or any other EEA member state.

Registers

The Registrar will maintain the Registers in Jersey.

Money Laundering Regulations

The verification of identity requirements of Jersey's anti-money laundering laws and regulations and/or any subsequent equivalent legislation will apply to the Programme and verification of the identity of the Authorised Participants for Digital Securities may be required. The anti-money laundering laws and regulations of other jurisdictions may also apply to the Programme and verification of the identity of the Authorised Participants.

By lodging an Application Form or lodging an Application order through the System, each Authorised Participant confirms that it is subject to the Money Laundering (Jersey) Order 2008 (as amended from time to time) (in relation to Jersey), the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (in relation to the UK) and/or any other applicable anti-money laundering laws and regulations and/or undertakes to provide such other evidence of identity as is required by the Issuer at the time of lodging the Application Form or order, or, at the absolute discretion of the Issuer, at such specified time thereafter as may be requested to ensure compliance with the Money Laundering (Jersey) Order 2008, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and/or any other applicable legislation.

The Issuer is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Authorised Participant and whether such requirements have been satisfied. Neither the Issuer nor any of its agents shall be responsible or liable to any person for any loss or damage suffered as a result of the exercise of their discretion hereunder.

No Application will be accepted by the Issuer unless evidence of such Authorised Participant's identity satisfactory to the Issuer and its agents is provided.

Use of Proceeds

The estimated net amount of the proceeds of any particular issue of Digital Securities will be specified in the applicable final terms. Such proceeds will be delivered to a Secured Wallet and used as part of the security for the Digital Securities of the applicable class(es).

Consent to use this Prospectus

If so specified in the Final Terms in respect of any particular series of Digital Securities, the Issuer consents to the use of this Prospectus in connection with a Non-exempt Offer (i) by the financial intermediary/ies (each, an "**Authorised Offeror**"), (ii) during the offer period and (iii) subject to the relevant conditions, in each case as specified in the relevant Final Terms. As at the date of this Prospectus no Authorised Offeror has been designated so by the Issuer.

The consent shall be valid in relation to Sweden and, subject to completion of relevant notification measures, any other Member State within the EEA, provided that it shall be a condition of such consent that the Prospectus may only be used by the relevant Authorised Offeror(s) to make offerings of the relevant Securities in the jurisdiction(s) in which the Non-exempt Offer is to take place, as specified in the relevant Final Terms.

The Issuer may (i) give consent to one or more additional Authorised Offerors after the date of the relevant Final Terms, (ii) discontinue or change the offer period, and/or (iii) remove or add conditions and, if it does so, such information in relation to the relevant Digital Securities will be published by way of notice which will be available on the Issuer's website at <https://www.coinshares.com>. The consent relates only to offer periods occurring within 12 months from the date of this Prospectus.

The Issuer accepts responsibility for the content of this Prospectus in relation to any person (an "**Investor**") purchasing Digital Securities pursuant to a Non-exempt Offer where the offer to the Investor is made (i) by an Authorised Offeror (or the Issuer), (ii) in a jurisdiction for which the Issuer has given its consent, (iii) during the offer period for which the consent is given and (iv) in compliance with the other conditions attached to the giving of the consent, all as set forth in the relevant Final Terms.

Other than in accordance with the terms set forth in the paragraph above, the Issuer has not authorised the making of any Non-exempt Offers of the Digital Securities or the use of this Prospectus by any person. No financial intermediary or any other person is permitted to use this Prospectus in connection with any offer of the Digital Securities in any other circumstances. Any such offers are not made on behalf of the Issuer and the Issuer has no responsibility or liability to any Investor purchasing Digital Securities pursuant to such offer or for the actions of any person making such offer.

If an Investor intends to purchase Digital Securities from an Authorised Offeror, it will do so, and such offer and sale will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and the Investor, including as to price allocations and settlement arrangements. The Issuer will not be a party to any such arrangements and, accordingly, this Prospectus does not contain such information. The terms and conditions of such offer should be provided to the Investor by that Authorised Offeror at the time such offer is made. The Issuer has no responsibility or liability for such information.

PART 6 TRUST INSTRUMENT AND CONDITIONS

The issue of Digital Securities of the Issuer (each having the Principal Amount stated in paragraph 4 of Part 10) having an aggregate Principal Amount of up to USD1,000,000,000, of any of the classes described in this Prospectus, was authorised pursuant to a resolution of the Board passed on 18 December 2020.

Digital Securities will be constituted by the Trust Instrument, which is governed by Jersey law and secured by the Security Deed which is governed by English law. Under the terms of the Trust Instrument the Trustee may (subject to certain conditions) delegate all or any of its trusts, rights, powers, authorities, duties and discretions in respect of Digital Securities upon such terms and subject to such conditions and regulations as the Trustee may in the interests of the Security Holders think fit.

The Trustee, The Law Debenture Trust Corporation p.l.c., is a public limited company registered in England with number 1675231 whose registered office is at Fifth Floor, 100 Wood Street, London EC2V EX and which was incorporated on 2 November 1982.

Save in the case of its own fraud, wilful misconduct or gross negligence, the Trustee has no liability under the Trust Instrument for a breach of trust or otherwise

The Trustee is not liable for any Liability which may result from the exercise or non-exercise of its trusts, rights, powers, authorities, duties and discretions under the Programme Documents.

The extract from the Trust Instrument below is drafted in legal language; however, information on how the terms and conditions apply to Security Holders is contained throughout this Prospectus including Part 1 (*General*) and Part 4 (*Description of Digital Securities*). The conditions of issue of each class of Digital Securities are set out in the Trust Instrument.

The following are the conditions applicable to the Digital Securities:

“The Conditions

The Digital Securities are non-interest bearing, limited recourse, undated, secured debt securities of CoinShares Digital Securities Limited (the “Issuer”) and are constituted by, are issued subject to and have the benefit of, a trust instrument dated 21 December 2020 between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of Digital Securities, and are governed by Jersey law.

The Security Holders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Trust Instrument and the Security Deed (as defined below) and the Conditions set out below.

1 DEFINED TERMS AND INTERPRETATION

1.1 Definitions

In these Conditions, the following words and expressions have the following meanings:

“**Acceptable Delivery**” in respect of Digital Securities to be Redeemed, means the Security Holder having delivered such Digital Securities:

- (a) in the case of Digital Securities in Certificated Form, by delivering the certificates in respect of such Digital Securities to the Issuer or an Affiliate of the Issuer (as directed by the Issuer)

accompanied by such duly executed instruments of transfer and accompanying documentation as the Issuer may specify;

- (b) in the case of Digital Securities in Uncertificated Form, by depositing such Digital Securities into an account (as directed by the Issuer) of the Issuer or an Affiliate in CREST and giving correct delivery free of payment instructions in CREST; or
- (c) in any case by delivering such Digital Securities to the Issuer or an Affiliate of the Issuer in such manner as may be agreed with the Issuer;

“Adjustment Event” means, in respect of any class of Digital Security, any of the following:

- (a) a Fork Event affecting the Underlying Assets in respect of that class;
- (b) any other event or circumstance in which any Digital Currency or other asset is allocated or distributed to the Issuer in right of its ownership of the Underlying Assets and whether or not such allocation or distribution is subject to conditions;
- (c) any change to the market for transacting in Digital Currencies or holding Digital Currencies in custody, whether affecting Digital Currencies in general or any Digital Currency forming the Underlying Assets or part thereof attributable to that class; and
- (d) any change in the legal or regulatory status of any Digital Currency; **“Affiliate”** means:
 - (e) in relation to the Issuer means any Subsidiary or Holding Company of the Issuer or any Subsidiary of any such Holding Company; and
 - (f) in relation to any other person or entity, any other person or entity controlled, directly or indirectly, by that person or entity, any other person or entity that controls, directly or indirectly, that person or entity, or any other person or entity directly or indirectly under common control with that person or entity; and for this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person;

“Agency Agreement” means the Determination Agency Agreement, the Coin Sales Agency Agreement, the Custody Agreement, the Registrar Agreement and any other agreement made by the Issuer with a person under which such agent is appointed from time to time in relation to the Digital Securities or the Digital Securities of any class or classes;

“Agency Agreement Default” in respect of the Digital Securities of any class, means an Event of Default in respect of such class falling within paragraph (c) or (d) of the definition of “Event of Default” in Condition 12.9;

“Agents” means the Determination Agent, the Coin Sales Agent, the Custodian and the Registrar or any of them and such other agent(s) as may be appointed from time to time in relation to the Digital Securities or the Digital Securities of any class or classes under the Determination Agency Agreement, the Coin Sales Agency Agreement, the Custody Agreement, the Registrar Agreement or any other agreement with the Issuer under which such agent is appointed from time to time in relation to the Digital Securities or the Digital Securities of any class or classes, as applicable, and any successor or replacement and **“Agent”** means any of them;

“Application” in respect of Digital Securities, means an offer by an Authorised Participant to the Issuer to subscribe for Digital Securities;

“Authorised Participant” means, in respect of any class of Digital Securities, any Eligible Authorised Participant that has entered into an Authorised Participant Agreement with the Issuer in relation to, inter alia, that class of Digital Securities;

“Authorised Participant Agreement” means a written agreement between the Issuer and another person under which such person is appointed to act as an “Authorised Participant”, distribution agent or in a substantially similar function in relation to Digital Securities, or Digital Securities of any class or classes, and if such agreement is subject to conditions precedent, provided that such conditions have been satisfied;

“Bankruptcy” includes the meanings given to such term under Article 8 of the Interpretation (Jersey) Law 1954;

“Base Currency” means, in respect of any class of Digital Securities, the currency of denomination of the Digital Securities of the class, as specified in the Class Schedule;

“Board” means the board of directors of the Issuer or, as the context may require, the board of directors of the Issuer from time to time;

“Business Day” means a day (other than a Saturday or a Sunday or a public holiday in England) on which commercial banks generally are open for the transaction of business in London;

“Cash Settlement” in relation to the Redemption of any Digital Securities, means settlement of the Issuer’s Redemption Obligations in respect thereof by sale of Digital Currency of the Underlying Type and payment of the net proceeds of sale to the relevant Security Holder in accordance with Condition 7.12 (Payment of Cash on Redemption) or Condition 8.8 (Payment of Cash on Compulsory Redemption);

“Certificated” or **“Certificated Form”** means not in Uncertificated Form;

“Class” means a class of Digital Securities having the same ISIN or other similar identifier, whatever the date of issue thereof;

“Class Schedule” means Schedule 6 (Classes of Digital Securities) to the Trust Instrument. The Class Schedule may be amended by the Issuer to add new classes of Digital Securities without the consent of Security Holders in respect of any existing class by an instrument in writing signed on behalf of the Issuer;

“Coin Entitlement” means, as at any date and in relation to a Digital Security of any class, the amount(s) of the Digital Currency of the Underlying Type to which (subject as provided in the Conditions) the Security Holder is entitled on Redemption of that Digital Security on that date calculated in accordance with Condition 5 (Coin Entitlement);

“Coin Sales Agency Agreement” means the coin sales agreement entered into by the Issuer, the Trustee, the Coin Sales Agent and the Determination Agent;

“Coin Sales Agent” means CoinShares Capital Markets (Jersey) Limited and any successor thereto or replacement thereof or any other entity appointed as coin sales agent in accordance with the terms of the Coin Sales Agency Agreement;

“Compulsory Redemption” means a redemption of Digital Securities in accordance with Condition 8 (Compulsory Redemption by the Issuer or Trustee) and **“Compulsorily Redeemed”** shall be construed accordingly;

“Compulsory Redemption Settlement Date” means, in relation to any Redemption pursuant to Condition 8.2 (Compulsory Redemption on Issuer Insolvency Event), the date specified by the Trustee as such in accordance with that Condition and, in relation to any Redemption pursuant to Condition 8.1 (Compulsory Redemption on Termination), Condition 8.3 (Compulsory Redemption for Cause) or

Condition 8.5 (Compulsory Redemption for illegality or impossibility), the date specified by the Issuer as such in accordance with that Condition;

“**Conditions**” means these terms and conditions on and subject to which Digital Securities are issued in the form set out in Schedule 2 (The Conditions – Digital Securities) to the Trust Instrument as the same may from time to time be modified in accordance with the Trust Instrument and any reference herein to a particular specified Condition or paragraph or sub-paragraph of such a Condition shall be construed accordingly;

“**CREST**” means the system for the paperless settlement of trades and the holding of uncertificated securities operated by CrestCo in accordance with the Uncertificated Regulations;

“**CREST Business Day**” means a day on which CREST is open for the purpose of effecting settlement of Digital Securities;

“**CrestCo**” means Euroclear UK & Ireland Limited (formerly known as CRESTCO Limited) incorporated in England and Wales under number 2878738;

“**Custodian**” means, in respect of a class of Digital Securities and Digital Currency of the Underlying Type held by or for the Issuer in respect of such class, such party appointed as custodian and any successor or replacement thereto in accordance with the terms of a Custody Agreement;

“**Custody Agreement**” means any custody agreement relating to Underlying Assets entered into by the Issuer and each Custodian and any other relevant party;

“**Delivery Default**” in respect of any Digital Security, means an Event of Default in respect of such Digital Security falling within paragraph (a) of the definition of “Event of Default” in Condition 12.9;

“**Delivery Precision Level**” means, in relation to a class of Digital Securities and Underlying Type, the level specified as such in the Class Schedule;

“**Determination Agency Agreement**” means the determination agency agreement entered into by the Issuer, the Trustee and the Determination Agent;

“**Determination Agent**” means CoinShares Capital Markets (Jersey) Limited and any successor thereto or replacement thereof or any other entity appointed as determination agent in accordance with the terms of the Determination Agency Agreement;

“**Determination Agent Breach**” has the meaning given in Condition 6.3(b);

“**Digital Currency**” means money, scrip or other representation of value or contractual rights that can only be exchanged electronically on a Distributed Ledger (including, without limitation, each Underlying Type) and “Digital Currencies” shall be construed accordingly;

“**Digital Securities**” means undated, limited recourse, secured debt securities of the Issuer constituted by the Trust Instrument of any of the classes specified in the Class Schedule;

“**Digital Wallet**” in relation to a Security Holder means the digital wallet of the Security Holder which will be used to receive or send Digital Currency;

“**Distributed Ledger**” means a single, sequenced, standardised and cryptographically secured record of activity to be shared among and acted upon by multiple participants;

“**Eligible Authorised Participant**” means a person with whom the Issuer may lawfully enter into an Authorised Participant Agreement and observe and perform the terms thereof and who meets any other conditions of eligibility determined from time to time by the Issuer;

“Entitlement Precision Level” means, in relation to a class of Digital Securities and Underlying Type, the level specified as such in the Class Schedule;

“Event of Default” has the meaning given in Condition 12.9 (Events of Default);

“Exchange Business Day” means, in relation to any class of Digital Securities, a day on which the Relevant Stock Exchange (or any of them) is open for business;

“Extraordinary Resolution” means, in respect of a particular class or particular classes taken together of Digital Securities, either (a) a resolution passed at a meeting of the holders of Digital Securities of such class or classes duly convened and held in accordance with the provisions contained in the Trust Instrument and carried by a majority consisting of not less than 75 per cent. in number of the persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of the holders of not less than 75 per cent. by Principal Amount of the Digital Securities of such class or classes voting on such poll or (b) a resolution in writing of holders of such class or classes of Digital Securities holding not less than 75 per cent. by Principal Amount of the Digital Securities of such class or classes;

“Fork Event” means the splitting of the code base underlying the Distributed Ledger applicable to a Digital Currency, potentially creating two or more Distributed Ledgers which may or may not be incompatible with each other, one in respect of that Digital Currency and one or more in respect of a different Digital Currency;

“Holding Company” has the meaning given to that term in section 1159 of the Companies Act 2006 of the United Kingdom;

“Further Securities” means securities issued by the Issuer in accordance with Condition 15 (Further Securities; Other Pools; Fork Events; Consolidation and Division);

“Individual Certificate” means, in respect of Digital Securities in Certificated Form, a definitive certificate in registered form representing such Digital Securities;

“Investment Company Act” means the United States Investment Company Act of 1940; **“Investor Notice Expiry Date”** has the meaning given in Condition 11.1;

“Issuer” means CoinShares Digital Securities Limited, a company incorporated and registered in Jersey with registered number 127061;

“Issuer Business Day” means a day which is both a London Business Day and a Jersey Business Day;

“Issuer Insolvency Event” means the Issuer:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, scheme, arrangement or composition with or for the benefit of its creditors, including, without limitation, a compromise or arrangement of the type referred to in Article 125 of the Companies (Jersey) Law 1991;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief

or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger), including, without limitation, any procedure or process referred to in Part 21 of the Companies (Jersey) Law 1991;
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (g) (inclusive); or
- (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

“Issuer’s Website” means the website having the following internet address: <https://www.coinshares.com/> or such other internet address as may be used by the Issuer and notified to Security Holders and the Trustee;

“Jersey” means the Island of Jersey, Channel Islands;

“Jersey Business Day” means a day (other than a Saturday or a Sunday or a public holiday in Jersey) on which commercial banks generally are open for the transaction of business in Jersey;

“Liability” means any loss, liability, cost, claim, damages, expense (including, but not limited to, legal costs and expenses) or demand (or actions in respect thereof), judgment, interest on any judgment, assessment, fees or amounts paid in settlement of any action or claim, and “Liabilities” shall be construed accordingly;

“Listing” in respect of a class of Digital Securities, means the admission of that class of Digital Securities to trading on the SIX Swiss Exchange’s market for listed securities becoming effective;

“Management Fee” means in respect of a class of Digital Securities the management fee payable by the Issuer to the Programme Manager or any Affiliate or successor of the Programme Manager in consideration for the provision by the Programme Manager or any Affiliate of the Programme Manager of all management and administration services in relation to the Programme, as set out in the Prospectus, as that amount may be adjusted from time to time as set out in the Prospectus;

“New York Business Day” means a day (other than a Saturday or a Sunday or a public holiday in New York) on which commercial banks generally are open for the transaction of business in New York City;

“Outstanding” means, for the purposes of the Conditions, the Trust Instrument and the Security Deed, in relation to a class of Digital Securities and any date, all the Digital Securities issued on or prior to such date other than:

- (a) those that have been redeemed in accordance with Condition 8;
- (b) those that have been cancelled for any reason;
- (c) those in respect of which the date for redemption has occurred and the Redemption Amount has been duly delivered or paid to the Trustee, and which remain available for payment against surrender of Digital Securities;
- (d) those that have become void or in respect of which claims have become prescribed;
- (e) those which have been issued and which are pending settlement to an Authorised Participant but in respect of which the relevant Authorised Participant(s) has not delivered or paid in full the relevant subscription amount under the Authorised Participant Agreement; and
- (f) those that have been purchased, settled and cancelled or held as Treasury Securities as provided in Condition 7 (*Redemption of Digital Securities*) or Condition 8 (*Compulsory Redemption by the Issuer or Trustee*) and Condition 16.1 (*Treasury Securities*) (as applicable),

provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Security Holders or participate in any resolution in writing of the Security Holders, (2) the determination of how many Digital Securities are outstanding for the purposes of the Conditions, the Trust Instrument and the Security Deed and (3) the exercise of any discretion, power or authority that the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Security Holders, those Digital Securities that are beneficially held by or on behalf of the Issuer or any Affiliate of the Issuer and not cancelled shall (unless no longer so held) be deemed not to remain outstanding.

For the avoidance of doubt, Digital Securities (if any) which the Issuer has agreed on or prior to such date to issue but in respect of which delivery or payment of the relevant subscription amount has not been received in full from the relevant Authorised Participant(s) and settlement to such relevant Authorised Participant(s) has not yet occurred shall not be deemed to be “outstanding” on such date;

“**Physical Delivery**” in relation to the Redemption of any Digital Security, means delivery of Digital Currency of the Underlying Type in accordance with Condition 7.11 (*Delivery of Digital Currency on Redemption*) or Condition 8.7 (*Delivery of Digital Currency on Compulsory Redemption*);

“**Physical Delivery Fee**” means, in respect of any class of Digital Securities and Underlying Type, the fee specified as such, expressed as a percentage of the applicable Coin Entitlement, in the Class Schedule or such other amount which (a) in the case of an increase to the Physical Delivery Fee in respect of any class of Digital Securities or any Underlying Type, shall be notified to the Security Holders in respect of such class by a RIS announcement no less than 30 days prior to such increased fee becoming effective; or (b) in the case of a decrease to the Physical Delivery Fee in respect of any class of Digital Securities or any Underlying Type, shall be applicable with effect from such date (which may be retrospective) as may be determined by the Issuer and notified to Security Holders by a RIS announcement as soon as practicable after such determination;

“**Pool**” means a separate pool of assets to which Digital Securities of a particular class are attributable;

“**Principal Amount**” means, in respect of each class of Digital Securities, the amount specified as such in the Class Schedule;

“**Programme**” means the programme for the issue of Digital Securities by the Issuer;

“Programme Document” means, in respect of each class of Digital Securities, each of the Trust Instrument, the Security Deed, each Custody Agreement, the Determination Agency Agreement, the Coin Sales Agency Agreement, the Registrar Agreement, any other Agency Agreement, and each Authorised Participant Agreement and **“Programme Documents”** means all such documents;

“Programme Manager” means CoinShares (Jersey) Limited or any successor thereto;

“Programme Party” means a party to a Programme Document (other than the Issuer and the Security Holders);

“Prohibited Benefit Plan Investor” means any “employee benefit plan” within the meaning of section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), subject to Part 4. Subtitle B of Title I of ERISA, any “plan” to which section 4975 of the United States Internal Revenue Code of 1986, (the “**Code**”) applies (collectively, “**Plans**”), any entity whose underlying assets include “plan assets” of any of the foregoing Plans within the meaning of 29 C.F.R. Section 2510.3 101 or section 3(42) of ERISA, as they may be modified, by reason of a Plan’s investment in such entity, any governmental or church plan that is subject to any U.S. Federal, state or local law that is similar to the prohibited transaction provisions of ERISA or Section 4975 of the Code, or any person who holds Digital Securities on behalf of, for the benefit of or with any assets of any such Plan or entity;

“Prospectus” means the base prospectus of the Issuer in relation to the Digital Securities, as the same may be modified, supplemented or amended from time to time;

“Redemption” means the redemption of Digital Securities by the Issuer in accordance with the Conditions (and “Redeem” shall be construed accordingly);

“Redemption Amount” in respect of:

- (a) any Digital Securities to be Redeemed by Physical Delivery, means the aggregate Coin Entitlement of such Digital Securities as at the Settlement Date rounded down to the Delivery Precision Level less (in the case of Redemption by Physical Delivery in accordance with Condition 7.4 (Redemption by other Security Holders seeking Physical Delivery), an amount of the Digital Currency of the Underlying Type rounded up to the Delivery Precision Level equal to the Physical Delivery Fee) and in each case less an amount of such Digital Currency having a value equal (in the opinion of the Determination Agent) to the Redemption Fee and any other Redemption Deductions rounded up to the Delivery Precision Level; and
- (b) any Digital Securities to be Redeemed by Cash Settlement, means an amount in US Dollars equal to the net proceeds of sale of the aggregate Coin Entitlement rounded down to the Delivery Precision Level of such Digital Securities in accordance with Condition 7.12 (*Payment of Cash on Redemption*) or Condition 8.8 (*Payment of Cash on Compulsory Redemption*) as at the date on which settlement of such sale was completed less the Redemption Fee and any other Redemption Deductions;

