

SUPPLEMENT NO. 2
dated 20 August 2021
to the Base Prospectus of
21Shares AG

The prospectus

This document constitutes a supplement to 21Shares AG's base prospectus approved and registered by the Swedish Financial Supervisory Authority (**SFSA**) on 19 November 2020 (SFSA reg. no. 20-23637), as amended and updated through Supplement No.1 approved and registered by the SFSA on 21 June 2021 (SFSA reg. no. 21-16821) (the **Base Prospectus**).

This supplement

This supplement forms an integral part of and should be read together with the other parts of the Base Prospectus. This supplement has been prepared by 21Shares AG pursuant to the provisions of Article 23 of the Prospectus Regulation (EU) 2017/1129. This supplement was approved and registered by the SFSA on 20 August 2021 (SFSA reg. no. 21-20870).

Reason for this supplement

This supplement has been prepared for the following reason:

- The Issuer has decided to retain the services of a new custodian and enter into contractual arrangements in respect thereof.

Right of withdrawal

Only investors who have already agreed to purchase or subscribe for any Products offered under the Base Prospectus before this supplement was published shall have the right, exercisable within three working days after the publication of this supplement, to withdraw their acceptances, provided that the circumstances stated above arose or were noted before the closing of the relevant offer or the delivery of the Products, whichever occurs first.

Such investors can exercise their right of withdrawal during the period from publication of this supplement up to and including **25 August 2021**. This right of withdrawal cannot be exercised after said date.

Such investors should contact the relevant financial intermediary through which the investor has purchased or subscribed for the Products in question should they wish to exercise the right of withdrawal.

AMENDMENTS TO THE SECTION "OVERVIEW OF THE PROGRAMME"

The sub-section "Custodian" on page 2 of the Base Prospectus shall be deleted and replaced by the following:

"The Kingdom Trust Company, Coinbase Custody Trust Company, LLC, Copper Technologies (UK) Limited or any successor custodian as specified in the applicable Final Terms."

In the sub-section "Collateral" starting on page 3 of the Base Prospectus the following wording "each Investor shall bear the solvency risks of the Kingdom Trust Company (**Kingdom Trust**), Coinbase Custody Trust company, LLC (**Coinbase**) or any other custodian of the Underlying or Underlying Components (Kingdom Trust, Coinbase or such other custodian, the **Custodian**)" shall be deleted and replaced by the following:

"each Investor shall bear the solvency risks of The Kingdom Trust Company (**Kingdom Trust**), Coinbase Custody Trust Company, LLC (**Coinbase**), Copper Technologies (UK) Limited (**Copper**) or any other custodian of the Underlying or Underlying Components (Kingdom Trust, Coinbase, Copper or such other custodian, the **Custodian**)"

The last paragraph in the sub-section "Governing Law of Products" on page 6 of the Base Prospectus shall be deleted and replaced by the following:

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

AMENDMENT TO THE SECTION "GENERAL TERMS AND CONDITIONS"

The definition of "ACA" on page 18 of the Base Prospectus shall be deleted and replaced by the following:

"**ACA** means (i) the account control agreement, governed by the laws of South Dakota, entered into between the Issuer, The Kingdom Trust Company, and the Collateral Agent with respect to the respective Collateral Account or (ii) the account control agreement, governed by the laws of New York, entered into between the Issuer, Coinbase Custody Trust Company, LLC, and the Collateral Agent with respect to the respective Collateral Account or (iii) the account control agreement dated 18 August 2021, governed by the laws of England, entered into between the Issuer, Copper Technologies (UK) Limited and the Collateral Agent with respect to the respective Collateral Account or any other account control agreement specified in the Final Terms, as applicable."

The definition of "Custodian" on page 20 of the Base Prospectus shall be deleted and replaced by the following:

"**Custodian** means The Kingdom Trust Company, Coinbase Custody Trust Company, LLC, Copper Technologies (UK) Limited, or any successor or additional custodian as specified in the applicable Final Terms."

The definition of "Custodial Services Agreement" on page 20 of the Base Prospectus shall be deleted and replaced by the following:

"**Custodial Services Agreement** means (i) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated 17 September 2018 between the Issuer and The Kingdom Trust Company, as may be amended and/or supplemented and/or restated from time-to-time or (ii) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated on or about 15 April 2019 between the Issuer and Coinbase Custody Trust Company, LLC, as may be amended and/or supplemented and/or restated from time-to-time or (iii) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated 18 August 2021 between the Issuer and Copper Technologies (UK) Limited, as may be

amended and/or supplemented and/or restated from time-to-time or (iv) any other custodial services agreement specified in the applicable Final Terms, as applicable."

The definition of "Pledge of Collateral Account Agreement" on page 23 of the Base Prospectus shall be deleted and replaced by the following:

"Pledge of Collateral Account Agreement means (i) the pledge of collateral account agreement governed by the laws of South Dakota dated 13 November 2018 between, the Issuer, as pledgor, and the Collateral Agent, as collateral agent, in respect of the Collateral, as may be amended and/or supplemented and/or restated from time-to-time or (ii) the Pledge of Collateral Account Agreement governed by the laws of New York dated on or about 15 April 2019 