“Redemption Deductions” in respect of any Digital Securities to be Redeemed means an amount equal to the costs, charges and/or fees incurred by the Issuer in connection with such Redemption, including, without limitation:

- (a) in respect of any Redemption to be effected by Physical Delivery, any costs incurred by the Issuer, the Custodian(s), the Coin Sales Agent or any other of the Issuer’s agents as part of a sale or purchase of Digital Currency;

- (b) any banking fees or costs incurred as part of transfer of cash or Digital Currency between accounts of the Issuer and/or any Security Holder;
- (c) in respect of any Redemption to be effected by Cash Settlement, any costs incurred as part of currency conversions which may be necessary to facilitate the Redemption;
- (d) any Blockchain network fees which are incurred as part of transfer of Digital Currencies from one Digital Wallet to another Digital Wallet;
- (e) any costs, fees and expenses of the Trustee incurred in relation to enforcing the Security and taking any steps required as a part of a sale, a purchase or the transfer of Digital Currency;
- (f) any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction or any political subdivision thereof or any authority thereof having power to tax;
- (g) in respect of a Compulsory Redemption of Digital Securities pursuant to Condition 8.3 (*Compulsory Redemption for Cause*), the cost to the Issuer incurred in relation to the Redemption, including the costs of enquiries under Condition 11 (*Enquiries as to Status of Security Holders*) and the cost of giving such notice, being not greater than US\$500 or such other amount as may be notified through a RIS; and
- (h) any other costs, fees, expenses or other amounts, details of which are included in the Prospectus or notice of which has been given to the Security Holders, or the Security Holders of the relevant class, by a RIS announcement,

in each case to the extent that the Issuer determines to charge such costs, charges and/or fees to the Security Holder in respect of such Redemption or such costs, charges and/or fees are payable by the Security Holder pursuant to the Conditions. In the case of a Redemption to be settled by Physical Delivery, the amount of Digital Currency to be deducted on account of Redemption Deductions shall be as determined by the Determination Agent. In the case of any Redemption to be effected by way of Cash Settlement, the amount of any Redemption Deductions not denominated in the currency of payment shall be converted into an amount in the currency of payment as determined by the Determination Agent;

“**Redemption Fee**” means the fee payable by a Security Holder on the redemption of Digital Securities pursuant to Condition 10 (Redemption Fee);

“**Redemption Notice**” means a notice in the applicable form (which may vary in content depending on the method of Redemption required or elected for such Digital Securities and the form in which the Digital Securities are held) prescribed from time to time by the Issuer for requesting Redemption of Digital Securities;

“**Redemption Notice Date**” means an Issuer Business Day on which a valid Redemption Notice is received provided that a Redemption Form received after 3.00 p.m. (London time) on an Issuer Business Day will be treated as having been received on the immediately following Issuer Business Day;

“**Redemption Obligations**” means the obligation of the Issuer on Redemption of a Digital Security to make payment or deliver Digital Currency of the Underlying Type to the relevant Security Holder in accordance with the Conditions;

“Register” with respect to each class of Digital Securities issued in registered form or in dematerialised uncertificated registered form, means the register maintained in Jersey by the Registrar of persons holding the Digital Securities of that class;

“Registrar” with respect to a class of Digital Securities issued in registered form or in dematerialised uncertificated registered form, means such party as may be appointed by the Issuer from time to time to maintain the Register;

“Registrar Agreement” with respect to a class of Digital Securities issued in registered form or in dematerialised uncertificated registered form, means the Agreement for the provision of Registry and Associated Services entered into between the Registrar, the Issuer and the Trustee;

“Relevant Stock Exchange” means, in relation to any class of Digital Securities, the stock exchange or market specified in the Prospectus (including the applicable Final Terms as defined in the Prospectus) and/or any other stock exchange on which Digital Securities of that class may be admitted to listing or trading;

“Repay”, “redeem” and “pay” shall each include both the others and cognate expressions shall be construed accordingly;

“RIS” means a regulated information service for the purposes of giving information relating to the Digital Securities, or the Digital Securities of any class or classes, under the rules of the Relevant Stock Exchange chosen by the Issuer from time to time;

“Secured Creditor” in respect of any class of Digital Securities means the Trustee and the Security Holders in respect of such class;

“Secured Property” means, in respect of any class of Digital Securities and any Pool, subject as provided in the Security Deed, (a) all rights of the Issuer under each Custody Agreement (i) to and in relation to the Digital Currencies held pursuant to the Custody Agreement to the extent that the same relate to the Relevant Pool; and (ii) to the extent that such rights apply to deliveries or payments due in respect of Digital Securities of that class, or any part thereof, and (b) all rights of the Issuer in relation to the Digital Currency held for the Relevant Pool, in each case which are subject to the security created in favour of the Trustee pursuant to the Security Deed as it applies in respect of such class;

“Securities Act” means the United States Securities Act of 1933, as amended;

“Security” means, in respect of each Pool, the security constituted by the Security Deed to the extent applicable to such Pool;

“Security Deed” means the Security Deed dated on or about the date of the Trust Instrument between the Issuer and the Trustee and, in respect of each Pool to which a class of Digital Securities is attributable, the same as it applies to that Pool;

“Security Holder” means the person in whose name a Digital Security is registered;

“Security Holder Account” means:

- (a) in relation to any Digital Securities to be Redeemed by Physical Delivery, a Digital Wallet able to receive the relevant Digital Currency; and
- (b) in relation to any Digital Securities to be Redeemed by Cash Settlement and any other payment specified to be due by the Issuer to a Security Holder under these Conditions, an account in US Dollars,

which, in the case of an Authorised Participant, shall be notified in writing for such purposes by the Authorised Participant to the Issuer and the Trustee from time to time, and in the case of a Security Holder who is not an Authorised Participant, shall be as specified in the applicable Redemption Notice;

“**Settlement Date**” in relation to any Redemption pursuant to Condition 7 means the date determined in accordance with Condition 7.14 and in relation to any issue of Digital Securities means the date on which such Digital Securities were issued. For the purposes of any Application, such date shall, unless otherwise agreed with the relevant Authorised Participant, be the second Issuer Business Day or, if later, the second Exchange Business Day following the applicable Application, *provided that* if either such day is not both an Issuer Business Day and an Exchange Business Day, the Settlement Date shall be the immediately following day which is both an Issuer Business Day and an Exchange Business Day;

“**Subsidiary**” has the meaning given to that term in section 1159 of the Companies Act 2006 of the United Kingdom;

“**Tax**” means any tax, duty, assessment or charge of whatsoever nature (including, without limitation, any tax on income, profits, gains, net wealth, asset values or turnover, value added tax, stamp duty, stamp duty reserve tax, excise, severance, sales, use, transfer, documentary, recording tax or duty or any other similar tax, duty or charge) imposed, levied, collected, withheld or assessed by any government, applicable tax authority or jurisdiction;

“**Tranche**” means, in relation to a class of Digital Securities issued on any date, the Digital Securities of that class that are issued on the same date with the same Principal Amount;

“**Treasury Securities**” means Digital Securities held by an Affiliate of the Issuer either (a) which have been issued without delivery to the Issuer of Digital Currency of the relevant Underlying Type pursuant to Condition 14.3 or (b) the rights of the Issuer in respect of the Underlying Assets relating to which have been released from the security constituted by the Security Deed pursuant to Condition 16.1(b) or (c) which are otherwise held in accordance with Condition 16.1 (*Treasury Securities*);

“**Trust Instrument**” means the trust instrument dated 21 December 2020 between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee for the Security Holders including the Schedules thereto and any trust instrument supplemental thereto and the schedules (if any) thereto;

“**Trustee**” means The Law Debenture Trust Corporation p.l.c. appointed as such under the Trust Instrument and includes any replacement trustee under the Trust Instrument;

“**Trustee Consent Documents**” means the Trust Instrument, the Security Deed and the Custody Agreement;

“**UCITS Fund**” means a collective investment scheme which in accordance with the UCITS directive (Council Directive No. 85/611/EEC) as amended is an undertaking for collective investment in transferable securities subject to that directive and includes a UCITS Scheme and a UK UCITS;

“**UCITS Scheme**” means a scheme that falls within the definition of a “UCITS Scheme” contained in the FSA Glossary from time to time;

“**UK UCITS**” has the meaning given in section 237 of the Financial Services and Markets Act 2000 of the United Kingdom from time to time;

“**uncertificated**”, “**Uncertificated**”, “**uncertificated form**” and “**Uncertificated Form**” means recorded on the Register as being held in uncertificated form, title to which, by virtue of the Uncertificated Regulations, may be transferred by means of CREST;

“**Uncertificated Notice of Meeting**” means in relation to any Digital Securities in Uncertificated Form an uncertificated notice of meeting in accordance with the rules and operating procedures applicable to CREST;

“**Uncertificated Regulations**” means the Companies (Uncertificated Securities) (Jersey) Order 1999;

“**Underlying Assets**” in respect of any class of Digital Securities, means the Digital Currency of the Underlying Type held by or for the Issuer in respect of such class;

“**Underlying Type**” in respect of any class of Digital Securities, means the type of Digital Currency specified in the Class Schedule;

“**United Kingdom**” or “**UK**” means the United Kingdom of Great Britain and Northern Ireland;

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**US Dollars**” or “**US\$**” or “**USD**” means United States dollars; and

“**VAT**” means value added tax.

1.2 The following rules shall apply to the interpretation of these Conditions unless the context otherwise requires:

- (a) Headings to Conditions, paragraphs, and other provisions of these Conditions are inserted for ease of reference only and shall not affect the interpretation of these Conditions.
- (b) Any reference to a person or persons includes reference to any individual, corporation, partnership, joint venture, association, public body, governmental authority or other entity.
- (c) Words in the singular shall also include the plural and vice versa.
- (d) Words in the masculine gender shall also include the feminine gender and vice versa;
- (e) Any reference to these Conditions or to any agreement, deed, prospectus or other document includes a reference to these Conditions, or, as the case may be, such agreement, deed, prospectus or other document, as amended, varied, novated, supplemented or replaced from time to time.
- (f) All references in these Conditions to any statute or any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or reenactment.
- (g) Unless otherwise indicated, any reference in these Conditions to a time is a reference to local time in London, England.

2 STATUS OF DIGITAL SECURITIES

2.1 Digital Securities constitute non-interest bearing undated limited recourse secured debt obligations of the Issuer secured as set out in Condition 3 (Security and Limited Recourse). The Digital Securities of each type rank *pari passu* among themselves. Each Digital Security has a Principal Amount and, without prejudice to Condition 7 (Redemption of Digital

Securities) but subject always to the provisions of Condition 3.2 (Limited Recourse), a Security Holder may elect to receive on redemption an amount in cash equal to the Principal Amount in lieu of the amount otherwise specified in Condition 7. The Issuer acknowledges in the Trust Instrument its indebtedness in respect of the aggregate Principal Amount.

2.2 Digital Securities do not bear interest and have no final maturity date.

3 SECURITY AND LIMITED RECOURSE

3.1 Security

The obligations of the Issuer in respect of each class of Digital Security are secured pursuant to the Security Deed by a first ranking floating charge in favour of the Trustee for the Security Holders over the Secured Property attributable to that class, and by an assignment to the Trustee by way of security of all the Issuer's rights in relation to each Custody Agreement to the extent that it relates to such class.

3.2 Limited Recourse

The Trustee and the Security Holders of any class of Digital Securities shall have recourse only to the Secured Property relating to the relevant Pool and any sums derived therefrom. If, the Trustee (or any other secured party) having realised the same, the net proceeds are insufficient for the Issuer to make all payments and meet all obligations which, but for the effect of this Condition, would then be due, (a) the obligations of the Issuer to each Security Holder shall be satisfied by delivery to the Security Holder of, and limited to, the Relevant Proportion of such net proceeds of realisation following satisfaction of prior ranking claims, where the “**Relevant Proportion**” is the proportion that the Digital Securities of the relevant class held by such Security Holder bears to the total number of the Digital Securities of that class outstanding, (b) neither the Trustee nor any person acting on its behalf shall be entitled to take any further steps against the Issuer to recover any further sums or property and (c) no debt shall be owed by the Issuer to any such person in respect of any such further sum or property. In particular, neither the Trustee nor any Security Holder shall be entitled to institute, nor join with any other person in bringing, instituting or joining, in relation to the Issuer any bankruptcy, suspension of payments, moratorium of any indebtedness, winding up, reorganisation, arrangement, insolvency or liquidation proceeding or other proceeding under any similar law (whether court based or otherwise) (except for the appointment of a receiver and manager pursuant to the Security Deed) for two years (or, if later, the longest suspense period, preference period or similar period (howsoever described) ending with the onset of insolvency in respect of which transactions entered into by the Issuer within such period may be subject to challenge under applicable insolvency or other proceedings) plus one day after the date on which all amounts payable under the last outstanding Digital Security of any class issued by the Issuer and constituted by the Trust Instrument are repaid, nor shall they have any claim in respect of any sum arising or other obligation in respect of the Secured Property for any other Pool or any other assets of the Issuer. The provisions of this Condition 3.2 shall survive notwithstanding any redemption of the Digital Securities or the termination or expiration of any Programme Document.

4 FORM AND TITLE

4.1 The Digital Securities shall be participating securities for the purposes of the Uncertificated Regulations. All Digital Securities of the same class shall have the same Base Currency

4.2 Digital Securities in Uncertificated Form may be held and transferred by means of CREST in accordance with the Uncertificated Regulations. Digital Securities in Uncertificated Form

shall be cleared through CREST.

- 4.3 A Security Holder may request that his Digital Securities be held in Certificated Form, in which case such Digital Securities shall be removed from CREST and an Individual Certificate in respect thereof issued in accordance with the Trust Instrument.
- 4.4 Notwithstanding anything to the contrary in the Conditions, for so long as the Digital Securities are participating securities: (i) the Register shall be maintained in Jersey and at all times outside of the United Kingdom, (ii) the Digital Securities may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Regulations and (iii) for the avoidance of doubt, the Conditions in respect of the Digital Securities shall remain applicable notwithstanding that they are not endorsed on any certificate or document of title.
- 4.5 The Trustee and the Security Holders or any of them and any person authorised by any such person shall be at liberty at all reasonable times during office hours to inspect the Registers and to take (free of charge) copies of, or extracts from, the same or any part thereof. In the event of the Trustee requiring to convene a meeting of, or to give any notice to, the Security Holders the Issuer shall furnish the Trustee (free of charge) with such copies of, or extracts from, the Registers as it shall require. Where the Issuer or the Trustee considers it necessary or expedient for the purposes of enforcing the provisions of the Trust Instrument or the purposes of Redeeming any Digital Securities in Uncertificated Form, they are hereby authorised to execute any document or instrument necessary to convert Digital Securities held in Uncertificated Form into Certificated Form and to take delivery of the corresponding certificate(s).
- 4.6 Except as ordered by a court of competent jurisdiction or as required by law, the Security Holder of any Digital Security shall be deemed to be and may be treated as the absolute owner of such Digital Security for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Digital Security shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person will be liable for so treating the holder.

5 COIN ENTITLEMENT

- 5.1 Each class of Digital Security will have a separate Coin Entitlement as follows:
- (a) The initial Coin Entitlement on the date of issue and first admission to trading of the first Tranche of Digital Securities of a class will be as set out in the Class Schedule in relation to that class of Digital Securities.
 - (b) For any day following the date of issue and first admission to trading of the first Tranche of each class of Digital Securities, the Coin Entitlement in respect of a Digital Security of a class will be calculated by the Determination Agent daily to the applicable Entitlement Precision Level in accordance with the following formula:
- 5.2 Each Digital Security has a Principal Amount specified in the Class Schedule and, without prejudice to the provisions of Condition 7 (*Redemption of Digital Securities*) but subject always to Condition 3.2 (*Limited Recourse*), a Security Holder may elect to receive on redemption an amount in US Dollars equal to the Principal Amount less any Redemption Fee and any other Redemption Deductions converted into US Dollars at the rate prevailing at the time of conversion (as determined by the Determination Agent) in lieu of the amount otherwise specified in Condition 7 (*Redemption of Digital Securities*). The Issuer acknowledges in the Trust Instrument its indebtedness in respect of the aggregate Principal

Amount.

6 CALCULATIONS AND DETERMINATIONS; AGENTS AND RECORDS

6.1 Calculations

- (a) The Determination Agent will, as soon as reasonably practicable on such date and/or at such time as the Determination Agent is required in accordance with the Determination Agency Agreement and the Conditions, perform such duties and obligations as are required to be performed by it in accordance therewith.
- (b) The calculation by the Determination Agent of any amount, price, rate or value required to be calculated by the Determination Agent under the Determination Agency Agreement and the Conditions shall be made in good faith and shall (in the absence of manifest error) be final and binding on the Issuer, the Security Holders and the Programme Parties.

6.2 Calculations by alternative agent

If at any time after the Security has become enforceable pursuant to the provisions of the Security Deed the Determination Agent does not make any calculation relating to the Coin Entitlement or the Redemption Amount when required pursuant to the Conditions and the Programme Documents, then the Issuer will appoint an alternative agent on its behalf to make any calculation in place of the Determination Agent. Any such calculation shall for the purposes of the Conditions and the Programme Documents be deemed to have been made by the Determination Agent. In doing so, the appointed agent shall apply the provisions of the Conditions and/or the relevant Programme Document(s), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in the circumstances. The Trustee shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, the Security Holders or any Programme Party for any calculation (or any delay in making any calculation) so made and will not itself be required to make, or have any responsibility for making, any such calculation.

6.3 Determination Agent

- (a) Subject as provided in the Conditions and the Determination Agency Agreement, the Issuer shall use all reasonable efforts to procure that there shall at all times be a Determination Agent for so long as any of the Digital Securities are outstanding. If the Determination Agent resigns or its appointment is terminated for any reason, the Issuer shall use all reasonable efforts to appoint a reputable entity that provides services of a similar type to those required of the Determination Agent under the Trust Instrument, the Conditions and the Determination Agency Agreement or a leading bank or investment banking firm (acting through its principal London office or any other office actively involved in such market) engaged in the interbank market (or, if appropriate, money, swap, commodity or over-the-counter commodity futures and options or index options market) that the Issuer reasonably determines is capable of making the calculation(s) required to be made by the Determination Agent under the Trust Instrument, the Conditions and the Determination Agency Agreement to act as such in its place.
- (b) The Determination Agent shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, any Security Holder, any other Programme Party or any other person for any Liability incurred by any such person

that arises out of or in connection with the performance by the Determination Agent of its obligations under the Determination Agency Agreement, the Trust Instrument and the Conditions provided that nothing shall relieve the Determination Agent from any Liability arising by reason of acts or omissions constituting bad faith, fraud or gross negligence of the Determination Agent (any such act or omission, a “**Determination Agent Breach**”).

- (i) (If the Determination Agent would, but for the operation of this Condition 6.3(b)(i), be held liable for any Liability arising as the result of a Determination Agent Breach, the Determination Agent shall nevertheless incur no liability to the Issuer, any Security Holder, any other Programme Party or any other person if such Determination Agent Breach results solely and directly from either (A) the failure by any other Programme Party to provide any notice, instruction or direction which such Programme Party is required or permitted to give under the Conditions or any relevant Programme Document or (B) a delay in the delivery by any other Programme Party of any notice, instruction or direction which such Programme Party is required or permitted to give to the Determination Agent under the Conditions or any relevant Programme Document.
- (ii) (If the Determination Agent would, but for the operation of this Condition 6.3(b)(ii), be held liable for any Liability arising as the result of a Determination Agent Breach, the Determination Agent shall nevertheless incur no liability to the Issuer, any Security Holder, any other Programme Party or any other person if such Determination Agent Breach results solely and directly from the reliance by the Determination Agent upon a rate, amount, quotation, value or other calculation or determination notified to the Determination Agent pursuant to the Conditions and/or any relevant Programme Document which is made by another Programme Party in accordance with the Conditions and the terms of any relevant Programme Document.
- (c) The Determination Agent has no obligation towards or relationship of agency or trust with any Security Holder.
- (d) The Determination Agent has no duties or responsibilities except those expressly set out in the Trust Instrument, the Conditions and the Determination Agency Agreement and no implied or inferred duties or obligations of any kind will be read into the Determination Agency Agreement against or on the part of the Determination Agent. The Determination Agent will not, and will not be deemed to, assume or be liable for the obligations or duties of the Issuer or any other person under the Conditions, the Trust Instrument or any other Programme Document unless otherwise agreed pursuant to the Determination Agency Agreement.

6.4 Appointment of Agents

- (a) Save as provided below, the Agents act solely as agents of the Issuer. The Agents do not assume any obligation or relationship of agency or trust for or with any Security Holder. The Issuer reserves the right at any time with the prior written approval of the Trustee and in accordance with the provisions of the Determination Agency Agreement, the Coin Sales Agency Agreement, the Custody Agreement or the Registrar Agreement, as applicable, to vary or terminate the appointment of the Determination Agent, the Coin Sales Agent, the Custodian or the Registrar and to

appoint additional or other Determination Agents, Coin Sales Agents, Custodians or Registrars. Without prejudice to the provisions for the automatic termination of the appointment of an Agent in connection with the occurrence of an insolvency or similar event or proceedings in the relevant Programme Documents, the Issuer shall use reasonable endeavours to at all times maintain a Determination Agent, a Coin Sales Agent, a Custodian and a Registrar, in each case, as approved by the Trustee. The Issuer shall promptly give notice to the Security Holders of any change of Agent or any change to the specified office of an Agent.

- (b) Pursuant to the terms of the Trust Instrument, at any time after an Issuer Insolvency Event or an Event of Default (unless deemed waived pursuant to Condition 12.2) has occurred in relation to the Digital Securities, the Trustee may by notice in writing to the Issuer, the Determination Agent, the Coin Sales Agent the Custodian and/or the Registrar, require any and all of such Agents, until notified by the Trustee to the contrary, so far as permitted by applicable law to (A) act as agent of the Trustee on the terms of the Determination Agency Agreement, the Coin Sales Agency Agreement, the Custody Agreement or the Registrar Agreement, as applicable, (with consequential amendments as necessary) and except that the Trustee's liability for the indemnification, remuneration and all other expenses of such Agents (if any) shall be limited to the amounts for the time being held by the Trustee in respect of the Digital Securities on the terms of the Trust Instrument and which are available (after application in accordance with the relevant order of priority set out in Condition 13 (Application of Moneys)) to discharge such liability; or (B) deliver the Digital Securities and all moneys, documents and records held by them in respect of the Digital Securities to or to the order of the Trustee or as the Trustee directs in such notice.
- (c) Pursuant to the terms of the Security Deed, at any time after the Security constituted by the Security Deed applicable to a class of Digital Securities has become enforceable, the Trustee may by notice in writing to the Issuer and any applicable Agent, require such Agent, until notified by the Trustee to the contrary, so far as permitted by applicable law to (i) act as agent of the Trustee on the terms of the agreement pursuant to which the Agent is appointed (with consequential amendments as necessary) and except that the Trustee's liability for the indemnification, remuneration and all other expenses of such Agents will be limited to the amounts for the time being held by the Trustee in respect of the Security Deed and which are available (after application in accordance with the relevant order of priority set out in Condition 13 (Application of Moneys)) to discharge such liability; or (ii) deliver assets forming part of, or documents evidencing or representing, the Secured Property, to the Trustee or as the Trustee directs in such notice.

7 REDEMPTION OF DIGITAL SECURITIES

7.1 Redemption Entitlement

Subject as provided in Condition 16 (*Treasury Securities and Issuer's Ability to Purchase Digital Securities*) or as otherwise provided in the Conditions, each Digital Security shall carry:

- (a) a right on a Redemption under this Condition 7 (Redemption of Digital Securities) to delivery of Digital Currency of the Underlying Type in the Redemption Amount in accordance with Condition 7.11 (Delivery of Digital Currency on Redemption) or, where permitted, to a cash payment in accordance with Condition 7.12

- (b) (Payment of Cash on Redemption), in each case on the applicable Settlement Date; a right on a Compulsory Redemption under Condition 8 (Compulsory Redemption by the Issuer or Trustee) to a cash payment in accordance with Condition 8.8 (Payment of Cash on Compulsory Redemption) or, where permitted, to delivery of Digital Currency of the Underlying Type in the Redemption Amount in accordance with Condition 8.7 (Delivery of Digital Currency on Compulsory Redemption), in each case on the applicable Compulsory Redemption Settlement Date.

7.2 Redemption by Authorised Participants

A Security Holder who is also an Authorised Participant may (subject as provided herein) require the Issuer to Redeem all or part of its holding of Digital Securities by delivery of Digital Currency of the Underlying Type in accordance with Condition 7.11 (Delivery of Digital Currency on Redemption) by lodging with the Issuer a Redemption Notice and by effecting an Acceptable Delivery in respect of the Digital Securities to be Redeemed.

7.3 Redemption by other Security Holders

- (a) A Security Holder who is not also an Authorised Participant may (subject as provided herein) require the Issuer to Redeem all or part of its holding of Digital Securities by Physical Delivery in accordance with Condition 7.11 (Delivery of Digital Currency on Redemption) or by Cash Settlement in accordance with Condition 7.12 (Payment of Cash on Redemption) (as applicable), by lodging with the Issuer a valid Redemption Notice and by effecting an Acceptable Delivery in respect of the Digital Securities to be Redeemed, if, either:
 - (i) on any Issuer Business Day, there are no Authorised Participants, and the Security Holder lodges on such day a valid Redemption Notice; or
 - (ii) the Issuer has given notice through a RIS in respect of any Issuer Business Day, or until further announcement or generally, that Redemptions by Security Holders who are not Authorised Participants will be permitted. Any such announcement may be general or subject to conditions, and any notice requesting any Redemption which is not in accordance with any such conditions shall not be valid.
- (b) Settlement of the Redemption Obligations in respect of the relevant Digital Securities will be effected in accordance with the Condition 7.11 (Delivery of Digital Currency on Redemption) unless (i) the Security Holder in its Redemption Notice certifies that it is prohibited for legal or regulatory reasons from owning or taking delivery of the Digital Currency of the Underlying Type upon a Redemption; and/or (ii) the Issuer is prohibited for legal or regulatory reasons from effecting a delivery of the relevant Digital Currency of the Underlying Type to the Security Holder, in which case the Redemption will be by Cash Settlement in accordance with Condition 7.12 (Payment of Cash on Redemption).
- (c) A Security Holder desiring to redeem Digital Securities must effect an Acceptable Delivery in respect of the Digital Securities to be Redeemed and must specify in its Redemption Notice a Security Holder Account in respect of the Digital Currency of each Underlying Type the subject of the applicable Redemption Obligations. Redemption Notices will not be treated as having been lodged until the Digital Securities to be Redeemed have been so delivered to the Issuer.

7.4 7.4 Redemption by other Security Holders seeking Physical Delivery

- (a) Without prejudice to Condition 7.3, a Security Holder who is not also an Authorised Participant may (subject as provided herein) require the Issuer to Redeem all or part of its holding of Digital Securities by Physical Delivery in accordance with Condition 7.11 (Delivery of Digital Currency on Redemption) by lodging with the Issuer a valid Redemption Notice and by effecting an Acceptable Delivery in respect of the Digital Securities to be Redeemed, subject to deduction of the Physical Delivery Fee which will be made from the applicable Coin Entitlement on such redemption, and which shall be retained for the benefit of the Issuer.
- (b) Settlement of the Redemption Obligations in respect of the relevant Digital Securities will be effected in accordance with the Condition 7.11 (Delivery of Digital Currency on Redemption) unless (i) the Security Holder in its Redemption Notice certifies that it is a UCITS Fund or is otherwise prohibited for legal or regulatory reasons from owning or taking delivery of Digital Currency of the Underlying Type into its Security Holder Account, being a “Prohibited Redeeming Security Holder”; and/or (2) the Issuer is prohibited for legal or regulatory reasons from effecting a delivery of the relevant Digital Currency of the Underlying Type to the Security Holder (a “Prohibited Physical Redemption”), in which case the Redemption Notice shall not be valid and such Digital Securities shall consequently not be Redeemed.
- (c) A Security Holder desiring to redeem Digital Securities must effect an Acceptable Delivery in respect of the Digital Securities to be Redeemed and must specify in its Redemption Notice a Security Holder Account in respect of the Digital Currency of each Underlying Type the subject of the applicable Redemption Obligations. Redemption Notices will not be treated as having been lodged until the Digital Securities to be Redeemed have been so delivered to the Issuer.

7.5 Redemption Notice

A Redemption Notice:

- (a) must specify the number and class of Digital Securities to be Redeemed;
- (b) must relate to only one class of Digital Securities;
- (c) must be signed by, or by an authorised signatory on behalf of, the Security Holder;
- (d) must provide all forms of documentation required for the purposes of any compliance and identification checks;
- (e) must comply with any additional requirements specified in any notice given by the Issuer including, without limitation, to any announcement or notice in relation to the matters described in Condition 7.3(a)(ii); and
- (f) must (i) specify a Security Holder Account to the extent that it is not already specified in the relevant Authorised Participant Agreement, if applicable, (ii) if it is lodged by a Security Holder who is not also an Authorised Participant pursuant to Condition 7.3 (*Redemption by other Security Holders*) must certify whether or not it is a UCITS Fund or is otherwise prohibited for legal or regulatory reasons from owning or taking delivery of Digital Currency of the relevant Underlying Type into its Security Holder Account and (iii) if it is lodged by a Security Holder who is not also an Authorised Participant pursuant to Condition 7.4 (*Redemption by other*

Security Holders seeking Physical Delivery), certify that such Security Holder is not a UCITS Fund or prohibited for legal or regulatory reasons from owning or taking delivery of Digital Currency of the applicable Underlying Type upon a Redemption, and is irrevocable (save with the consent of the Issuer) once it has been lodged with the Issuer.

7.6 Issuer to give effect to Redemption Notice

Upon receipt by the Issuer of a valid Redemption Notice from a Security Holder in relation to any Digital Securities, the Issuer shall do all things necessary to give effect to the Redemption Notice as required by this Condition 7 (*Redemption of Digital Securities*).

7.7 Validity of Redemption Notices

A Redemption Notice shall be invalid:

- (a) if it is lodged by a Security Holder who is not an Authorised Participant unless any of the provisions of Condition 7.3(a) apply; or
- (b) (b) if it does not satisfy each and all of Conditions 7.5(a) to 7.5(f); or
- (c) (c) if it is lodged by a Prohibited Redeeming Security Holder within the meaning of Condition 7.4(b) or the Redemption in consequence of such Redemption Notice would be a Prohibited Physical Redemption within the meaning of Condition 7.4(b); or
- (d) (d) where notice has been given pursuant to Condition 8.1 (Compulsory Redemption on Termination), Condition 8.2 (Compulsory Redemption on Issuer Insolvency Event) or Condition 8.5 (Compulsory Redemption for illegality or impossibility) to Redeem such Digital Securities compulsorily if the Redemption Notice is received or deemed received:
 - (i) where notice has been given pursuant to Condition 8.1 (Compulsory Redemption on Termination), later than ten Issuer Business Days prior to the Compulsory Redemption Settlement Date specified in accordance with that Condition;
 - (ii) where notice has been given pursuant to Condition 8.2 (Compulsory Redemption on Issuer Insolvency Event), on or after the date on which such notice was given; or
 - (iii) where notice has been given pursuant to Condition 8.5 (Compulsory Redemption for illegality or impossibility), on or after the date on which such notice was given; or
- (e) if the Redemption Notice is received (or deemed to be received) when Redemptions have been suspended or postponed pursuant to Condition 7.13,

and no Digital Securities of the relevant class shall be Redeemed in respect of or under that Redemption Notice.

7.8 Consequences of invalid Redemption Notice

If the Issuer considers that a purported Redemption Notice is invalid, it shall notify the Security Holder lodging that Redemption Notice of that fact as soon as reasonably possible and shall not be obliged to Redeem pursuant to that Redemption Notice any Digital Securities.

7.9 Late Redemption Notices

A Redemption Notice received by the Issuer after 2.00 p.m. (London time) on an Issuer Business Day shall be treated as lodged on the immediately following Issuer Business Day.

7.10 Changes to Redemption Procedures

The Issuer may, without the consent of the Trustee or the Security Holders, change or vary the procedures for the lodgement of Redemption Notices in accordance with Condition 24.2 and these

Conditions shall be modified in respect of Redemptions to the extent of any such variation.

7.11 Delivery of Digital Currency on Redemption

- (a) Where Digital Securities are required to be Redeemed by Physical Delivery, the Issuer shall upon receipt of the relevant valid Redemption Notice and confirmation that Acceptable Delivery in respect of such Digital Securities has been effected by the relevant Security Holder instruct the Custodian to transfer Digital Currency attributable to or forming part of the Secured Property in respect of such Digital Securities in an amount (rounded down to the Delivery Precision Level) equal to:
 - (i) the Redemption Amount; less
 - (ii) in the case of Redemption pursuant to Condition 7.4, the applicable Physical Delivery Fee (rounded up to the Delivery Precision Level),
 - (iii) to the relevant Security Holder Account, to be delivered to such account on the Settlement Date.
- (b) From the relevant Settlement Date, all title to and risks in such Digital Currency shall pass to the holder of such Digital Securities. Neither the Trustee nor the Issuer shall be responsible or liable for (and no Event of Default shall occur by virtue of) any failure by the Custodian to effect a delivery of Digital Currency in accordance with the instructions of the Issuer. However, in the event of such failure, the Issuer shall to the extent practicable procure the assignment to the redeeming Security Holder of its claims in relation to such Digital Currency in satisfaction of all claims of such Security Holder in respect of the Digital Securities to be redeemed and the Security Holder shall have no further claims against the Issuer or the Secured Property.
- (c) The obligations of the Issuer in respect of Digital Securities being Redeemed shall be satisfied by transferring the Redemption Amount in accordance with the provisions of this Condition 7.11 (*Delivery of Digital Currency on Redemption*).

7.12 Payment of Cash on Redemption

- (a) Where Digital Securities are required to be Redeemed by Cash Settlement, the Issuer shall upon receipt of the relevant valid Redemption Notice and confirmation that

Acceptable Delivery in respect of such Digital Securities has been effected by the relevant Security Holder, instruct the Coin Sales Agent to sell in accordance with the Coin Sales Agency Agreement for US Dollars the relevant Digital Currency attributable to or forming part of the Secured Property in respect of such Digital Securities in an amount equal to the aggregate Redemption Amount of the Digital Securities subject to Redemption. For this purpose the Issuer shall give such instructions to any Custodian as may be required by the Coin Sales Agent to give effect to such sale.

- (b) The Issuer will transfer the aggregate Redemption Amount with respect to the Digital Securities in US Dollars on the Settlement Date, or, if such date is not a New York Business Day, on the immediately following New York Business Day, to the relevant Security Holder in accordance with Condition 26.2.
- (c) The obligations of the Issuer in respect of Digital Securities being Redeemed shall be satisfied by transferring the Redemption Amount in accordance with the provisions of this Condition 7.12 (*Payment of Cash on Redemption*).
- (d) Where Digital Securities are required to be Redeemed by Cash Settlement, the Security Holder of the Digital Securities being Redeemed acknowledges and agrees (i) to accept the net proceeds of sale actually realised from the sale of the aggregate Coin Entitlement rounded down to the Delivery Precision Level of such Digital Securities (less the Trustee's fees and expenses (if any)) in full settlement of the Issuer's Redemption Obligations in respect of such Digital Securities; (ii) that none of the Issuer, the Determination Agent, the Coin Sales Agent or the Trustee makes any representations or warranties as to the price at which Digital Currency may be sold or the amount of the proceeds of sale realised from the sale of Digital Currency; and (iii) none of the Issuer, the Determination Agent, the Coin Sales Agent or the Trustee shall be liable for any failure by any purchaser of Digital Currency to effect or complete the purchase of such Digital Currency, to deliver the applicable net proceeds of sale or other amount due or otherwise comply with its obligations entered into pursuant to this Condition, but in the event of any such failure, the Issuer shall to the extent practicable procure the assignment to the redeeming Security Holder of its claims in relation to such Digital Currency in satisfaction of all claims of such Security Holder in respect of the Digital Securities to be Redeemed and the Security Holder shall have no further claims against the Issuer, the Determination Agent, the Coin Sales Agent, the Trustee or the Secured Property.

7.13 Suspension of Redemptions

If at any time the Determination Agent determines that the prevailing market value of the Coin Entitlement in respect of a Digital Security of any class is less than its Principal Amount, the Issuer may at any time thereafter and from time to time for so long as the Determination Agent determines that the prevailing market value of the Coin Entitlement of a Digital Security of that class continues to be less than its Principal Amount, suspend the right to Redeem the Digital Securities of that class pursuant to Conditions 7.2, 7.3 (if applicable) and 7.4 and, subject as provided in this Condition 7.13, may terminate any such suspension. The following provisions shall apply where the Issuer determines to exercise its powers under this Condition:

- (a) the Issuer shall give notice of such suspension and of the termination of any such suspension via an RIS as soon as practicable, but failure to give such notices shall not prevent the exercise of such powers;
- (b) any such suspension may continue in the discretion of the Issuer for a period of up

to 30 days, and may continue thereafter provided that notice of a meeting has been issued convening a meeting for a date not more than 30 days after the date of the notice for the purpose of considering an Extraordinary Resolution which will have the effect of reducing the Principal Amount to a level less than 75 per cent. of the prevailing market value of the Coin Entitlement in respect of a Digital Security of that class as determined by the Determination Agent, in which event the suspension will cease when the meeting (or any adjournment thereof) concludes or, if the Extraordinary Resolution is passed and makes alternative provision, in accordance with the Extraordinary Resolution;

- (c) without prejudice to paragraph (b) above, any such suspension may continue at the discretion of the Issuer if the Extraordinary Resolution referred to in Condition 7.13(b) has not been passed;
- (d) any suspension implemented in accordance with this Condition shall not affect any Redemption pursuant to a Redemption Notice, received (or deemed to have been received) on a date prior to that on which the suspension commenced, but any Redemption Notice in respect of Digital Securities submitted or deemed to be received on a date when the right to request redemption of the Digital Securities pursuant to Conditions 7.2, 7.3 (if applicable) and 7.4 is suspended pursuant to this Condition 7.13 shall be invalid.

7.14 Settlement Date

In relation to any Redemption pursuant to this Condition 7, the Settlement Date shall be the second Issuer Business Day or, if later, the second Exchange Business Day following the applicable Redemption Notice Date, provided that if either such day is not both an Issuer Business Day and an Exchange Business Day, the Settlement Date shall be the immediately following day which is both an Issuer Business Day and an Exchange Business Day.

8 COMPULSORY REDEMPTION BY THE ISSUER OR TRUSTEE

8.1 Compulsory Redemption on Termination

- (a) The Issuer may at any time determine that all Digital Securities, or all Digital Securities of any one or more class, are to be Redeemed compulsorily. In such event the Issuer shall give not less than 30 days' notice to the Security Holders by RIS announcement of an Issuer Business Day to be the Compulsory Redemption Date in respect of such Redemption.
- (b) Redemption pursuant to this Condition 8.1 in respect of any Digital Security will be effected by Cash Settlement in accordance with Condition 8.8 (Payment of Cash on Compulsory Redemption) unless the Security Holder in respect of such Digital Security has, no later than ten Issuer Business Days prior to the Compulsory Redemption Date, delivered to the Issuer a valid Redemption Notice specifying Physical Delivery and effected an Acceptable Delivery in respect of the Digital Securities to be Redeemed. Where Redemption pursuant to this Condition 8.1 in respect of any Digital Security is to be effected by Physical Delivery, Condition 8.7 (*Delivery of Digital Currency on Compulsory Redemption*) will apply.
- (c) Settlement of the Issuer's Redemption Obligations on Redemption pursuant to this Condition shall be effected on the Compulsory Redemption Date or such later date as soon thereafter as reasonably practicable and in any event by the fifteenth Business Day after the Compulsory Redemption Date, the Compulsory Redemption

Date or such later date being the “**Compulsory Redemption Settlement Date**” for the purposes of this Condition.

8.2 **Compulsory Redemption on Issuer Insolvency Event**

If an Issuer Insolvency Event has occurred and is continuing, the Trustee may at any time, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount of the Digital Securities (as a whole) then outstanding or by an Extraordinary Resolution of the Security Holders (as a single resolution of the holders of all Digital Securities as though all Digital Securities constituted a single class), the Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer and by RIS announcement to the Security Holders that all the Digital Securities outstanding are to be Redeemed compulsorily and specifying an Issuer Business Day (falling not less than two Issuer Business Days from the giving of such notice) to be a Compulsory Redemption Date in respect of such Digital Securities. Redemption pursuant to this Condition 8.2 will be effected by Cash Settlement in accordance with Condition 8.8 (*Payment of Cash on Compulsory Redemption*) on the Compulsory Redemption Date or such later date as soon thereafter as reasonably practicable and in any event by the fifteenth Business Day after the Compulsory Redemption Date, the Compulsory Redemption Date or such later date being the “**Compulsory Redemption Settlement Date**” for the purposes of this Condition 8.2.

8.3 **Compulsory Redemption for Cause**

The Issuer may, in its absolute discretion, at any time give written notice to a Security Holder that any Digital Securities held by that Security Holder are to be Redeemed compulsorily, and specifying an Issuer Business Day (being not less than five Issuer Business Days and not more than ten Issuer Business Days following the date of the notice) to be the Compulsory Redemption Settlement Date in respect of such Digital Securities, if:

- (a) the Issuer required the Security Holder in accordance with Condition 11 (Enquiries as to Status of Security Holders) to certify whether or not it is a Prohibited Benefit Plan Investor and
 - (i) the Security Holder did not by the date specified in the notice given under Condition 11 (Enquiries as to Status of Security Holders) provide such a certification to the Issuer in the form and executed in the manner required or (ii) the Security Holder certified that it is a Prohibited Benefit Plan Investor; or
- (b) the Issuer considers (in its sole discretion) (i) that such Digital Securities are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those Digital Securities, or
 - (i) that the ownership or holding or continued ownership or holding of those Digital Securities (whether on its own or in conjunction with any other circumstance appearing to the Issuer to be relevant) would, in the reasonable opinion of the Issuer, expose any Programme Party to a risk of violation of any law or regulation or cause a pecuniary or tax disadvantage to the Issuer or any other Security Holders which it or they might not otherwise have suffered or incurred; or
- (c) the Issuer required the Security Holder in accordance with Condition 11 (Enquiries as to Status of Security Holders) to certify and provide evidence satisfactory to the

Issuer (acting reasonably) that the Security Holder is not in breach of any law or regulation or would risk exposing any Programme Party to a breach of any law or regulation and (i) the Security Holder did not by the date specified in the notice given under Condition 11 (Enquiries as to Status of Security Holders) provide such a certification in the form and executed in the manner required or evidence satisfactory to the Issuer or (ii) the Security Holder certified that it is in breach of any law or regulation or would risk exposing any Programme Party to a breach of any law or regulation,

provided that if the relevant Security Holder in the case of sub-paragraph 8.3(a)(i) or 8.3(c)(i) so failed to provide such a certification, or in the case of sub-paragraph 8.3(a)(ii) or 8.3(c)(ii) certified that it is a Prohibited Benefit Plan Investor or is in breach of any law or regulation or would risk exposing any Programme Party to a breach of any law or regulation, in each case in respect of some only of the Digital Securities held by it, a notice given by the Issuer under this Condition shall relate only to those Digital Securities (and not any other Digital Securities held by that Security Holder).

Redemption pursuant to this Condition 8.3 in respect of any Digital Security will be effected by Cash Settlement in accordance with Condition 8.8 (Payment of Cash on Compulsory Redemption) unless the Security Holder in respect of such Digital Security has no later than four Issuer Business Days prior to the Compulsory Redemption Settlement Date delivered to the Issuer a valid Redemption Notice specifying Physical Delivery and effected an Acceptable Delivery in respect of the Digital Securities to be Redeemed. Where Redemption pursuant to this Condition 8.3 in respect of any Digital Security is to be effected by Physical Delivery, Condition 7.11 (*Delivery of Digital Currency on Redemption*) will apply.

8.4 Transfer of Digital Securities subject to Compulsory Redemption for Cause

- (a) If a Security Holder which is the subject of a notice under Condition 8.3 (Compulsory Redemption for Cause) provides to the Issuer at least one Issuer Business Day prior to the Compulsory Redemption Settlement Date pursuant to Condition 8.3 (*Compulsory Redemption for Cause*) proof required by the Issuer that its Digital Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor, then the Digital Securities referred to in that notice shall not be Redeemed under these Conditions.
- (b) If a Security Holder which is the subject of a notice under Condition 8.3 (*Compulsory Redemption for Cause*) does not provide to the Issuer at least one Issuer Business Day prior to the Compulsory Redemption Settlement Date pursuant to Condition 8.3 (*Compulsory Redemption for Cause*) proof required by the Issuer that its Digital Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor, then the Digital Securities referred to in that notice shall not be capable of being transferred by that Security Holder and the Issuer shall not be required to register any purported transfer of those Digital Securities.

8.5 Compulsory Redemption for illegality or impossibility

- (a) The Issuer may determine that all Digital Securities, or all Digital Securities of any one or more class, are to be Redeemed compulsorily if it becomes illegal or impossible after taking all reasonable care for the Issuer to issue or deal with such Digital Securities or to hold or deal with Underlying Assets in respect thereof, in each case in accordance with these Conditions, as a result of any law, rule, regulation, judgment, order or decision of any governmental, legislative,

administrative or judicial authority. In such event, the Issuer shall give notice by RIS to the Security Holders and the Trustee that such Digital Securities are to be Redeemed compulsorily and specifying an Issuer Business Day (falling not less than two Issuer Business Days from the giving of such notice) to be a Compulsory Redemption Date in respect of such Digital Securities.

- (b) Redemption pursuant to this Condition 8.5 in respect of any Digital Security will be effected by Cash Settlement in accordance with Condition 8.8 (*Payment of Cash on Compulsory Redemption*).
- (c) Settlement of the Issuer's Redemption Obligations on Redemption pursuant to this Condition shall be effected on the Compulsory Redemption Date or such later date as soon thereafter as reasonably practicable and in any event by the fifteenth Business Day after the Compulsory Redemption Date, the Compulsory Redemption Date or such later date being the "Compulsory Redemption Settlement Date" for the purposes of this Condition 8.5.

8.6 No requirement to give reasons

The Issuer shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Condition 8 (*Compulsory Redemption by the Issuer or Trustee*). The exercise of the powers conferred by this Condition 8 (*Compulsory Redemption by the Issuer or Trustee*) shall not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of the Digital Securities, or any other grounds save that such powers shall have been exercised in good faith.

8.7 Delivery of Digital Currency on Compulsory Redemption

- (a) Where Digital Securities are required to be Redeemed compulsorily by Physical Delivery, the Issuer shall instruct the Custodian to transfer Digital Currency attributable to or forming part of the Secured Property in respect of such Digital Securities in an amount (rounded down to the Delivery Precision Level) equal to:
 - (i) the Redemption Amount; less
 - (ii) in the case of Redemption pursuant to Condition 8.3 (Compulsory Redemption for Cause), the applicable Redemption Fee,calculated as at the Compulsory Redemption Settlement Date, to the relevant Security Holder Account, to be delivered to such account on the Compulsory Redemption Settlement Date.
- (b) From the relevant Compulsory Redemption Settlement Date, all title to and risks in such Digital Currency shall pass to the holder of such Digital Securities. Neither the Trustee nor the Issuer shall be responsible or liable for (and no Event of Default shall occur by virtue of) any failure by the Custodian to effect a delivery of Digital Currency in accordance with the instructions of the Issuer. However, in the event of such failure, the Issuer shall to the extent practicable procure the assignment to the redeeming Security Holder of its claims in relation to such Digital Currency in satisfaction of all claims of such Security Holder in respect of the Digital Securities to be redeemed and the Security Holder shall have no further claims against the Issuer or the Secured Property.

- (c) The obligations of the Issuer in respect of Digital Securities being Redeemed shall be satisfied by transferring the Redemption Amount in accordance with the provisions of this Condition 8.7 (*Delivery of Digital Currency on Compulsory Redemption*).

8.8 Payment of Cash on Compulsory Redemption

- (a) Where Digital Securities are required to be Redeemed compulsorily by Cash Settlement, the Issuer shall instruct the Coin Sales Agent to sell in accordance with the Coin Sales Agency Agreement for US Dollars the relevant Digital Currency (rounded down to the Delivery Precision Level) attributable to or forming part of the Secured Property in respect of such Digital Securities in an amount equal to the aggregate Redemption Amount of the Digital Securities subject to Redemption calculated as at the Compulsory Redemption Settlement Date or, if later, the date on which settlement of such sale was completed. For this purpose the Issuer shall give such instructions to any Custodian as may be required by the Coin Sales Agent to give effect to such sale.
- (b) The Issuer will transfer the aggregate Redemption Amount with respect to the Digital Securities in US Dollars on the Compulsorily Redemption Settlement Date, or, if such date is not a New York Business Day, on the immediately following New York Business Day, to the relevant Security Holder in accordance with Condition 26.2.
- (c) The obligations of the Issuer in respect of Digital Securities being Redeemed shall be satisfied by transferring the Redemption Amount in accordance with the provisions of this Condition 8.8 (Payment of Cash on Compulsory Redemption).
- (d) Where Digital Securities are required to be Redeemed by Cash Settlement, the Security Holder of the Digital Securities being Redeemed acknowledges and agrees (i) to accept the proceeds of sale actually realised from the sale of the Redemption Amount of the relevant Digital Currency (less the Trustee's fees and expenses (if any)) in full settlement of the Issuer's Redemption Obligations in respect of such Digital Securities; (ii) that none of the Issuer, the Determination Agent, the Coin Sales Agent or the Trustee makes any representations or warranties as to the price at which Digital Currency may be sold or the amount of the proceeds of sale realised from the sale of Digital Currency; and (iii) none of the Issuer, the Determination Agent, the Coin Sales Agent or the Trustee shall be liable for any failure by any purchaser of Digital Currency to effect or complete the purchase of such Digital Currency, to deliver the applicable net proceeds of sale or other amount due or otherwise comply with its obligations entered into pursuant to this Condition, but in the event of any such failure, the Issuer shall to the extent practicable procure the assignment to the redeeming Security Holder of its claims in relation to such Digital Currency in satisfaction of all claims of such Security Holder in respect of the Digital Securities to be Redeemed and the Security Holder shall have no further claims against the Issuer, the Determination Agent, the Coin Sales Agent, the Trustee or the Secured Property.

9 SETTLEMENT AND REDEMPTION OBLIGATIONS

- 9.1 Where a Redemption Notice has been lodged for the Redemption of Digital Securities, the Security Holder which holds those Digital Securities which are the subject of that Redemption must, by 8.00 a.m. on the Settlement Date, effect an Acceptable Delivery in respect of the Digital Securities to be Redeemed. Once a valid Redemption Notice is lodged

in respect of Digital Securities, the Digital Securities in respect of which it was given may not be transferred by the Security Holder (except to the Issuer), and the Issuer may refuse to recognise any subsequent transfer of any of those Digital Securities.

- 9.2 Subject as provided in Condition 7.3(c), failure by a Security Holder to effect an Acceptable Delivery in respect of the Digital Securities to be Redeemed shall not invalidate the Redemption of those Digital Securities. Where settlement of a Redemption of Digital Securities is delayed due to the failure of the Security Holder to effect an Acceptable Delivery in respect of the Digital Securities to be Redeemed, the Security Holder shall not be entitled to receive any interest in respect of late delivery of the Coin Entitlement or other amounts due. If the Security Holder fails to effect an Acceptable Delivery in respect of the Digital Securities to be Redeemed, the Issuer shall be entitled (i) to sell in exchange for US Dollars the Coin Entitlement (rounded down to the Delivery Precision Level) (or other amount due) in respect of such Digital Securities and deliver to the Trustee (to be held on trust for the Security Holder in accordance with the Trust Instrument) the net proceeds of sale in respect thereof (less the Redemption Fee and any applicable Redemption Deductions) and (ii) following such delivery to cancel the entry in the Register in respect of those Digital Securities.
- 9.3 Where Digital Securities are Redeemed in accordance with Condition 7 (Redemption of Digital Securities) or Condition 8.3 (Compulsory Redemption for Cause) the Issuer shall be entitled, upon delivery of the Coin Entitlement (rounded down to the Delivery Precision Level) or payment of any other amount due (in each case less the Redemption Fee, if applicable and any other Redemption Deductions) into the applicable Security Holder Account or other payment in accordance with Condition 26 (Payment Provisions), to cancel the entry in the Register in respect of those Digital Securities being Redeemed.
- 9.4 Digital Securities Redeemed pursuant to Condition 8.1 (Compulsory Redemption on Termination) and Condition 8.5 (Compulsory Redemption for illegality or impossibility) shall be deemed to have been Redeemed as from the Compulsory Redemption Date in respect of such Digital Securities and the Issuer shall be entitled, upon delivery of the Coin Entitlement calculated as at the Compulsory Redemption Settlement Date (rounded down to the Delivery Precision Level) or payment of any other amount due (in each case less the Redemption Fee, if applicable and any other Redemption Deductions) into the applicable Security Holder Account or other payment in accordance with Condition 26 (Payment Provisions), to cancel the entry in the Register in respect of those Digital Securities being Redeemed from that date.
- 9.5 Digital Securities Redeemed pursuant to Condition 8.2 (Compulsory Redemption on Issuer Insolvency Event) shall be deemed to have been Redeemed as from the Compulsory Redemption Settlement Date in respect of such Digital Securities and the Issuer or the Trustee shall be entitled, upon delivery of the Coin Entitlement calculated as at the Compulsory Redemption Settlement Date (rounded down to the Delivery Precision Level) or payment of any other amount due (in each case less the Redemption Fee, if applicable and any other Redemption Deductions) into the applicable Security Holder Account or other payment in accordance with Condition 26 (Payment Provisions), to cancel the entry in the Register in respect of those Digital Securities being Redeemed from that date.
- 9.6 The Issuer may, at any time, notify a Security Holder that the Issuer, the Registrar or the Trustee or any of their respective agents may have to withhold or deduct from any delivery or payment that corresponds to the Redemption Notice an amount for or on account of, any costs and expenses relating to the Coin Entitlement and any delivery thereof, any present or future taxes, duties assessments or governmental charges of whatever nature imposed, levied,

collected, withheld or assessed by or on behalf of any relevant jurisdiction or any political sub-division thereof or any authority thereof having power to tax, as required by law (as modified by the practice of any relevant governmental revenue authority) then in effect and such notice shall specify any form or document to be delivered by beneficial owners of Digital Securities that may allow the Issuer, Registrar or Trustee (as the case may be) to make such delivery or payment without any such withholding or deduction or with such withholding or deduction at a reduced rate. If such forms or documents are not provided to the Issuer by the relevant Security Holder or if it is not the beneficial owner of Digital Securities held by such Security Holder and which are to be redeemed, such beneficial owner, then any such delivery or payment will be reduced (and the matching obligation of the Issuer to deliver or to procure the delivery of the Coin Entitlement or other amount due to that Security Holder will also be reduced) by the amount of the withholding or deduction.

10 **REDEMPTION FEE**

10.1 Subject as provided below, it is a condition to the performance by the Issuer of the obligation to redeem Digital Securities that the Issuer may deduct the Redemption Fee from the Coin Entitlement or other amount due to the Security Holder on Redemption and that if it does not the Security Holder of such Digital Securities shall pay to the Issuer the Redemption Fee in respect of such Redemption in accordance with this Condition 10. The Issuer may offset the amount of the Redemption Fee payable hereunder against the Coin Entitlement or other amount due to the Security Holder on Redemption.

10.2 On a Redemption of Digital Securities at the request of an Authorised Participant, the Redemption Fee shall be the amount agreed in the relevant Authorised Participant Agreement to be payable, or such other amount as may be agreed by the Issuer and that Authorised Participant at the time of the Redemption, regardless of the number of Digital Securities being redeemed.

10.3 On a Redemption of Digital Securities at the request of a Security Holder who is not an Authorised Participant, in accordance with Condition 7.3 (Redemption by Other Security Holders), the Redemption Fee shall be an amount equal to the cost to the Issuer of satisfying such Redemption request, which shall be notified to the Security Holder at the time of the Redemption being not greater than US\$500 or such other amount as may be notified through a RIS.

10.4 On a Compulsory Redemption of Digital Securities pursuant to Condition 8.3 (Compulsory Redemption for Cause), the Redemption Fee shall be an amount equal to the cost to the Issuer incurred in relation to the Redemption, including the costs of enquiries under Condition 11 (Enquiries as to Status of Security Holders) and the cost of giving such notice, being not greater than US\$500 or such other amount as may be notified through a RIS. The Issuer shall notify Security Holders whose Digital Securities are subject to Compulsory Redemption of the amount of those costs, and their allocation to particular Security Holders, at the time of the Redemption.

11 **ENQUIRIES AS TO STATUS OF SECURITY HOLDERS**

11.1 The Issuer may at any time, without any requirement to state a reason, give notice to a Security Holder requiring that Security Holder:

- (a) to certify, no later than the date (the "Investor Notice Expiry Date") falling fifteen Business Days following the date on which the Issuer sends or transmits such requirement to that Security Holder whether that Security Holder is a Prohibited

Benefit Plan Investor (and if that Security Holder is a Prohibited Benefit Plan Investor, to notify the Issuer of the number and class of Digital Securities in respect of which it is a Prohibited Benefit Plan Investor);

- (b) if that Security Holder asserts that it is not a Prohibited Benefit Plan Investor (or not a Prohibited Benefit Plan Investor in respect of all Digital Securities held by it), to provide to the Issuer by the Investor Notice Expiry Date a certificate in the form and executed in the manner determined by the Issuer that the Security Holder is not a Prohibited Benefit Plan Investor (or not a Prohibited Benefit Plan Investor in respect of certain Digital Securities held by it, specifying the number and class of Digital Securities in respect of which it is, and is not, a Prohibited Benefit Plan Investor); and
- (c) to certify and provide to the Issuer by the Investor Notice Expiry Date evidence satisfactory to the Issuer, acting reasonably, that the Security Holder is not in breach of any law or regulation or would risk exposing any Programme Party to a breach of any law or regulation.

11.2 The Issuer shall be entitled, save to the extent that it has made enquiry under this Condition 11, to assume that none of the Digital Securities are held by Prohibited Benefit Plan Investors.

12 ENFORCEMENT; EVENTS OF DEFAULT

12.1 In addition to any of the powers conferred on the Trustee pursuant to the Security Deed with respect to the Secured Property, the Trustee may at any time:

- (a) after the occurrence of a Delivery Default, at its discretion, and shall, if so directed in writing by the Security Holder holding the Digital Security to which such Delivery Default relates, the Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction, take such proceedings and/or other action or steps as it may think fit against or in relation to the Issuer to enforce any such obligation of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of the Digital Securities to which such Delivery Default relates.
- (b) if an Issuer Insolvency Event or an Agency Agreement Default has occurred and is continuing, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount of the affected Digital Securities (as a whole) then outstanding or an Extraordinary Resolution of the Security Holders holding affected Digital Securities (as a single resolution of the holders of all affected Digital Securities as though such affected Digital Securities constituted a single class), the Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction, take such proceedings and/or other action or steps as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of all affected and outstanding Digital Securities and for this purpose (and for the purposes of Condition 12.4) “**affected Digital Securities**” means, in the context of an Issuer Insolvency Event, all of them, and, in the context of an Agency Agreement Default, those Digital Securities that are attributable to the Pool or Pools to which the relevant Agency Agreement relates.

12.2 If the Trustee considers that the Issuer is in breach of any of its obligations (other than payment or delivery obligations or any breach consisting of an Issuer Insolvency Event) in the Trust Instrument and has not remedied the same within 30 calendar days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee under Condition 12.9(b), the Trustee shall, if requested to do so by the

Issuer (such request a “**Breach Redemption Request**”), and at the expense of the Issuer give notice to all Security Holders of that fact. Prior to giving any such notice, the Trustee shall provide a copy of the proposed notice to the Issuer (provided the Trustee does not consider it detrimental to the interests of Security Holders to give a copy of any such proposed notice to the Issuer) and shall include with the notice any statement of not more than 1,000 words prepared by the Issuer and provided to the Trustee for the purpose within 7 days of receipt of the copy of the proposed notice referred to herein. In any such notice the Trustee shall designate a Period (the “**Breach Redemption Period**”) commencing on any Issuer Business Day until the date one month from such Issuer Business Day (inclusive) during which each Security Holder will be entitled to redeem all (but not some only) of the Digital Securities held by it in the same manner as though there were no Authorised Participants under Condition 7.3. After the expiry of the Breach Redemption Period, the relevant breach shall be deemed waived without any action of the Trustee, but without prejudice to the right of the Trustee to take action in the event of any subsequent such breach.

- 12.3 If at any time during the Breach Redemption Period the right to Redeem Digital Securities of any class pursuant to Conditions 7.2, 7.3 (if applicable) and 7.4 is suspended pursuant to Condition 7.13 (*Suspension of Redemptions*), then the right to Redeem Digital Securities of that class pursuant to Condition 12.2 shall be suspended in like manner and the provisions of Condition 7.13(d) shall apply mutatis mutandis. Upon the suspension ceasing under Condition 7.13 (*Suspension of Redemptions*), the right to Redeem Digital Securities of that class pursuant to Condition 12.2 shall resume and the Breach Redemption Period in respect of that class shall continue until the date one month from the date on which the suspension so ceased.
- 12.4 If an Issuer Insolvency Event or an Agency Agreement Default is occurring at the same time as a Delivery Default, a Security Holder holding affected Digital Securities to which such Delivery Default relates will not be entitled to require the Trustee to take action in accordance with Condition 12.1 until the expiry of 30 calendar days from the occurrence of the Issuer Insolvency Event and/or Agency Agreement Default, nor shall they be so entitled if, during such period of 30 calendar days, the Trustee has elected, or been required, to take action in accordance with Condition 12.1(b).
- 12.5 Subject to Condition 12.8, only the Trustee may enforce the provisions of the Trust Instrument or the Security Deed or take any other actions, steps or proceedings to enforce the rights of Security Holders however such rights may arise. Where the Trustee has elected or been directed to enforce the Issuer’s obligations under the Trust Instrument and the security constituted by the Security Deed, the right of Security Holders to lodge a Redemption Notice shall cease. Valid Redemption Notices lodged before the date the Trustee announces its intention to enforce the security will be Redeemed in the normal manner.
- 12.6 If the Trustee takes any action pursuant to Condition 12.1 with respect to any Digital Securities to which a Delivery Default relates, it shall give notice to the Issuer that such Digital Securities in respect of which such action is taken are, and they shall become, due and payable.
- 12.7 The Trustee shall not be required to take any action in relation to the Security constituted by the Security Deed which may (i) be illegal or contrary to any applicable law or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any liability (including any personal liability) in the performance of its duties or in the exercise of any of its rights, powers and discretions.
- 12.8 No Security Holder will be entitled to proceed directly against the Issuer unless the Trustee,

having become bound so to proceed, fails or is unable to do so to do so within a reasonable period and such failure is continuing, in which case any such Security Holder will have only such rights against the Issuer as those which the Trustee is entitled to exercise against or in relation to the Issuer.

12.9 Events of Default

In these Conditions, the expression “Event of Default” in respect of a class of Digital Securities means:

- (a) the Issuer defaults in the payment of any sum or delivery of any Coin Entitlement due in respect of any Digital Security of that class for a period of 14 calendar days or more;
- (b) the Issuer does not perform or comply with any one or more of its obligations (other than a payment or delivery obligation) under that class of Digital Securities, the Trust Instrument, any other Programme Document or the Security Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 calendar days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee (and, for these purposes, a failure to perform or comply with an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time), provided that if the Issuer has in respect of such default made a Breach Redemption Request under Condition 12.2 then such default shall not be an Event of Default;
- (c) if the Determination Agent in respect of that class of Digital Securities resigns or its appointment is terminated for any reason and, at the time such termination takes effect, no

successor or replacement Determination Agent has been appointed with respect to such class of Digital Securities; or
- (d) if any Custody Agreement in respect of that class of Digital Securities is terminated and immediately upon such termination taking effect there is no Custodian that has been appointed with respect to such class of Digital Securities.

13 APPLICATION OF MONEYS

All moneys received by the Trustee pursuant to the realisation of Secured Property in respect of a particular class of Digital Security shall be held by the Trustee upon trust, to apply them:

- (a) FIRST in payment or satisfaction of all amounts then due to the Trustee and unpaid (including to its attorneys, managers, agents, delegates or other person appointed by the Trustee and including payments under any indemnity) under the terms of the Trust Instrument, and to payment of any remuneration and expenses of any receiver and the costs of realisation of the security constituted by the Security Deed, and if the security constituted by the Security Deed is realised in respect of more than one class of Digital Securities simultaneously, any such fees, costs, charges, expenses and liabilities that are not attributable to a particular class shall be applied across all such classes *pari passu* and *pro rata*;
- (b) SECONDLY 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 Digital Securities of that class; and

- (c) THIRDLY in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).

14 14 RESTRICTIONS

14.1 So long as any Digital Securities of a particular class are outstanding, the Issuer covenants in the Trust Instrument, inter alia:

- (a) save as permitted by Condition 15 (Further Securities; Other Pools; Fork Events; Consolidation and Division), not to undertake any business save for the issue and redemption of Digital Securities, the acquisition and disposal of Underlying Assets, entering into the necessary Programme Documents (which for this purpose includes documents appointing officers, administrators, registrars and advisers) and performing its obligations and exercising its rights thereunder;
- (b) not to incur or permit to subsist in respect of any Pool any indebtedness for borrowed money other than Digital Securities or Further Securities; and not in respect of any Pool to give any guarantee or indemnity in respect of indebtedness of any person, save in each case with the prior written consent of the Trustee and save for any indemnities given under the Programme Documents;
- (c) other than as permitted under the Security Deed or with the prior written consent of the Trustee, not to dispose of any of the Secured Property or any interest therein, or to create any mortgage, pledge, charge, lien, or other form of encumbrance or security interest or right of recourse in respect thereof in favour of any person;
- (d) not to issue any Digital Securities of any class unless it has received Digital Currency of the Underlying Type in an aggregate amount equal to the Coin Entitlement calculated as at the Settlement Date;
- (e) not to maintain an office or other fixed place of business, nor to establish any permanent establishment, nor be or become tax resident, in the United Kingdom;
- (f) to undertake any business so as to seek to minimise the impact of taxation; and
- (g) to procure that the Pools are at all times maintained in a manner so that they are readily distinguishable from each other.

14.2 So long as any Digital Securities of a particular class are outstanding, the Issuer further covenants in the Trust Instrument, inter alia, save in the ordinary course of business not to incur or permit to subsist any indebtedness for borrowed money other than Digital Securities or Further Securities; and not to give any guarantee or indemnity in respect of indebtedness of any person, save in each case with the prior written consent of the Trustee and save for any indemnities given under the Programme Documents.

14.3 Notwithstanding Condition 14.1, the Issuer may issue Digital Securities without having received Digital Currency of the Underlying Type in an aggregate amount equal to the Coin Entitlement calculated as at the Settlement Date provided that such Digital Securities are

issued to or for the account of an Affiliate of the Issuer and held as Treasury Securities in accordance with the provisions of Condition 16.1 (*Treasury Securities*).

14.4 Nothing in this Condition 14 shall prevent the Issuer from creating and issuing undated limited recourse debt obligations constituted by a trust instrument or trust deed other than the Trust Instrument.

15 **FURTHER SECURITIES; OTHER POOLS; FORK EVENTS; CONSOLIDATION AND DIVISION**

15.1 **Further Tranches**

The Issuer may, from time to time (without the consent of the Trustee or any Security Holder), in accordance with the Trust Instrument and the Conditions, create and issue further Tranches of Digital Securities so that such further issue shall be consolidated and form a single class with the outstanding Digital Securities of any class at the time of their issue and/or incur further obligations relating to such Digital Securities.

Any new securities forming a single class with the Digital Securities of any class and which are expressed to be constituted by the Trust Instrument and secured by the Security Deed will, upon the issue thereof by the Issuer, be constituted by the Trust Instrument and secured by the Security Deed without any further formality and irrespective of whether or not the issue of such securities contravenes any covenant or other restriction in the Trust Instrument and references in these Conditions to “**Secured Property**” and “**Digital Securities**” shall be construed accordingly.

15.2 **Further classes**

The Issuer may (without the consent of the Security Holders) create and issue additional classes of undated limited recourse secured debt securities constituted by the Trust Instrument or an instrument or deed supplemental to the Trust Instrument and may establish additional pools of assets for the purposes of such additional classes of securities and the Trustee shall join in such instrument or deed (*provided that* the Trustee shall not be obliged to so join if doing so would, in the reasonable opinion of the Trustee, impose more onerous obligations upon it or expose it to further liabilities or reduce the rights, powers or protections of the Trustee in its personal capacity) and thereupon such pool shall be a “**Pool**” for the purposes of the Trust Instrument and such securities shall be “**Digital Securities**” for such purposes.

Any such additional classes of Digital Securities shall have recourse only to the Pool attributable to the relevant class and not to any other Pool. Other such securities created by the Issuer under this Condition 15.2 may be created and issued subject to different terms and conditions in lieu of the provisions of the Trust Instrument (including but not limited to different pricing mechanisms), to be determined by the Issuer.

If other securities created by the Issuer under this Condition 15.2 are subject to different terms and conditions in lieu of the provisions of the Trust Instrument the Issuer shall publish those new conditions in its RIS announcement or in a prospectus or listing particulars or supplementary prospectus or supplementary listing particulars and on the Issuer’s Website.

15.3 **Restrictions on creation of new classes**

The Issuer shall not accept Applications for, or issue, Digital Securities of a new class under

Condition 15.2 unless it has first executed and delivered to the Trustee an instrument amending the Security Deed assigning by way of security, for the benefit of the Trustee and the relevant Security Holders of the relevant class, the contractual rights of the Issuer under the Custody Agreement and creating a first-ranking floating charge, for the benefit of the Trustee and the relevant Security Holders, over all of the Issuer's rights in relation to the Secured Property attributable to the applicable Pool, including but not limited to its rights under the Custody Agreement (in each case to the extent that it relates to such class) for the benefit of the Trustee and the relevant Security Holders.

15.4 Fork Events

15.5 Without prejudice to the Issuer's rights to effect changes to the Conditions and Programme Documents without the consent of the Security Holders or Trustee pursuant to Condition 24.2(c), in the event of a Fork Event affecting the Underlying Assets applicable to any class of Digital Security (the "**Original Class**"), the discretions available to the Issuer will include and one or more of:

- (a) to adjust the rights of the Digital Securities of the Original Class so that the Digital Currency (the "**Additional Asset**") arising as a result of the Fork Event shall be held by or for the Issuer in respect of the Digital Securities of the Original Class and the type of Digital Currency represented by the Additional Asset shall constitute an additional Underlying Type in respect of the Digital Securities of the Original Class;
- (b) to create a new class of Digital Securities ("**New Securities**") in respect of which the Additional Asset shall be the Underlying Assets and the type of Digital Currency represented by the Additional Asset shall constitute an additional Underlying Type, and to issue to the Security Holders in respect of the Original Class a number of New Securities *pro rata* to their holdings of Digital Securities of the Original Class; or
- (c) to distribute the Additional Asset to the Security Holders in respect of the Original Class *pro rata* to their holdings of Digital Securities of the Original Class.

15.6 Consolidation and Division

The Issuer may consolidate or divide all of the Digital Securities of any class into Digital Securities of the same class but with a proportionately larger or smaller Coin Entitlement and Principal Amount. Such consolidation or division shall be effected by deed or instrument supplemental to the Trust Instrument.

Whenever as a result of consolidation of Digital Securities a Security Holder would become entitled to a fraction of a Digital Security the Issuer will Redeem such fraction of a Digital Security. In such circumstances the provisions of Condition 8 (Compulsory Redemption by the Issuer or Trustee) shall apply in respect of the aggregate fractions of Digital Securities to be redeemed *mutatis mutandis* as though the Redemption were pursuant to Condition 8.1 (Compulsory Redemption on Termination) and the date on which the consolidation becomes effective the Compulsory Redemption Date, provided that amounts less than US\$5.00 otherwise payable to any particular Security Holder may be retained for the benefit of the Issuer.

16 TREASURY SECURITIES AND ISSUER'S ABILITY TO PURCHASE DIGITAL SECURITIES

16.1 Treasury Securities

Digital Securities of any class held by or for the account of the Issuer or any Affiliate may become Treasury Securities. The following provisions shall apply to Treasury Securities:

- (a) the Issuer or Affiliate's interest in such Treasury Securities shall be held on trust for the Issuer and such interest assigned by way of security to the Trustee for the benefit of the Security Holders in respect of that class of Digital Securities as part of the Secured Property in relation to such class;
- (b) the rights of the Issuer in respect of the Digital Currency relating to such Treasury Securities may be released from the security constituted by the Security Deed in respect of the Digital Securities of that class;
- (c) neither the Issuer nor any Affiliate may sell, transfer or otherwise dispose of such Treasury Securities unless and until the Issuer has received (to be held as part of the Secured Property) Digital Currency of the Underlying Type in an aggregate amount equal to the Coin Entitlement of such Digital Securities calculated as at the date of such receipt; and
- (d) for so long as Digital Securities are held as Treasury Securities, no Management Fee shall accrue in respect of them; and
- (e) unless and until the Issuer has received (to be held as part of the Secured Property) Digital Currency of the Underlying Type in an aggregate amount equal to the Coin Entitlement of any Treasury Securities on the date of such receipt, the Issuer shall have no Redemption Obligations in respect of such Treasury Securities.

16.2 Issuer's ability to purchase Digital Securities

There is no restriction on the ability of the Issuer or any of its Affiliates to purchase or repurchase Digital Securities.

17 LISTING

The Issuer covenants in the Trust Instrument to use its best endeavours to obtain and, so long as any of the Digital Securities remain outstanding, maintain a Listing for the Digital Securities or, if it is unable to do so having used such best endeavours or if the Issuer certifies to the Trustee that in its opinion the maintenance of such Listing is unduly onerous, use its best endeavours to obtain and maintain the quotation or listing of the Digital Securities on such other stock exchange as it may (with the prior written approval of the Trustee) decide.

18 WAIVER, AUTHORISATION AND DETERMINATION; SUBSTITUTION OF OBLIGOR; REGARD TO INTERESTS OF SECURITY HOLDERS AS A WHOLE; MEETINGS OF SECURITY HOLDERS

18.1 Waiver, Authorisation and Determination

The Trustee may, without prejudice to its rights in respect of any subsequent breach, but only if and in so far as, in its opinion, the interests of the Security Holders shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Instrument or the Security Deed, or determine that any Event of Default or Issuer Insolvency Event shall not be treated as such provided that the Trustee shall not exercise any powers conferred on it by this Condition:

- (a) with respect to a Delivery Default in respect of a Digital Security, in contravention of any express direction given by the Security Holder holding such Digital Security or
- (b) with respect to (i) an Issuer Insolvency Event or (ii) any Event of Default other than a Delivery Default or (iii) any other breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Instrument, in contravention of any express direction given by Security Holders holding not less than 25 per cent. by Principal Amount of the Digital Securities (as a whole) then outstanding or an Extraordinary Resolution of the Security Holders (as a single resolution of the holders of all Digital Securities then outstanding as though all such Digital Securities constituted a single class), but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Security Holders and, unless the Trustee otherwise agrees, shall be notified by the Issuer to the Security Holders as soon as practicable thereafter.

18.2 Substitution of Obligor

The Trustee may, without the consent of the Security Holders, agree to the substitution, in place of the Issuer (or of any previous substitute) as the principal debtor under the Trust Instrument, the other Programme Documents to which it is a party and the Digital Securities of each class, of any other company (incorporated in any jurisdiction) (any such substitute company being the “Substituted Obligor”) if the following conditions are satisfied:

- (a) an instrument or deed is executed or undertaking given by the Substituted Obligor to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by the Trust Instrument, the Security Deed and the Digital Securities of each class (with such consequential amendments as the Trustee may deem appropriate) as if the Substituted Obligor had been named in the Trust Instrument, the Security Deed and the Digital Securities as the principal debtor in place of the Issuer;
- (b) the Substituted Obligor assumes all rights, obligations and liabilities in relation to the Secured Property, acknowledges the Security created in respect thereof pursuant to the Security Deed and takes all such action as the Trustee may require so that the Security and the Secured Property constitutes a valid mortgage, charge, assignment, pledge, lien or other security interest as was originally created by the Issuer for the obligations of the Substituted Obligor;
- (c) a director of the Substituted Obligor certifies that it will be solvent immediately after such substitution (the Trustee need not have regard to the Substituted Obligor’s financial condition, profits or prospects or compare them with those of the Issuer);
- (d) the Trustee is satisfied (if it requires, by reference to legal opinions) that (i) all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Obligor of liability as principal debtor in respect of, and of its obligations under, the Digital Securities of each class and any Programme Document have been obtained and (ii) such approvals and consents are at the time of substitution in full force and effect;

- (e) the Issuer and the Substituted Obligor will execute and the Issuer shall procure that any Programme Party will execute such other deeds, documents and instruments (if any) as the Trustee may require in order that such substitution is fully effective;

the Issuer and the Substituted Obligor comply with such other requirements as the Trustee may direct in the interests of the Security Holders; and

- (f) legal opinions satisfactory to the Trustee are provided concerning any proposed substitution.

In connection with any proposed substitution of the Issuer, the Trustee may, without the consent of the holders of the Digital Securities, agree to a change of the law from time to time governing such Digital Securities and/or the Trust Instrument and/or the Security Deed, provided that such change of law, in the opinion of the Trustee, would not be materially prejudicial to the interests of such Security Holders.

An agreement by the Trustee pursuant to this Condition 18.2 and the Trust Instrument will, if so expressed, release the Issuer (or a previous substitute) from any or all of its obligations under the Trust Instrument, the Digital Securities and the other relevant Programme Documents. The Substituted Obligor shall give notice of the substitution to the Security Holders within 14 calendar days of the execution of such documents and compliance with such requirements.

On completion of the formalities set out in this Condition 18.2 and the Trust Instrument, the Substituted Obligor shall be deemed to be named in these Conditions, the Trust Instrument and the other Programme Documents and the Digital Securities as the principal debtor in place of the Issuer (or of any previous substitute) and these Conditions, the Trust Instrument, the other Programme Documents and the Digital Securities shall be deemed to be amended as necessary to give effect to the substitution.

18.3 Regard to interests of Security Holders as a whole

In accordance with the terms of the Trust Instrument, in connection with the exercise of its functions under the relevant Programme Documents, the Trustee will have regard to the interests of the Security Holders as a whole and will not have regard to the consequences of such exercise for individual Security Holders of any individual class and the Trustee will not be entitled to require, nor shall any Security Holders be entitled to claim, from the Issuer any indemnification or payment in respect of any Tax consequence of any such exercise upon individual Security Holders of any individual class. This Condition 18.3 is without prejudice to the right of Trustee to have regard, in respect of a Delivery Default, to the interests of the Security Holder holding the Digital Security to which such Delivery Default relates.

18.4 Meetings of Security Holders

- (a) The Trust Instrument contains provisions relating to the convening of meetings by the Issuer or the Trustee and provides that, except in the case of an adjourned meeting, at least fourteen calendar days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting, including any meeting which is being convened for the purpose of passing an Extraordinary Resolution, shall be given to the Security Holders of the relevant class or classes.
- (b) Any notice of meeting shall be given to the Security Holders by post in accordance with the provisions of the Trust Instrument, save that in relation to any Digital

Securities which are held in Uncertificated Form, such notices may be given by means of an electronic communication in the form of an Uncertificated Notice of Meeting in accordance with Condition 25.1.

- (c) In the case of a meeting adjourned through want of a quorum, other than one convened at the requisition of Security Holders, at least seven calendar days' notice (exclusive as aforesaid) should be given in the same manner as for an original meeting, unless the day, time and place for the adjourned meeting is specified in the notice convening the original meeting, in which case no separate notice of the adjourned meeting need be given.
- (d) Security Holders in respect of any class or classes of Digital Securities have power by Extraordinary Resolution, inter alia, to sanction the release of the Issuer from the payment of moneys payable pursuant to the Trust Instrument, to sanction any modification, abrogation or compromise of, or arrangement in respect of, their rights against the Issuer, to assent to any modification or abrogation of the covenants or provisions contained in the Trust Instrument proposed or agreed to by the Issuer and also to sanction other matters as provided therein.
- (e) The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons being Security Holders present in person or by proxy or (in the case a Security Holder which is a corporation) by its duly authorised representative and holding or representing in the aggregate 50 per cent. in Principal Amount of the Digital Securities, or the Digital Securities of the relevant class or classes, for the time being outstanding or, at any adjourned such meeting, one or more persons being Security Holders present in person or by proxy or (in the case a Security Holder which is a corporation) by its duly authorised representative, whatever the number or amount of the Digital Securities of such class so held or represented, and an Extraordinary Resolution duly passed at any such meeting shall be binding on all the Security Holders of such class, whether present or not.
- (f) A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in Principal Amount of the Digital Securities of each class for the time being outstanding shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of Security Holders of such class.

19 EXERCISE OF DISCRETIONS

The Trustee may exercise its discretions under the Trust Instrument separately in respect of each class of Digital Securities, and any Further Securities in issue from time to time, and shall incur no liability for so doing.

20 PRESCRIPTION

Claims against the Issuer for payment under the Conditions in respect of the Digital Securities shall be prescribed and become void unless made within 10 years from the date on which the payment in respect of the Digital Securities first became due or (if any amount of the money or other amount payable was improperly withheld or refused) the date on which payment in full of the amount outstanding was made or (if earlier) the date seven days after that on which notice is duly given to the Security Holders that, upon delivery of the Digital Securities being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such delivery.

21 **REMOVAL, RETIREMENT OR REPLACEMENT OF TRUSTEE**

- 21.1 The Trustee may retire at any time without assigning any reason upon giving not less than three months' prior written notice to the Issuer and without being responsible for any Liabilities incurred by reason of such retirement. The Security Holders may by Extraordinary Resolution of the Security Holders (as a single class) appoint or remove any trustee or trustees for the time being of the Trust Instrument.
- 21.2 The Issuer will use its reasonable endeavours to appoint a new Trustee as soon as reasonably practicable after the Trustee gives notice of its retirement or being removed by Extraordinary Resolution. The retirement or removal of any Trustee shall not become effective until a successor trustee is appointed.
- 21.3 If the Trustee gives notice of retirement and the Issuer fails to appoint a new trustee, or is unable to appoint a new trustee, in each case before the expiry of the months' notice period, the Trustee shall have the power to appoint a new trustee at the expense of the Issuer.

22 **GOVERNING LAW AND JURISDICTION**

- 22.1 The Conditions, the Digital Securities and the Trust Instrument are governed by the laws of Jersey. The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Conditions, the Digital Securities and the Trust Instrument (including any proceedings relating to obligations arising out of or in connection therewith) and, accordingly, any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Conditions, the Digital Securities or the Trust Instrument (including any Proceedings relating to any non-contractual obligations arising out of or in connection therewith) may be brought in such courts.
- 22.2 The Security Deed is governed by the laws of England. The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Security Deed (including any proceedings relating to obligations arising out of or in connection therewith) and, accordingly, any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Security Deed (including any Proceedings relating to any non-contractual obligations arising out of or in connection therewith) may be brought in such courts. Notwithstanding the submission by the Issuer to the jurisdiction of the English courts contained in the Security Deed, nothing prevents the Trustee from commencing proceedings in any other competent jurisdiction.

23 **TRUSTEE'S LIABILITY**

Save in the case of its own fraud, wilful misconduct or gross negligence, the Trustee shall have no liability under the Trust Instrument for a breach of trust or otherwise.

24 **AMENDMENTS TO DOCUMENTS**

- 24.1 Pursuant to the Trust Instrument, the Issuer covenants that, save as described in Condition 24.2 or otherwise pursuant to the Conditions, it will not amend, vary, modify or supplement any of the Trustee Consent Documents without the prior written consent of the Trustee.
- 24.2 The Issuer may, by supplemental agreement or supplemental instrument or deed (as applicable) in respect of paragraphs (c), (d), (e), (f), (g) and (h) below without the consent of

the Trustee, amend these Conditions, the Trust Instrument, the Security Deed or any other Trustee Consent Document and the Trustee agrees in the Trust Instrument to join in a supplemental agreement or supplemental instrument or deed as applicable accordingly (**provided that** the Trustee shall not be obliged to so join if doing so would, in the reasonable opinion of the Trustee, impose more onerous obligations upon it or expose it to further liabilities or reduce the rights, powers or protections of the Trustee in its personal capacity), if one or more of the following applies:

- (a) in the opinion of the Issuer the amendment is necessary or desirable and the Issuer and Trustee are of the opinion that such amendment is not materially prejudicial to the rights of Security Holders;
- (b) in the opinion of the Issuer and the Trustee the amendment is of a formal, minor or technical nature or to correct a manifest or proven error or to rectify any inconsistency, technical defect or ambiguity in the terms of the Trust Instrument or such Conditions, Security Deed or other Trustee Consent Document;
- (c) the Issuer certifies in writing to the Trustee (upon which certificate the Trustee may rely without any obligation to investigate or verify the position and without liability to any person) that the sole purpose of the amendment is to provide for any consequences of an Adjustment Event;
- (d) the Issuer or the Trustee determines in its discretion that the amendment would affect the holders of different classes of Digital Securities differently and the terms of the amendment are authorised by separate Extraordinary Resolutions of the holders of each class of Digital Security affected passed in accordance with the Trust Instrument;
- (e) paragraph (d) above does not apply to the amendment and the terms of the amendment are authorised by an Extraordinary Resolution of the Security Holders (as a single resolution of the holders of all Digital Securities as though all Digital Securities constituted a single class) passed in accordance with the Trust Instrument;
- (f) the Issuer certifies in writing to the Trustee (upon which certificate the Trustee may rely without any obligation to investigate or verify the position and without liability to any person) that the sole purpose of the amendment is to vary the procedures for the lodgement of Redemption Notices;
- (g) the Issuer certifies in writing to the Trustee (upon which certificate the Trustee may rely without any obligation to investigate or verify the position and without liability to any person) that the terms of the amendment are necessary or desirable in the opinion of the Issuer to reflect changes in the Uncertificated Regulations or in the applicable law and practice relating to the holding or transfer of Digital Securities in uncertificated registered form; or
- (h) the Issuer certifies in writing to the Trustee (upon which certificate the Trustee may rely without any obligation to investigate or verify the position and without liability to any person) that the terms of the amendment are necessary or desirable in the opinion of the Issuer to comply with any statutory or other requirement of law (including as modified or applied in any respect to the Digital Securities) or the rules, regulations or procedures of any stock exchange or settlement system.

24.3 The Issuer shall notify all Security Holders of a proposed amendment as referred to in

Condition 24.2(c), Condition 24.2(d), Condition 24.2(e) and Condition 24.2(f) by publishing a notice on a RIS as soon as practicable after such amendment is proposed and in any event, upon such amendment becoming effective, unless the Trustee otherwise agrees.

24.4 No notice need be given of any amendment as referred to in Condition 24.2(a), Condition 24.2(b), Condition 24.2(g) or Condition 24.2(h) unless the Trustee otherwise requires.

25 NOTICES

25.1 All notices required or permitted to be given to Security Holders, the Issuer or the Trustee under the Trust Instrument or pursuant to any other Programme Document must be in writing in English, except to the extent that the notice relates to a meeting of Security Holders where, in relation to any Digital Securities which are held in Uncertificated Form, the Issuer may from time to time permit notices of Security Holder meetings to be made by means of an electronic communication in the form of an Uncertificated Notice of Meeting in such form and subject to such terms and conditions as may from time to time be prescribed by the Issuer (subject always to facilities and requirements of CREST) and may in similar manner permit supplements, or amendments, to any such Uncertificated Notice of Meeting to be made by like means.

25.2 All notices to holders of Digital Securities shall be valid if:

(a) they are:

(i) published on the website of one or more RIS(s) approved for such purposes by the applicable Relevant Stock Exchange(s) and any such notices shall be conclusively presumed to have been received by the holders; and/or

(ii) published on the Issuer's Website www.coinshares.com; and

(b) for so long as the Digital Securities are listed on any Relevant Stock Exchange, they are published in accordance with the rules and regulations of such Relevant Stock Exchange or other relevant authority.

25.3 Notices to the holders of Digital Securities shall also be valid if:

(a) (subject always to facilities and requirements of CREST) they are delivered through CREST; and

(b) (in the case of notices of meetings) they are sent by post in accordance with the provisions of the Trust Instrument.

25.4 If, in the opinion of the Trustee, publication in any manner referred to above is not practicable, notice shall be validly given if published in a leading daily newspaper with general circulation in Zurich, Switzerland.

25.5 Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

26 PAYMENT PROVISIONS

26.1 Subject to Condition 9.6 or otherwise as may be required by law to which the person making the delivery or payment is subject, all deliveries due, monies payable by or other amounts

due from the Issuer on the Redemption of any Digital Securities shall be delivered or paid in full, free and clear of and without any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction or any political subdivision thereof or any authority thereof having power to tax, unless such deduction or withholding is required by law.

26.2 All monies payable by the Issuer in respect of Digital Securities shall be paid (unless otherwise agreed with any particular Security Holder) in US Dollars in full cleared and immediately available funds and in accordance with the following provisions:

- (a) cash payments in respect of Digital Securities in Uncertificated Form will be made through CREST; and
- (b) cash payments in respect of Digital Securities in Certificated Form will be made to the bank account specified by the Security Holder or, where no bank account or other settlement details have been provided by a Security Holder, or in other circumstances as provided in the Trust Instrument, will be made by cheque or warrant and despatched by post at the risk of the Security Holder;

26.3 All payments and/or deliveries of Redemption Amounts (as applicable) in respect of the Digital Securities will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives but without prejudice to the provisions of Condition 9.6 and Condition 26.1 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (in each case without prejudice to the provisions of Condition 9.6 and Condition 26.1).

26.4 Where a day on which a payment would otherwise be due and payable is not an Issuer Business Day, such payment shall be due and payable by the payer on the next following Issuer Business Day. In the case of any payment payable through CREST, where such payment would otherwise be due and payable on a day which is not both an Issuer Business Day and a CREST Business Day, such payment shall be due and payable by the payer on the next following day which is both an Issuer Business Day and a CREST Business Day.”

The following tables provide summary details of the classes of securities that are currently authorised for issue by the Issuer under the Trust Instrument. Under the Trust Instrument, the Class Schedule may be amended by the Issuer to add new classes of Digital Securities without the consent of Security Holders in respect of any existing class by an instrument in writing signed on behalf of the Issuer. Before any new Digital Currency could be added as a potential underlying asset a supplement to this Prospectus must be duly approved and published. The text of the Class Schedule as currently in force is as follows:

Class Schedule

<i>Short name of</i>	<i>CoinShares</i>	<i>CoinShares</i>	<i>CoinShares</i>
<i>class of Digital</i>	<i>Physical</i>	<i>Physical</i>	<i>Physical</i>
<i>Securities:</i>	<i>Bitcoin</i>	<i>Ethereum</i>	<i>XRP</i>

Full name of class of Digital Securities:	Physical Bitcoin class undated, limited recourse, secured Digital Securities of CoinShares Digital Securities Limited of USD2.50 in Principal Amount each	Physical Ethereum class undated, limited recourse, secured Digital Securities of CoinShares Digital Securities Limited of USD2.50 in Principal Amount each	Physical XRP class undated, limited recourse, secured Digital Securities of CoinShares Digital Securities Limited of USD2.50 in Principal Amount each	Physical Litecoin class undated, limited recourse, secured Digital Securities of CoinShares Digital Securities Limited of USD2.50 in Principal Amount each
Underlying Asset:	Bitcoin	Ethereum	XRP	Litecoin
Base	US Dollars	US Dollars	US Dollars	US Dollars
Currency:	(USD)	(USD)	(USD)	(USD)
Principal Amount:	USD2.50	USD2.50	USD2.50	USD2.50
Initial Coin	0.001	0.03	40.00	0.20
Entitlement:				
Physical				
Delivery Fee	1%	1%	1%	1%
			<i>CoinShares</i>	<i>class of Digital</i>
			<i>CoinShares</i>	<i>CoinShares</i>
			<i>Physical</i>	<i>CoinShares</i>
<i>Securities:</i>	<i>Physical Tezos</i>	<i>Physical EOS</i>	<i>Binance Coin</i>	<i>Physical</i>
<i>Polkadot</i>				

Full name of class of Digital Securities:	Physical Tezos class undated, limited recourse, secured Digital Securities of CoinShares Digital Securities Limited of USD1.50 in Principal Amount each	Physical EOS class undated, limited recourse, secured Digital Securities of CoinShares Digital Securities Limited of USD1.50 in Principal Amount each	Physical Binance Coin class undated, limited recourse, secured Digital Securities of CoinShares Digital Securities Limited of USD1.50 in Principal Amount each	Physical Polkadot class undated, limited recourse, secured Digital Securities of CoinShares Digital Securities Limited of USD1.50 in Principal Amount each
Underlying Asset:	Tezos	EOS	Binance Coin	Polkadot
Base Currency:	US Dollars (USD)	US Dollars (USD)	US Dollars (USD)	US Dollars (USD)
Principal Amount:	USD1.50	USD1.50	USD1.50	USD1.50
Initial Coin	5.00	4.00	0.40	1.00
Entitlement:				
Physical Delivery				
Fee	1%	1%	1%	1%

In the Class Schedule, the following terms have the following meanings:

- “**Bitcoin**” means the Digital Currency known as Bitcoin (BTC);
- “**Ethereum**” means the Digital Currency known as Ethereum (ETH);
- “**XRP**” means the Digital Currency known as XRP (XRP);
- “**Litecoin**” means the Digital Currency known as Litecoin (LTC);
- “**Tezos**” means the Digital Currency known as Tezos (XTZ);
- “**EOS**” means the Digital Currency known as EOS (EOS);
- “**Binance Coin**” means the Digital Currency known as Binance Coin (BNB); and
- “**Polkadot**” means the Digital Currency known as Polkadot (DOT).

PART 7
PARTICULARS OF THE SECURITY DEED

The Issuer and the Trustee have entered into the Security Deed, creating first-ranking floating charges over the Secured Property attributable to each class of Digital Securities for the benefit of the Trustee and the Security Holders of the Digital Securities of that class.

The particulars of the Security Deed as set out below are taken from the Security Deed and are, therefore, drafted in legal language. Certain terms used below are defined in the Security Deed. Detail on how the provisions of the Security Deed impact upon Security Holders is contained throughout this Prospectus including under the headings “Security Structure” in Part 1 (*General*) and “Security Structure” in Part 4 (*Description of the Digital Securities*).

The Security Deed contains, inter alia, provisions to the following effect:

1. Charge

- a) *Charge*: The Issuer, as continuing security for the payment or discharge of all sums owing by the Issuer to the Trustee or the Security Holders from time to time under the applicable class of Digital Securities, the Trust Instrument or the Security Deed (the “**Secured Liabilities**”), with full title guarantee charges by way of first-ranking floating charge to the Trustee for the benefit of the Secured Creditors over all the Issuer’s rights, title and interest, present and future, in and to the relevant Secured Property, provided that if at any time the then outstanding Secured Liabilities shall be irrevocably and unconditionally paid to and received by the Trustee in full, the Trustee shall at the request and cost of the Issuer release or discharge the Secured Property from the Security.
- b) *Assignment by way of Security*: The Issuer, as further security for payment or discharge of the Secured Liabilities, assigns and agrees to assign to the Trustee for the benefit of the Secured Creditors by way of security with full title guarantee all its present and future rights, title and interest in the Custody Agreement to the extent it relates to the Relevant Pool.

2. Enforcement

- a) The Security created by the Security Deed shall become enforceable if (and only if) (a) a Delivery Default has occurred and is continuing, or (b) an Issuer Insolvency Event has occurred and is continuing, or (c) an Agency Agreement Default has occurred and is continuing, (in each case unless waived in accordance with the Conditions).
- b) In addition to any of the powers conferred on the Trustee pursuant to the Trust Instrument with respect to the Secured Property the Trustee may at any time:
 - (i) after the occurrence of a Delivery Default, at its discretion, and shall, if so directed in writing by one or more Security Holders holding the Digital Security or Digital Securities to which such Delivery Default relates, the Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction, take such proceedings and/or other action or steps as it may think fit against or in relation to the Issuer to enforce any such obligation of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of the Digital Securities to which such Delivery Default relates.
 - (ii) if an Issuer Insolvency Event or an Agency Agreement Default has occurred and

is continuing, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount of the affected Digital Securities (as a whole) then outstanding or an Extraordinary Resolution of the Security Holders holding affected Digital Securities (as a single resolution of the holders of all affected Digital Securities as though such affected Digital Securities constituted a single class), the Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction, take such proceedings and/or other action or steps as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of all outstanding affected Digital Securities and for this purpose (and for the purposes of paragraph (c)) “affected Digital Securities” means, in the context of an Issuer Insolvency Event, all of them, and, in the context of an Agency Agreement Default, those Digital Securities that are attributable to the Pool or Pools to which the relevant Agency Agreement relates.

The Security Deed relates separately to each Pool and accordingly the Trustee may exercise its powers referred to above in respect of one or more Pools and need not do so, or do so simultaneously, in respect of all Pools.

- c) If an Issuer Insolvency Event or an Agency Agreement Default is occurring at the same time as a Delivery Default, a Security Holder holding affected Digital Securities to which such Delivery Default relates will not be entitled to require the Trustee to take action as described in paragraph (b)(i) until the expiry of 30 calendar days from the occurrence of the Issuer Insolvency Event and/or Agency Agreement Default (as notified to Security Holders by the Issuer in accordance with Condition 25), nor shall such Security Holder be so entitled if, during such period of 30 calendar days, the Trustee has elected, or been required, to take action as described in paragraph (b)(ii).

3. Governing Law

The Security Deed is governed by the laws of England. The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Security Deed (including any proceedings relating to obligations arising out of or in connection therewith) and, accordingly, any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Security Deed (including any Proceedings relating to any non-contractual obligations arising out of or in connection therewith) may be brought in such courts. Notwithstanding the submission to the jurisdiction of the English courts contained in the Security Deed, nothing prevents the Trustee from commencing proceedings in any other court of competent jurisdiction.

PART 8 THE CUSTODIAN AND THE CUSTODY AGREEMENT

Digital Currencies, which are the reference assets for the Digital Securities, represent both novel technologies as well as new asset classes. As a result, they may include risks that investors generally do not expect from other types of assets and commodities, including (but not limited to), risks relating to the loss of the underlying asset held by the Custodian. The recovery of such assets if lost due to hacking or fraud may be exacerbated by the lack of a central intermediary, the anonymity of Digital Currency accounts and the immutability of the decentralized databases (known as distributed ledgers) which record ownership. The Digital Securities and the underlying assets in respect of the Digital Securities should therefore be considered to be highly speculative and involve a high degree of risk, including the risk of a total loss of all capital invested. See further the section of this Base Prospectus entitled “Risk Factors”.

The Issuer will store the Digital Currencies in the proprietary, multi-wallet technological platform operated by the Custodian.

The solution is based on a hardware security module which, whilst connected to the internet, operates through a combination of hardware security, cryptographic encryption and governance to achieve the same security characteristics as a cold storage model.

It leverages the following cryptographic technologies and elements of secured hardware:

- HSM (hardware security modules) to form and store private keys securely in isolation. The HSM also uses those keys to sign and approve transactions. The HSM security has been reinforced by custom business logic (the BOLOS firmware).
- Secure offline key generation, to generate all client private keys, encryption keys and individual user ID keys, using secure hardware leveraging secure element chips and AIS31 TRNG (true random number generators).
- Vault customer instructions to sign transactions have to comply with the governance rules by the vault customer to be executed. The governance rules are also protected by the HSM.
- Vault customer instructions to the HSM can only be sent via cryptographically secure channels. The secure channels are created by Personal Security Devices (PSDs) designed and manufactured by the platform provider which contain best of class secure elements and also run a specific version of the platform provider’s proprietary operating system BOLOS.
- The authenticity and integrity of each platform component (HSM and PSD) is ensured by a cryptographic “root of trust” attestation system based on the platform provider’s issuance of certificates.
- During onboarding customers independently create a back-up system managed by 3 different individuals (none of which should have access to the full back-up). This back-up can be used by customers to independently recover all their private keys in case of inaccessibility of the Vault platform.

The Custodian may make such insurance arrangements from time to time in connection with its custodial obligations to store such Digital Currencies held in the Secured Wallets as it considers appropriate. The Custodian has no obligation to insure such Digital Currency against loss, theft or damage and the Issuer does not intend to insure against such risks. The Custodian shall be responsible for all costs, fees and expenses in relation thereto.

The Trustee is not responsible for ensuring that adequate insurance arrangements have been made, or for insuring the Digital Currency held in the Secured Wallet and shall not be required to make any enquiry regarding such matters.

The Custodian has agreed to charge a fee for its services under the Custody Agreement based on the aggregate amount of Digital Currencies held in the relevant Secured Wallets (with no minimum fee), calculated daily and payable monthly or quarterly in arrears. The Custody Agreement has a fixed initial term of five (5) years (the “**Initial Term**”) provided that during such period either the Issuer or the Custodian may terminate the Agreement by three (3) months’ prior written notice in certain specified circumstances (or immediately in certain specified circumstances). Following the Initial Term, the Custody Agreement automatically renews for additional periods of one (1) year (each a “**Renewal Term**”) until terminated by either the Issuer or the Custodian by giving not less than 90 days’ written notice provided that during any such Renewal Term either the Issuer or the Custodian may terminate the Agreement by giving notice with immediate effect in certain specified circumstances.

The Custodian

Komainu (Jersey) Limited is a private limited company incorporated under the laws of Jersey, Channel Islands (with registered number 127169) having its registered address at 3rd Floor, 2 Hill Street, St. Helier, Jersey, JE2 4UA, Channel Islands. Komainu (Jersey) Limited is regulated by the Jersey Financial Services Commission as a custodian and depositary under the Jersey Financial Services Law for the undertaking of ‘custodian’ and ‘depositary’ categories of ‘funds services business’.

The Custodian will be responsible for the safekeeping of the Digital Currency held in the Secured Wallets. The Custodian and/or its affiliates may from time to time purchase or sell Digital Securities for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

The Custody Agreement contain provisions limiting the liability of the Custodian and indemnities in favour of the Custodian in certain circumstances. The Custodian does not warrant the contents of this Prospectus, nor is it involved in the management, administration or net asset value calculation of the Digital Securities.

The Secured Wallets

The Custodian will maintain the Secured Wallets, comprising a Subscription and Redemption Wallet and a Long-term Wallet. The Secured Wallets will be established and maintained under the Komainu master wallet custody solution. The Subscription and Redemption Wallets will hold sufficient Digital Currency to provide liquidity for creations and redemptions, up to a maximum of \$50 million. The Long-Term Storage Wallet will hold all Digital Security in excess of that required to ensure liquidity for creations and redemptions. The Secured Wallets will be subject to security protocols as agreed between the Issuer and the Custodian. The Security Protocols are confidential and are designed to limit access to and control over the Wallets to a pre-identified number of employees of the Issuer, the Administrator and the Custodian, to create secure processes for withdrawals from the Secured Wallets and to pre-authorise (and therefore) limit the wallets to which Digital Currency may be transferred from the Secured Wallets. The Long-Term Storage Wallet will be subject to enhanced security protocols to provide additional security. ensure only a of Secured Metal Accounts have been established pursuant to the terms of the Custody Agreements. The Custodians will provide reports by secure e-mail to the Issuer by the close of each Business Day (only if there have been any changes). The Custodians retain the right to reverse recording errors with retrospective effect. The Custodian acknowledges that, pursuant to the Security Deed, the Issuer has assigned by way of security to the Trustee for the benefit of the Secured Creditors all its rights, title and interest, present and future, in and to all Digital Currency credited to the Secured Wallets and all the rights of the Issuer in respect of the Secured Wallets.

Notice of an intended deposit into the relevant Secured Wallet must be given by the Issuer to the Custodian no later than 3.00 p.m. (London time) one Business Day prior to which the Issuer wishes the Custodian to credit to the Subscription and Redemption Wallet. In the event the Digital Currency held in the Secured Wallet exceeds the liquidity requirements for the Subscription and Redemption Wallet, the Issuer will effect the transfer of Digital Currency from the Subscription and Redemption Wallet to the Long-Term Storage Wallet on the day of receipt.

Withdrawals from the Long-Term Storage Wallet will only be made into the Subscription and Redemption Wallet and will be subject to the confidential security protocols agreed by the Issuer and the Custodian. Withdrawals from the Subscription and Redemption Wallet will only be made into wallets that have been pre-authorised by the Issuer (so-called white listed wallets) and will be subject to the confidential security protocols agreed by the Issuer and the Custodian.

PART 9 TAXATION

Prospective investors should be aware that the acquisition, holding, transfer or disposal of the Digital Securities, and/or receipt of payments under Digital Securities may result in tax consequences to any investor, which may arise in, but are not limited to, the jurisdiction of the Issuer or the jurisdiction of residence, domicile, citizenship or incorporation of the relevant investor. Prospective investors should consult their own professional advisers concerning such possible tax consequences.

The summaries below are not intended to constitute a complete analysis of all tax consequences relating to the ownership of Digital Securities and the Issuer has only investigated the tax position in the jurisdictions set out below. Prospective security holders should consult their own tax advisers concerning the consequences of their own particular situation.

GENERAL

The tax legislation of the investor's jurisdiction and of the Issuer's country of incorporation may have an impact on the income received from the securities.

TAXATION IN JERSEY

The following paragraphs summarise certain aspects of the Jersey taxation treatment of holding Digital Securities. The statements are intended only as a general guide.

Income tax

The Issuer will be regarded as resident in Jersey under the Income Tax (Jersey) Law 1961 (as amended) (the "Jersey Income Tax Law") but (being neither a financial services company a specified utility company, a large corporate retailer nor in the trade of importing into Jersey and/or supplying in Jersey hydrocarbon oil under the Jersey Income Tax Law at the date of this Prospectus) will (except as noted below) be subject to Jersey income tax at a rate of 0 per cent. Security Holders (other than residents of Jersey) should not be subject to any tax in Jersey in respect of the holding, sale, redemption or other disposition of Digital Securities. Redemption payments (other than to residents of Jersey) will not be subject to withholding for or on account of Jersey tax.

Stamp Duty

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue, transfer, acquisition, ownership, redemption, sale or other disposal of Digital Securities. In the event of the death of an individual sole holder of Digital Securities, duty at rates of up to 0.75 per cent. of the value of the Digital Securities held, subject to a cap of £100,000, may be payable on registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Digital Securities held by the deceased individual sole holder thereof.

Goods and services tax

The Issuer is an "international services entity" for the purposes of the Goods and Services Tax (Jersey) Law 2007 (the "GST Law"). Consequently, the Issuer is not required to: (a) register as a taxable person pursuant to the GST Law; (b) charge goods and services tax in Jersey in respect of any supply made by it; or (c) (subject to limited exceptions that are not expected to apply to the Issuer) pay goods and services tax in Jersey in respect of any supply made to it.

Intergovernmental Agreement between Jersey and the United States

The United States Hiring Incentives to Restore Employment Act resulted in the introduction of legislation in the United States known as the Foreign Account Tax Compliance Act (“FATCA”). Under FATCA, a 30 per cent. withholding tax may be imposed on payments of United States source income and certain payments of proceeds from the sale of property that could give rise to United States source income, unless the Issuer complies with requirements to report on an annual basis the identity of, and certain other information about, direct and indirect United States holders of Digital Securities issued by the Issuer to the United States Internal Revenue Service (“IRS”) or to the relevant Jersey authority for onward transmission to the IRS. A holder of Digital Securities issued by the Issuer that fails to provide the required information to the Issuer may be subject to the 30 per cent. withholding tax with respect to any payments directly or indirectly attributable to United States sources and the Issuer might be required to redeem any Digital Securities held by such holder. On 13 December 2013 an intergovernmental agreement was entered into between Jersey and the US in respect of FATCA which agreement was enacted into Jersey law as of 18 June 2014 by the Taxation (Implementation) (International Tax Compliance) (United States of America) (Jersey) Regulations 2014. Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of such withholding tax, no assurance can be given that the Issuer will be able to satisfy such obligations. If the Issuer becomes subject to a withholding tax as a result of FATCA, the return on some or all Digital Securities issued by the Issuer may be materially and adversely affected. In certain circumstances, the Issuer may compulsorily redeem some or all of the Digital Securities held by one or more holders and/or may reduce the redemption proceeds payable to any holder of Digital Securities.

Organisation for Economic Co-operation and Development (“OECD”)

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standards (“CRS”) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. Jersey has implemented the CRS by the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015. As a result, the Issuer is required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Jersey has committed to a common implementation timetable which has seen the first exchange of information in 2017 in respect of accounts open at and from the end of 2015, with further countries committed to implement the new global standard. Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of Digital Securities. 1.7 Base Erosion and Profit Shifting The law and any other rules or customary practice relating to tax, or its interpretation in relation to the Issuer, its assets and any investment of the Issuer may change during its life. In particular, both the level and basis of taxation may change. In particular, the outcome of the on-going global Base Erosion and Profit Shifting (BEPS) project could substantially affect the tax treatment of the Issuer. Additionally, the interpretation and application of tax rules and customary practice to the Issuer, its assets and investors by any taxation authority or court may differ from that anticipated by the Issuer. Both could significantly affect returns to investors.

PART 10 ADDITIONAL INFORMATION

1 INCORPORATION AND SHARE CAPITAL OF ISSUER

- 1.1 The Issuer was formed on 9 August 2018 under the name Global Advisors Corporate Services Limited, as a private limited company for the sole purpose of providing corporate secretarial and corporate directorship services to affiliates within the CoinShares group structure. The Issuer changed its name to CoinShares Digital Securities Limited pursuant to a written resolution dated 30 June 2020 and its status to a public company pursuant to a written resolution dated 28 July 2020. The Issuer operates under Jersey law. The Issuer's registration number is 127061 and its trading name is CoinShares Digital Securities.
- 1.2 The Issuer has an issued share capital of £0.01 (authorised share capital of £100 comprising 10,000 ordinary shares of £0.01 in a single class, fully paid. The single ordinary share that has been issued is held by CoinShares (Holding) Limited.
- 1.3 Save for the ordinary share held by CoinShares (Holding) Limited and the Digital Securities described in this Prospectus, no subscriptions, allotments or options are to be given, or are already existing, in respect of any other securities of the Issuer.
- 1.4 The Issuer does not have any subsidiary undertakings.
- 1.5 The Issuer is not aware of any pending or threatened court, arbitration or administrative proceedings that have or could have a material impact on the Issuer's assets, liabilities, profit or loss or on its ability to operate the Programme.
- 1.6 The Directors of the Issuer are Richard Nash, Jeri-Lea Brown and Ben Gilbert. None of such Directors:
- 1.6.1 has had any convictions for major or minor economic or white-collar crime in the last five years; or
- 1.6.2 has been the subject of legal proceedings brought by statutory or regulatory authorities, including designated professional associations, that are ongoing or have been concluded with a sanction.
- 1.7 There has been no significant change in the assets, financial or revenue position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case since the last audited annual financial statements of the Issuer.

2 BUSINESS PROSPECTS

- 2.1 The Issuer will be exclusively engaged in the issuance of Digital Securities and certain activities related thereto. The Issuer expects that there will be sufficient demand in the market for the purchase of Digital Securities in order for it to run a profitable business.

3 MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business)

have been entered into by the Issuer and are or may be material or have been entered into at any time by the Issuer and (not being contracts entered into in the ordinary course of business) contain provisions under which the Issuer has an obligation or entitlement which is or may be material to the Issuer as at the date of this document:

- 3.1 the Trust Instrument dated 21 December 2020, a summary of the principal terms of which is set out in Part 6 (*Trust Instrument and Conditions*);
- 3.2 the Security Deed dated 21 December 2020, a summary of the principal terms of which is set out in Part 7 (*Particulars of the Security Deed*);
- 3.3 the Custody Agreement, between the Issuer, the Programme Manager, the Trustee and the Custodian dated 21 December 2020, a summary of the principal terms of which is set out in Part 8 (*Custody and The Custody Agreement*).
- 3.4 the Determination Agency Agreement, dated 21 December 2020, between the Determination Agent, the Issuer and the Trustee under which the Determination Agent is appointed to act as the Determination Agent in respect of each class of Digital Securities. The Determination Agency Agreement also sets out the terms for the appointment, resignation (by at least 90 calendar days' prior notice to the Issuer and the Trustee) and termination of the appointment of the Determination Agent (by at least 45 calendar days' prior notice from the Issuer or on the occurrence of certain events, such as where such agent becomes incapable of acting, is adjudged bankrupt or insolvent, files for bankruptcy, makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they may mature or suspends payment thereof, or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation);
- 3.5 the Coin Sales Agency Agreement, dated 21 December 2020, between the Coin Sales Agent, the Determination Agent, the Issuer and the Trustee under which the Coin Sales Agent is appointed to act as Coin Sales Agent in respect of each class of Digital Securities to effect sales of Digital Currencies for the purposes of redemptions or compulsory redemptions to be effected by way of Cash Settlement. The Coin Sales Agency Agreement also sets out the terms for the appointment, resignation (by at least 90 calendar days' prior notice to the Issuer, the Determination Agent and the Trustee) and termination of the appointment of the Coin Sales Agent (by at least 45 calendar days' prior notice from the Issuer or on the occurrence of certain events, such as where such agent becomes incapable of acting, is dissolved, is adjudged bankrupt or insolvent, files for bankruptcy, makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they may mature or suspends payment thereof, or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation);
- 3.6 the Authorised Participant Agreement, entered into on or about the date of this Prospectus by the Issuer and each Authorised Participant. Such Authorised Participant Agreements set out the terms on which the Authorised Participant will act as Authorised Participant in relation to each Class of Digital Securities issued by the Issuer under the Programme. The Authorised Participant Agreement sets out the contractual obligations that govern interactions between the Issuer and Authorised Participants, including in relation to Applications and Redemptions

for Digital Securities. The Authorised Participant Agreement includes an indemnity from the Issuer relating to the representations and warranties given by the Issuer in such agreement.

3.7 the Registrar Agreement dated 21 December 2020, whereby the Registrar is responsible for supplying or procuring the supply of certain registrar services, including the provision of a registration and transfer office, to the Issuer as set out in schedule 1 of the Registrar Agreement and for which the Issuer agrees to pay the Registrar a fee. The Registrar may delegate certain of its duties or functions under the Registrar Agreement;

3.8 the Programme Management Agreement dated 21 December 2020 (the “**Programme Management Agreement**”), pursuant to which the Issuer has appointed the Programme Manager to provide programme management services to it in relation to the Programme and the Digital Securities. In consideration of the performance of such services, the Issuer has agreed to pay to the Programme Manager a fee consisting of the periodic amounts, relating to management fees, received by the Issuer relating to issued Digital Securities, minus any earnings required by law to be retained by the Issuer.; and

3.9 the Administration Agreement dated on 19 October 2020, whereby the Administrator will provide certain administration, company secretarial and registrar services to the Issuer. The Administration Agreement sets out the terms of the Administrator's appointment, the services to be performed on behalf of the Administrator in relation to the Issuer and certain Termination events whereby the Administration Agreement will be terminated including either party providing 120 calendar days' written notice to the other party, where either party is declared bankrupt or goes into liquidation and where either party is in material breach of the Administration Agreement, amongst other scenarios. The Administration Agreement also sets out the liability of the Administrator to the Issuer and the associated liability cap.

4 **ISINS AND PRINCIPAL AMOUNTS OF THE DIGITAL SECURITIES**

Eight classes of Digital Securities are specifically described in this Prospectus. The ISINs and Principal Amounts of the Digital Securities specifically described in this Prospectus are as follows:

		<i>PRINCIPAL</i>
	<i>ISIN</i>	<i>AMOUNT</i>
COINSHARES PHYSICAL BITCOIN	GB00BLD4ZL17	US\$2.50
COINSHARES PHYSICAL ETHEREUM	GB00BLD4ZM24	US\$2.50
COINSHARES PHYSICAL XRP	GB00BLD4ZN31	US\$2.50
COINSHARES PHYSICAL LITECOIN	GB00BLD4ZP54	US\$2.50
COINSHARES PHYSICAL TEZOS	GB00BMWB4688	US\$1.50
COINSHARES PHYSICAL EOS	GB00BMWB4795	US\$1.50
COINSHARES PHYSICAL BINANCE COIN	GB00BMWB4803	US\$1.50
COINSHARES PHYSICAL POLKADOT	AS PER THE FINAL TERMS	US\$1.00

Digital Securities may also be issued under this Prospectus in respect of any other Digital Currency and any other Base Currency. To the extent that this Prospectus does not provide full details of such class or classes of Digital Securities, such additional details (including the name, ISIN number and Principal Amount thereof and details of the relevant type or types of Digital Currency) will be specified in the applicable Final Terms or a supplementary prospectus supplemental hereto. For the avoidance of doubt, before any new Digital Currency could be added as a potential underlying asset a supplement to this Prospectus must be duly approved and published.

As referred to in Part 4 (*Description of the Digital Securities*) and Condition 15 (*Further Securities; Other Pools; Fork Events; Consolidation and Division*), the Issuer has the right under the Trust Instrument at any time to consolidate or divide all of the Digital Securities into Digital Securities of the same class but with a proportionately larger or smaller Principal Amount and Digital Entitlement. Consolidated or divided Digital Securities may also be issued under this Prospectus and, to the extent that this Prospectus does not provide full details of such consolidated or divided Digital Securities, such additional details (including the name, ISIN number and Principal Amount thereof) will be specified in the applicable Final Terms or a supplementary prospectus supplemental hereto.

5 SOURCES

The statements under “Examples of Digital Currencies” in Part 3 have been sourced from www.blockchain.com and www.coinmetrics.io;

The statements under “Price Formation and Valuation” in Part 3 have been sourced from the following:

Pagnotta, Emiliano and Buraschi, Andrea. *An Equilibrium Valuation of Bitcoin and Decentralized Network Assets.* [SSRN] s.l. : SSRN, 2018

Xin, Li and Chong, Alex Wang. *The technology and economic determinants of cryptocurrency exchange rates: The case of Bitcoin.* [ScienceDirect] 2016

Wheatley, Spencer, et al. *Are Bitcoin Bubbles Predictable? Combining a Generalized Metcalfe’s Law and the LPPLS Model.* [arXiv] March 2018

PlanB. [Online] 22 March 2019. <https://medium.com/@100trillionUSD/modeling-bitcoins-value-with-scarcity-91fa0fc03e25>

Antos, Johnny and McCreanor, Reuben. [Online] March 2018. <https://medium.com/blockchain-advisory-group/an-efficient-markets-valuation-framework-for-cryptoassets-using-black-scholes-option-theory-a6a8a480e18a>

Pfeffer, John. [Online] December 2017. <https://s3.eu-west-2.amazonaws.com/john-pfeffer/An+Investor’s+Take+on+Cryptoassets+v6.pdf>

CoinMetrics. [Online] December 2018. <https://coinmetrics.io/realized-capitalization/>

Puell, David. [Online] Adaptive Capital, February 2019. <https://medium.com/adaptivecapital/bitcoin-delta-capitalization-1d51a7b256b4>

Carter, Nic. [Online] September 2018. <https://www.docdroid.net/FbgH1WS/bitcoin-institution-riga.pdf#page=8>

Woo, Willy. [Online] October 2017. <https://woobull.com/introducing-nvt-ratio-bitcoins-pe-ratio-use-it-to-detect-bubbles/>

[Online] February 2018. <https://woobull.com/nvt-signal-a-new-trading-indicator-to-pick-tops-and-bottoms/>

[Online] <http://charts.woobull.com/bitcoin-mayer-multiple/>

[Online] August 2019. <https://woobull.com/introducing-the-difficulty-ribbon-the-best-times-to-buy-bitcoin/>

Swift, Philip. [Online] October 2018. <https://blog.goodaudience.com/bitcoin-network-momentum-a42346b2f0ce>

The information referred to in this paragraph 4 has been accurately reproduced and, so far as the Issuer is aware and is able to ascertain from information published by the referenced third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

None of the documents or websites or webpages referred to above are themselves incorporated into this Base Prospectus or form part of this Base Prospectus for any purpose.

6 GENERAL

- 6.1 The Issuer's auditors are Baker Tilly Channel Islands Limited, with registered offices at P.O. Box 437, First Floor, Kensington Chambers, 46-50 Kensington Place, St. Helier, Jersey, JE4 0ZE. Baker Tilly Channel Islands Limited is a chartered accountancy practice registered with the Institute of Chartered Accountants in England and Wales (ICAEW).
- 6.2 There has been no material adverse change in the financial position or prospects of the Issuer since the last published financial statements. No amounts are to be written off or provided for by the Issuer in respect of goodwill or preliminary expenses. No benefit has been given, or is to be given, to CSJL as the promoter of the Issuer.
- 6.3 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the Issuer's financial position or profitability.
- 6.4 The Issuer intends to publish annual financial statements and Pricing Supplements as required by the SIX Swiss Exchange, any other exchanges on which the Issuer may list Digital Securities and any relevant securities laws to which the Digital Securities are subject, and to publish the Coin Entitlement of the Digital Securities on the Issuer's Website as described under the heading "Coin Entitlement – Publication of Coin Entitlement" in Part 4 (*Description of the Digital Securities*). In addition, indicative values of each Digital Security are intended to be published as described in Part 2 (How does a Security Holder determine the value of its investment?), section "Publication of indicative value for each Digital Security". Save as aforesaid the Issuer does not intend to provide post-issuance information.
- 6.5 The secured assets backing the issue, being the Digital Currency to be held in the Secured Wallets, have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Digital Securities.

7 DOCUMENTS AVAILABLE FOR INSPECTION

For the duration of the Programme or so long as any Digital Securities remain outstanding, copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

- 7.1 the up-to-date Memorandum and Articles of Association of the Issuer;
- 7.2 the Trust Instrument;
- 7.3 the Security Deed;
- 7.4 the Custody Agreement;
- 7.5 the Administration Agreement;
- 7.6 the Authorised Participant Agreements;
- 7.7 the Registrar Agreement;

- 7.8 the Determination Agency Agreement;
- 7.9 the Coin Sales Agency Agreement;
- 7.10 the Prospectus;
- 7.11 the financial statements of the Issuer for the financial year ending June 30, 2020 (together with the relevant auditor's report) as well as any more recent year-end financial statements (together with the relevant auditor's report) or interim financial statements of the Issuer (if any); and
- 7.12 the Swiss Paying Agent Agreement dated on or about the date of this Prospectus between the Issuer and State Street Bank International GmbH.

The documents are also available at the following website of the Issuer at <https://www.coinshares.com>.

8 JERSEY LAW CONSENTS

The following necessary consents under Jersey law have been obtained in relation to the circulation by the Issuer of this Base Prospectus and its issue of CoinShares Digital Securities:

- 8.1 A consent dated 23 December 2020 issued by the Jersey Financial Services Commission under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, in respect of the issue of CoinShares Digital Securities by the Issuer.
- 8.2 A consent dated 23 December 2020 issued by the Jersey Financial Services Commission under Article 5 of the Companies (General Provisions) (Jersey) Order 2002 in respect of the circulation of this Base Prospectus by the Issuer.

9 SELLING RESTRICTIONS

The Digital Securities are not subject to any restrictions on transferability. The following restrictions on offer and sales apply:

9.1 United States

The Issuer has imposed the restrictions described below on the Programme so that the Issuer will not be required to register the offer and sale of Digital Securities under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and to address certain considerations under the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), United States Internal Revenue Code of 1986, (the “**Code**”) and other considerations.

The Digital Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or 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.

The Digital Securities may not be purchased with plan assets of any “employee benefit plan”

within the meaning of section 3(3) of ERISA, subject to Part 4. Subtitle B of Title I of ERISA, any “plan” to which Section 4975 of the Code applies (collectively, “**Plans**”), any entity whose underlying assets include “plan assets” of any of the foregoing Plans within the meaning of 29 C.F.R. Section 2510.3-101 or section 3(42) of ERISA, as they may be modified, by reason of a Plan’s investment in such entity, any governmental or church plan that is subject to any United States Federal, state or local law that is similar to the prohibited transaction provisions of ERISA or Section 4975 of the Code (any such employee benefit plan, plan or entity, a “**Prohibited Benefit Plan Investor**”). If the Issuer determines that any Security Holder is a Prohibited Benefit Plan Investor, the Issuer may redeem the Digital Securities held by that Security Holder in accordance with the provisions of Condition 8.3 (*Compulsory Redemption for Cause*) set out in Part 6 (*Trust Instrument and Conditions*).

9.2 United Kingdom and Jersey, Channel Islands

In October 2020, the UK Financial Conduct Authority (“FCA”) issued rules prohibiting MIFID-regulated firms from marketing or distributing debt securities that track the price of digital assets to retail investors. In line with those rules, the Digital Securities may not be offered or sold to any investor who is not a professional investor pursuant to MIFID in the United Kingdom or Jersey, Channel Islands.

In addition no offer of Digital Securities may be made to the public in the United Kingdom, save that (subject to the preceding paragraph) an offer of Digital Securities may be made in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Digital Securities 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.

For the purposes of this paragraph 8.2, the expression an “**offer of Digital Securities to the public**” in relation to any Digital Securities means the communication in any form and by any means of sufficient information on the terms of the offer and the Digital Securities to be offered so as to enable an investor to decide to purchase or subscribe for Digital Securities, as the same may be varied in the United Kingdom by any measure implementing the Prospectus Regulation in the United Kingdom and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (and amendments thereto) as it applies in the United Kingdom pursuant to the European Union (Withdrawal) Act 2018 and includes any relevant implementing measure in the United Kingdom.

9.3 European Union

In relation to each Member State of the European Economic Area which has implemented the Prospectus Regulation (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) no offer of Digital Securities may be

made to the public in that Relevant Member State, except that, with effect from and including the Relevant Implementation Date, an offer of Digital Securities may be made in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Digital Securities 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.

For the purposes of this paragraph 8.3, the expression an “**offer of Digital Securities to the public**” in relation to any Digital Securities 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 Digital Securities to be offered so as to enable an investor to decide to purchase or subscribe for Digital Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant 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.

9.4 General

Save for the approval of the Prospectus by Swiss Exchange Regulation AG having been obtained, no action has been or will be taken in any jurisdiction that would permit a public offering of Digital Securities, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Accordingly the Digital Securities may not be offered or sold in any jurisdiction other than the Swiss Confederation where action for that purpose is required.

PART 11
DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

the audited financial statements of	
the Issuer as at 30 June 2020, including:	all pages
Directors' Report	Pages 4-5
Independent Auditor's Report	Pages 6-7
Statement of Comprehensive Income	Page 8
Statement of Financial Position	Page 9
Statement of Changes in Equity	Page 10
Notes to the Financial Statements	Pages 12-17
the audited financial statements of	
the Issuer as at 30 June 2019, including:	all pages
Directors' Report	Pages 4-5
Independent Auditor's Report	Pages 6-7
Statement of Comprehensive Income	Page 8
Statement of Financial Position	Page 9
Statement of Changes in Equity	Page 10
Notes to the Financial Statements	Pages 12-17

Any information not listed in the cross-reference lists but included in the documents incorporated by reference is given for information purposes only.

Any statement contained herein or in a document all or the relevant portion of which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any subsequent document all or the relative portion of which is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

For the duration of the Programme or so long as any Digital Securities remain outstanding, copies of the documents incorporated by reference will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer.

ANNEX 1
FORM OF FINAL TERMS

Pro Forma Final Terms for an issue by CoinShares Digital Securities Limited under the Programme for
the Issue of Digital Securities

FINAL TERMS

Dated [•] 20[•]

CoinShares Digital Securities Limited

*(Incorporated and registered in Jersey under the Companies
(Jersey) Law 1991 (as amended) with registered number 127061)*

LEI: 549300DR7967WVLR3P83

Exchange Traded Products Programme for the issue of

CoinShares Digital Securities

Terms used herein shall have the meanings given to them in the terms and conditions (the “**Conditions**”) set forth in the Prospectus dated 23 April 2021 [and the supplement(s) to it dated [•]] (the “**Prospectus**”) which [together] constitute[s] a base prospectus. This document constitutes the Final Terms of the Digital Securities described herein and must be read in conjunction with the Prospectus (and any supplement thereto).

These Final Terms relate to the issue of Digital Securities of CoinShares Digital Securities Limited (the “**Issuer**”). The Digital Securities have the terms provided for in the trust instrument dated 21 December 2020 as may be amended and supplemented by trust instruments supplemental thereto between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee constituting the Digital Securities. Terms used in these Final Terms bear the same meaning as in the Base Prospectus.

Full information on the Issuer and the Digital Securities 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 on the website of the Issuer at <https://www.coinshares.com>.

The Digital Securities are not shares or units in collective investment schemes within the meaning of Swiss Collective Investment Schemes Act of 23 June 2006 (“**CISA**”). They have not been approved by the Swiss Financial Market Supervisory Authority FINMA and are not subject to its supervision. The Digital Securities are not issued or guaranteed by a supervised financial intermediary within the meaning of CISA.

[The Digital Securities are listed according to the Exchange Traded Product (ETP) Regulatory Standard of the SIX Swiss Exchange. The attention of the investors is drawn to the fact that, while the Issuer intends to maintain such listing, a delisting in accordance with the rules of the SIX Swiss Exchange can never be excluded and that therefore no assurance can be given that such listing at SIX Swiss Exchange will be maintained under any circumstances such as a material change of the regulatory characterisation of the product.]

[Additional sales restrictions to be added, as appropriate]

The Conditions, the Digital Securities and the Trust Instrument are governed by the laws of Jersey. The Security Deed is governed by the laws of England. Notwithstanding the submission to the jurisdiction of the English courts contained in the Security Deed, nothing prevents the Trustee from commencing proceedings in any other competent jurisdiction.

These Final Terms relate to an issue of Digital Securities issued as Uncertificated Registered Securities.

The particulars in relation to this issue of Digital Securities are as follows:

Issuer:	CoinShares Digital Securities Limited of [address]
Issue date:	[•]
Guarantor:	N/A
Guarantee:	N/A [•]
Class of Digital Securities to which these Final Terms relate:	
Base Currency:	[•]
Principal Amount:	[•]
Issue Price:	See Coin Entitlement below
ISIN:	[•]
Swiss Security Number:	[•]/[Not applicable] [•]
Aggregate Number of Digital Securities to which these Final Terms relate:	
Type of Digital Currency constituting the Underlying Asset of such Digital Securities:	[Bitcoin]/ [Ethereum]/ [XRP]/ [Litecoin]/ [Tezos]/ [EOS]/ [Binance Coin]/ [Polkadot]
Coin Entitlement per Digital Security at issue date:	[•] [Bitcoin]/ [Ethereum]/ [XRP]/ [Litecoin]/ [Tezos]/ [EOS]/ [Binance Coin]/ [Polkadot]
Annual Management Fee Rate:	[•]
Scheduled Maturity Date:	N/A
Entitlement Precision Level:	[•] decimal places rounded [downwards]
Delivery Precision Level:	[•] decimal places rounded [downwards]
Authorised Participant:	[•]
Duration of trading:	Trading will commence on the date of the listing on [the SIX Swiss Exchange]/[•] (expected to

	be [●]). The Issuer intends to maintain such listing on the [SIX Swiss Exchange]/[●] until such time as trading in respect of the relevant class is discontinued.
Form (Condition 4):	Uncertificated Registered Securities
Relevant Clearing System:	[CREST]/[●]
Relevant Stock Exchange:	[●]
Listing and admission to trading:	[Application [has been/will be] made for the Digital Securities to which these Final Terms apply to be [listed and] admitted to trading on the [regulated market]/[multilateral trading facility] of [●] in [Austria]/[Belgium]/[Spain]/[Germany]/[Italy]/[Luxembourg]/[the Netherlands]/[and] /[Sweden] [and] [other]. If such application is successful, the first date of trading in the Digital Securities on said market is expected to be [●.] / [Not Applicable]
Person responsible for listing and admission to trading and/or for the Offer:	[●]
Minimum Trading Lot:	1 Digital Security
Minimum Investment Amount:	See Coin Entitlement above
ECB eligibility:	The Digital Securities are [not] expected to be ECB eligible.
Responsibility:	The directors of the Issuer have taken all reasonable care to ensure that the facts stated in these Final Terms are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in these Final Terms, whether of facts or of opinion. All the directors accept responsibility accordingly
Significant or Material Change:	[There has been no significant change in the assets, financial or revenue position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case since the last audited annual financial statements of the Issuer]/[give details]
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] / [give details]
Use of proceeds	[As stated in the Prospectus] / [Specify].
Costs associated with the issuance:	[●]/[Not applicable].
Authorisation:	The issue of [●] was authorised by [●] on [●].
[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 [specify relevant Member State(s) to which the Base Prospectus and any supplements have been

passport] (**Non-Exempt Offer Jurisdiction[s]**) during the Offer Period. See further “Terms and Conditions of the Offer” below.]

Terms and Conditions of the Offer

Offer Price: [Issue Price]/[Not applicable]/[specify]

Conditions to which the offer is subject: Offers of the Digital Securities 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] / [give details]

Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants [Not Applicable] / [give details]

Details of the minimum and/or maximum amount of application [Not Applicable] / [give details]

Details of the method and time limited for paying up and delivery of the Digital Securities [Not Applicable] / [give details]

Manner in and date on which results of the offer are made available to the public [Not Applicable] / [give details]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised [Not Applicable] / [give details]

Whether tranche(s) have been reserved for certain countries/categories of investors [Not Applicable] / [give details]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made [Not Applicable] / [give details]

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] / [give details]

Name and address of financial intermediary/ies authorised to use the Base Prospectus, as completed by these Final Terms (the “**Authorised Offeror[s]**”)

[•] [and] [each Authorised Participant expressly named as an Authorised Offeror on the Issuer’s website (*[insert Issuer’s web address]*)].

Information about the past and further performance of the Underlying Asset and its volatility can be obtained from:

[Include type of Underlying Asset and details of where information about the past and future performance of the underlying asset and its volatility can be obtained.]

ANNEX TO FINAL TERMS – ISSUE SPECIFIC SUMMARY

[Issue specific summary of the Digital Securities to be inserted if (i) the Digital Securities are to be listed on a regulated market in the EEA or (ii) offered to the public in a member state of the EEA]

DEFINITIONS AND INTERPRETATION

The following definitions apply throughout this Prospectus unless the context otherwise requires:

- “Administration Agreement” means the Administration Agreement dated 19 October 2020 between JTC Fund Solutions (Jersey) Limited (the “Administrator”) and CoinShares (Jersey) Limited pursuant to which the Administrator provides certain administration, company secretarial and registrar services to be provided by the Administrator to the Issuer;
- “Affiliate” means:
- (a) in relation to the Issuer means any Subsidiary or Holding Company of the Issuer or any Subsidiary of any such Holding Company; and
 - (b) in relation to any other person or entity, any other person or entity controlled, directly or indirectly, by that person or entity, any other person or entity that controls, directly or indirectly, that person or entity, or any other person or entity directly or indirectly under common control with that person or entity; and for this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person;
- “Agency Agreement” means the Determination Agency Agreement, the Coin Sales Agency Agreement, the Custody Agreement, the Registrar Agreement and any other agreement made by the Issuer with a person under which such agent is appointed from time to time in relation to the Digital Securities or the Digital Securities of any class or classes;
- “Agency Agreement Default” in respect of the Digital Securities of any class, means an Event of Default in respect of such class falling within paragraph within paragraph (c) or (d) of the definition of “Event of Default” in Condition 12.9;
- “Agents” means the Determination Agent, the Coin Sales Agent, the Custodian and the Registrar or any of them and such other agent(s) as may be appointed from time to time in relation to the Digital Securities or the Digital Securities of any class or classes under the Determination Agency Agreement, the Coin Sales Agency Agreement, the Custody Agreement, the Registrar Agreement or any other agreement with the Issuer under which such agent is appointed from time to time in relation to the Digital Securities or the Digital Securities of any class or classes, as applicable, and any successor or replacement and “Agent” means any of them;
- “Applicant” means an Authorised Participant who makes an Application for Digital Securities;
- “Application” in respect of Digital Securities, means an offer by an Authorised Participant to the Issuer to subscribe for Digital Securities;
- “Application Form” means an application form used in connection with the Programme;

“Authorised Participant”	means, in respect of any class of Digital Securities, any Eligible Authorised Participant that has entered into an Authorised Participant Agreement with the Issuer in relation to, inter alia, that class of Digital Securities;
“Authorised Participant Agreement”	means a written agreement between the Issuer and another person under which such person is appointed to act as an “Authorised Participant”, distribution agent or in a substantially similar function in relation to Digital Securities, or Digital Securities of any class or classes, and if such agreement is subject to conditions precedent, provided that such conditions have been satisfied;
“Base Currency”	means, in respect of any class of Digital Securities, the currency of denomination of the Digital Securities of the class, as specified in the Class Schedule;
“Board”	means the board of directors of the Issuer or, as the context may require, the board of directors of the Issuer from time to time;
“Business Day”	means a day (other than a Saturday or a Sunday or a public holiday in England) on which commercial banks generally are open for the transaction of business in London;
“Cash Settlement”	in relation to the Redemption of any Digital Securities, means settlement of the Issuer’s Redemption Obligations in respect thereof by sale of Digital Currency of the Underlying Type and payment of the net proceeds of sale to the relevant Security Holder in accordance with Condition 7.12 (Payment of Cash on Redemption) or Condition 8.8 (Payment of Cash on Compulsory Redemption);
“Certificated” or “Certificated Form”	means not in Uncertificated Form;
“Class”	means a class of Digital Securities having the same ISIN or other similar identifier, whatever the date of issue thereof;
“Class Schedule”	means Schedule 6 (Classes of Digital Securities) to the Trust Instrument. The contents of the Class Schedule as at the date of this Prospectus are set out under the heading “Class Schedule” in Part 6 (<i>Trust Instrument and Conditions</i>)
“Coin Entitlement”	means, as at any date and in relation to a Digital Security of any class, the amount(s) of the Digital Currency of the Underlying Type to which (subject as provided in the Conditions) the Security Holder is entitled on Redemption of that Digital Security on that date calculated in accordance with Condition 5 (Coin Entitlement);
“Coin Sales Agency Agreement”	means the coin sales agreement entered into by the Issuer, the Trustee, the Coin Sales Agent and the Determination Agent;
“Coin Sales Agent”	means CoinShares Capital Markets (Jersey) Limited and any successor thereto or replacement thereof or any other entity appointed as coin sales agent in accordance with the terms of the Coin Sales Agency Agreement;

“CoinShares Group”	means CSHL and its Subsidiaries;
“Compulsory Redemption”	means a redemption of Digital Securities in accordance with Condition 8 (Compulsory Redemption by the Issuer or Trustee) and “Compulsorily Redeemed” shall be construed accordingly;
“Compulsory Redemption Settlement Date”	has the meaning given in the Conditions;
“Conditions”	Digital Securities are issued in the form set out in Schedule 2 (The Conditions – Digital Securities) to the Trust Instrument as the same may from time to time be modified in accordance with the Trust Instrument and any reference herein to a particular specified Condition or paragraph or sub-paragraph of such a Condition shall be construed accordingly;
“CREST”	means the system for the paperless settlement of trades and the holding of uncertificated securities operated by CrestCo in accordance with the Uncertificated Regulations;
“CREST Business Day”	means a day on which CREST is open for the purpose of effecting settlement of Digital Securities;
“CrestCo”	means Euroclear UK & Ireland Limited (formerly known as CRESTCO Limited) incorporated in England and Wales under number 2878738;
“CSHL”	means CoinShares (Holdings) Limited;
“CSJL”	means CoinShares (Jersey) Limited;
“Custodian”	means, in respect of a class of Digital Securities and Digital Currency of the Underlying Type held by or for the Issuer in respect of such class, such party appointed as custodian and any successor or replacement thereto in accordance with the terms of a Custody Agreement;
“Custody Agreement”	means any custody agreement relating to Underlying Assets entered into by the Issuer and each Custodian and any other relevant party;
“Delivery Default”	in respect of any Digital Security, means an Event of Default in respect of such Digital Security falling within paragraph (a) of the definition of “Event of Default” in Condition 12.9;
“Delivery Precision Level”	means, in relation to a class of Digital Securities and Underlying Type, the level specified as such in the Class Schedule being currently as set out under the heading “Class Schedule” in Part 6 (Trust Instrument and Conditions);
“Determination Agency Agreement”	means the determination agency agreement entered into by the Issuer, the Trustee and the Determination Agent;
“Determination Agent”	means CoinShares Capital Markets (Jersey) Limited and any successor thereto or replacement thereof or any other entity appointed as determination agent in accordance with the terms of the Determination Agency Agreement;

“Determination Agent Breach”	has the meaning given in the Conditions;
“Digital Currency”	means money, scrip or other representation of value or contractual rights that can only be exchanged electronically on a Distributed Ledger (including, without limitation, each Underlying Type) and “Digital Currencies” shall be construed accordingly;
“Digital Securities”	means undated, limited recourse, secured debt securities of the Issuer constituted by the Trust Instrument of any of the classes specified in the Class Schedule;
“Digital Wallet”	in relation to a Security Holder means the digital wallet of the Security Holder which will be used to receive or send Digital Currency;
“Directors”	means the directors of the Issuer, being at the date of this document the persons whose names are listed as such under the heading “Directors, Secretary and Advisers” below;
“Distributed Ledger”	means a single, sequenced, standardised and cryptographically secured record of activity to be shared among and acted upon by multiple participants;
“EU”	means the European Union;
“Eligible Authorised Participant”	means a person with whom the Issuer may lawfully enter into an Authorised Participant Agreement and observe and perform the terms thereof and who meets any other conditions of eligibility determined from time to time by the Issuer;
“Entitlement Precision Level”	means, in relation to a class of Digital Securities and Underlying Type, the level specified as such in the Class Schedule being currently as set out under the heading “Class Schedule” in Part 6 (Trust Instrument and Conditions);
“Event of Default”	has the meaning given in the Conditions;
“Exchange Business Day”	means, in relation to any class of Digital Securities, a day on which the Relevant Stock Exchange (or any of them) is open for business;
“Extraordinary Resolution”	has the meaning given in the Conditions;
“Fork Event”	means the splitting of the code base underlying the Distributed Ledger applicable to a Digital Currency, potentially creating two or more Distributed Ledgers which may or may not be incompatible with each other, one in respect of that Digital Currency and one or more in respect of a different Digital Currency;
“Holding Company”	has the meaning given to that term in section 1159 of the Companies Act 2006 of the United Kingdom;
“Issuer”	means CoinShares Digital Securities Limited, a company incorporated and registered in Jersey with registered number 127061;
“Issuer Business Day”	means a day which is both a London Business Day and a Jersey Business Day;
“Issuer Insolvency Event”	has the meaning given in the Conditions;
“Issuer’s Website”	means the website having the following internet address: https://www.coinshares.com/ or such other internet address as may be used by the Issuer and notified to Security Holders and the Trustee. Information on the Issuer’s website does not form part of this Base

Prospectus unless that information has been incorporated by reference to this Base Prospectus;

“Jersey”	means the Bailiwick of Jersey, Channel Islands;
“Jersey Business Day”	means a day (other than a Saturday or a Sunday or a public holiday in Jersey) on which commercial banks generally are open for the transaction of business in Jersey;
“Liability”	means any loss, liability, cost, claim, damages, expense (including, but not limited to, legal costs and expenses) or demand (or actions in respect thereof), judgment, interest on any judgment, assessment, fees or amounts paid in settlement of any action or claim, and “Liabilities” shall be construed accordingly;
“Listing”	in respect of a class of Digital Securities, means the admission of that class of Digital Securities to trading on the SIX Swiss Exchange’s market for listed securities becoming effective;
“Management Fee”	means in respect of a class of Digital Securities the management fee payable by the Issuer to the Programme Manager or any Affiliate or successor of the Programme Manager in consideration for the provision by the Programme Manager or any Affiliate of the Programme Manager of all management and administration services in relation to the Programme, as set out in the Prospectus, as that amount may be adjusted from time to time as set out in the Prospectus;
“New York Business Day”	means a day (other than a Saturday or a Sunday or a public holiday in New York) on which commercial banks generally are open for the transaction of business in New York City;
“Outstanding”	<p>means, for the purposes of the Conditions, the Trust Instrument and the Security Deed, in relation to a class of Digital Securities and any date, all the Digital Securities issued on or prior to such date other than:</p> <ul style="list-style-type: none">a) those that have been redeemed in accordance with Condition 8;b) those that have been cancelled for any reason;c) those in respect of which the date for redemption has occurred and the Redemption Amount has been duly delivered or paid to the Trustee, and which remain available for payment against surrender of Digital Securities;d) those that have become void or in respect of which claims have become prescribed;e) those which have been issued and which are pending settlement to an Authorised Participant but in respect of which the relevant Authorised Participant(s) has not delivered or paid in full the relevant subscription amount under the Authorised Participant Agreement; andf) those that have been purchased, settled and cancelled or held as Treasury Securities as provided in Condition 7 (Redemption of Digital Securities) or Condition 8 (Compulsory Redemption by the Issuer or Trustee) and Condition 16 (Treasury Securities) (as applicable), <p><i>provided that</i> for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Security Holders or</p>

participate in any resolution in writing of the Security Holders, (2) the determination of how many Digital Securities are outstanding for the purposes of the Conditions, the Trust Instrument and the Security Deed and (3) the exercise of any discretion, power or authority that the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Security Holders, those Digital Securities that are beneficially held by or on behalf of the Issuer or any Affiliate of the Issuer and not cancelled shall (unless no longer so held) be deemed not to remain outstanding.

For the avoidance of doubt, Digital Securities (if any) which the Issuer has agreed on or prior to such date to issue but in respect of which delivery or payment of the relevant subscription amount has not been received in full from the relevant Authorised Participant(s) and settlement to such relevant Authorised Participant(s) has not yet occurred shall not be deemed to be “outstanding” on such date;

“Physical Delivery”	in relation to the Redemption of any Digital Security, means delivery of Digital Currency of the Underlying Type in accordance with Condition 7.11 (Delivery of Assets on Redemption) Condition 8.7 (Delivery of Underlying Assets on Compulsory Redemption);
“Physical Delivery Fee”	means, in respect of any class of Digital Securities and Underlying Assets, the fee specified as such, expressed as a percentage of the applicable Coin Entitlement, in the Class Schedule or such other amount which (a) in the case of an increase to the Physical Delivery Fee in respect of any class of Digital Securities or any Underlying Type, shall be notified to the Security Holders in respect of such class by a RIS announcement no less than 30 days prior to such increased fee becoming effective; or (b) in the case of a decrease to the Physical Delivery Fee in respect of any class of Digital Securities or any Underlying Type, shall be applicable with effect from such date (which may be retrospective) as may be determined by the Issuer and notified to Security Holders by a RIS announcement as soon as practicable after such determination;
“Pool”	means a separate pool of assets to which Digital Securities of a particular class are attributable;
“Principal Amount”	means, in respect of each class of Digital Securities, the amount specified as such in the Class Schedule being currently as set out under the heading “Class Schedule” in Part 6 (Trust Instrument and Conditions);
“Programme”	means the programme for the issue of Digital Securities by the Issuer;
“Programme Document”	means, in respect of each class of Digital Securities, each of the Trust Instrument, the Security Deed, each Custody Agreement, the Determination Agency Agreement, the Coin Sales Agency Agreement, the Registrar Agreement, any other Agency Agreement, and each Authorised Participant Agreement and “Programme Documents” means all such documents;
Programme Manager”	means CoinShares (Jersey) Limited or any successor thereto;
“Programme Party”	means a party to a Programme Document (other than the Issuer and the Security Holders);

“Prohibited Benefit Plan Investor”	means any “employee benefit plan” within the meaning of section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), subject to Part 4, Subtitle B of Title I of ERISA, any “plan” to which section 4975 of the United States Internal Revenue Code of 1986, (the “Code”) applies (collectively, “Plans”), any entity whose underlying assets include “plan assets” of any of the foregoing Plans within the meaning of 29 C.F.R. Section 2510.3 101 or section 3(42) of ERISA, as they may be modified, by reason of a Plan’s investment in such entity, any governmental or church plan that is subject to any U.S. Federal, state or local law that is similar to the prohibited transaction provisions of ERISA or Section 4975 of the Code, or any person who holds Digital Securities on behalf of, for the benefit of or with any assets of any such Plan or entity;
“Prospectus”	means this base prospectus of the Issuer in relation to the Digital Securities, as the same may be modified, supplemented or amended from time to time;
“Redemption”	means the redemption of Digital Securities by the Issuer in accordance with the Conditions (and “Redeem” shall be construed accordingly);
“Redemption Amount”	has the meaning given in the Conditions;
“Redemption Deductions”	has the meaning given in the Conditions;
“Redemption Fee”	means the fee payable by a Security Holder on the redemption of Digital Securities pursuant to Condition 10 (Redemption Fee);
“Redemption Notice”	means a notice in the applicable form (which may vary in content depending on the method of Redemption required or elected for such Digital Securities and the form in which the Digital Securities are held) prescribed from time to time by the Issuer for requesting Redemption of Digital Securities;
“Redemption Notice Date”	has the meaning given in the Conditions;
“Redemption Obligations”	means the obligation of the Issuer on Redemption of a Digital Security to make payment or deliver Digital Currency of the Underlying Type to the relevant Security Holder in accordance with the Conditions;
“Register”	with respect to each class of Digital Securities issued in registered form or in dematerialised uncertificated registered form, means the register maintained in Jersey by the Registrar of persons holding the Digital Securities of that class;
“Registrar”	with respect to a class of Digital Securities issued in registered form or in dematerialised uncertificated registered form, means such party as may be appointed by the Issuer from time to time to maintain the Register;
“Registrar Agreement”	with respect to a class of Digital Securities issued in registered form or in dematerialised uncertificated registered form, means the Agreement for the provision of Registry and Associated Services entered into between the Registrar, the Issuer and the Trustee;
“Relevant Stock Exchange”	means, in relation to any class of Digital Securities, the stock exchange or market specified in the Prospectus (including the applicable Final Terms as defined in the Prospectus) and/or any other stock exchange on which Digital Securities of that class may be admitted to listing or trading. In the case of Digital Securities to be issued pursuant to this Prospectus the Relevant Stock Exchange will be SIX Swiss Exchange;
“repay”, “redeem” and “pay”	shall each include both the others and cognate expressions shall be construed accordingly;

“RIS”	means a regulated information service for the purposes of giving information relating to the Digital Securities, or the Digital Securities of any class or classes, under the rules of the Relevant Stock Exchange chosen by the Issuer from time to time;
“Secured Creditor”	in respect of any class of Digital Securities means the Trustee and the Security Holders in respect of such class;
“Secured Property”	means, in respect of any class of Digital Securities and any Pool, subject as provided in the Security Deed, (a) all rights of the Issuer under each Custody Agreement (i) to and in relation to the Digital Currencies held pursuant to the Custody Agreement to the extent that the same relate to the Relevant Pool; and (ii) to the extent that such rights apply to deliveries or payments due in respect of Digital Securities of that class, or any part thereof, and (b) all rights of the Issuer in relation to the Digital Currency held for the Relevant Pool, in each case which are subject to the security created in favour of the Trustee pursuant to the Security Deed as it applies in respect of such class;
“Secured Wallet”	means a Digital Wallet maintained with the Custodian in the name of the Issuer pursuant to the Custody Agreement;
“Securities Act”	means the United States Securities Act of 1933, as amended;
“Security”	means, in respect of each Pool, the security constituted by the Security Deed to the extent applicable to such Pool;
“Security Deed”	means the Security Deed dated 21 December 2020 between the Issuer and the Trustee and, in respect of each Pool to which a class of Digital Securities is attributable, the same as it applies to that Pool;
“Security Holder”	means the person in whose name a Digital Security is registered;
“Security Holder Account”	means: <ul style="list-style-type: none"> a) in relation to any Digital Securities to be Redeemed by Physical Delivery, a Digital Wallet able to receive the relevant Digital Currency; and b) in relation to any Digital Securities to be Redeemed by Cash Settlement and any other payment specified to be due by the Issuer to a Security Holder under these Conditions, an account in US Dollars, <p style="padding-left: 40px;">which, in the case of an Authorised Participant, shall be notified in writing for such purposes by the Authorised Participant to the Issuer and the Trustee from time to time, and in the case of a Security Holder who is not an Authorised Participant, shall be as specified in the applicable Redemption Notice;</p>
“Service Agreement”	means the Service Agreement dated 21 December 2020 (as amended from time to time), between CSJL or an Affiliate or successor of CSJL and the Issuer providing for certain services to be provided by CSJL or an Affiliate or successor of CSJL to the Issuer in relation to the Digital Securities;
“Settlement Date”	has the meaning given in the Conditions;
“SIX Swiss Exchange”	means SIX Swiss Exchange AG or its market for listed securities (or any of such markets if the SIX Swiss Exchange has at any time more than one such market), as the context may require;

“Subsidiary”	has the meaning given to that term in section 1159 of the Companies Act 2006 of the United Kingdom;
“Swiss Paying Agent”	means State Street Bank International GmbH and any successor or replacement thereof;
“Tax”	means any tax, duty, assessment or charge of whatsoever nature (including, without limitation, any tax on income, profits, gains, net wealth, asset values or turnover, value added tax, stamp duty, stamp duty reserve tax, excise, severance, sales, use, transfer, documentary, recording tax or duty or any other similar tax, duty or charge) imposed, levied, collected, withheld or assessed by any government, applicable tax authority or jurisdiction;
“Tranche”	means, in relation to a class of Digital Securities issued on any date, the Digital Securities of that class that are issued on the same date with the same Principal Amount;
“Treasury Securities”	means Digital Securities held by an Affiliate of the Issuer either (a) which have been issued without delivery to the Issuer of Digital Currency of the relevant Underlying Type pursuant to Condition 14.3 or (b) the rights of the Issuer in respect of the Underlying Assets relating to which have been released from the security constituted by the Security Deed pursuant to Condition 16.1(b) or (c) which are otherwise held in accordance with Condition 16.1 (Treasury Securities);
“Trust Instrument”	means the trust instrument dated 21 December 2020 between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee for the Security Holders including the Schedules thereto and any trust instrument supplemental thereto and the schedules (if any) thereto;
“Trustee”	means The Law Debenture Trust Corporation p.l.c. appointed as such under the Trust Instrument and includes any replacement trustee under the Trust Instrument;
“Uncertificated”,	means recorded on the Register as being held in uncertificated
“Uncertificated form”	form, title to which, by virtue of the Uncertificated Regulations,
“Uncertificated Form”	may be transferred by means of CREST;
“Uncertificated Notice of Meeting”	means in relation to any Digital Securities in Uncertificated Form an uncertificated notice of meeting in accordance with the rules and operating procedures applicable to CREST;
“Uncertificated Regulations”	means the Companies (Uncertificated Securities) (Jersey) Order 1999;
“Underlying Assets”	in respect of any class of Digital Securities, means the Digital Currency of the Underlying Type held by or for the Issuer in respect of such class;
“Underlying Type”	in respect of any class of Digital Securities, means the type of Digital Currency specified in the Class Schedule;
“United Kingdom” or “UK”	means the United Kingdom of Great Britain and Northern Ireland;
“United States” or “U.S.”	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US Dollars” or “US\$” or “USD”	means United States dollars; and
“VAT”	means value added tax.

References in this document to a particular time are, unless otherwise stated, references to the time applicable in London, United Kingdom. References in this document to any legislation of the European Union includes reference to such legislation as it applies in the United Kingdom pursuant to the European Union (Withdrawal) Act 2018 of the United Kingdom.

Unless the context otherwise requires, references in this document to any agreement, deed, prospectus or document includes a reference to such agreement, deed, prospectus or document, as amended, varied, novated, supplemented or replaced from time to time and unless otherwise stated or the context otherwise requires references in this document to any statute or any provision of any statute include a reference to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or any such modification or re-enactment, in each case in force as at the date of this Prospectus.

DIRECTORS, SECRETARY AND ADVISERS

Directors of the Issuer	Ben Gilbert Richard Nash Jeri-Lea Brown
Secretary of the Issuer	CoinShares Corporate Services (Jersey) Limited
Registered office of the Issuer and address of the directors and secretary of the Issuer	The address of all the Directors and the Secretary of the Issuer is the registered office of the Issuer, which is: Second floor 2 Hill Street St Helier Jersey JE2 4UA Channel Islands
Programme Manager of the Issuer	CoinShares (Jersey) Limited Second floor 2 Hill Street St Helier Jersey JE2 4UA Channel Islands
Administrator of the Issuer	JTC Fund Solutions (Jersey) Limited 28 Esplanade St. Helier Jersey JE2 3QA
Determination Agent and Coin Sales Agent	CoinShares Capital Markets (Jersey) Limited Second Floor 2 Hill Street St Helier Jersey JE2 4AU Channel Islands
Trustee	The Law Debenture Trust Corporation p.l.c. Fifth Floor 100 Wood Street London EC2V 7EX United Kingdom
Custodian	Komainu (Jersey) Limited Third floor 2 Hill Street St Helier Jersey JE2 4UA Channel Islands

English legal advisers to the Issuer	W Legal Limited 47 Red Lion Street London WC1R 4PF United Kingdom
Jersey legal advisers to the Issuer	Carey Olsen Jersey LLP 47 Esplanade St Helier Jersey JE1 0BD Channel Islands
Swedish legal advisers to the Issuer	AG Advokat KB Regeringsgatan 38 PO Box 3124 SE-103 62 Stockholm Sweden
Swiss legal advisers to the Issuer	Baker McKenzie Zurich Holbeinstrasse 30 P.O. Box 8034 Zurich Switzerland
Swiss Paying Agent	State Street Bank International GmbH Munich, Zürich Branch Beethovenstrasse 19 8027 Zurich Switzerland
English legal advisers to the Trustee	Linklaters One Silk Street, London EC2Y 8HQ United Kingdom
Jersey legal advisers to the Trustee	Ogiers 44 Esplanade, St Helier Jersey, JE4 9WG Channel Islands
Auditors of the Issuer	Baker Tilly Channel Islands Limited PO Box 437, First Floor, Kensington Chambers, 46 – 50 Kensington Place St Helier Jersey, JE4 0ZE Channel Islands
Registrar	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier Jersey JE1 1ES Channel Islands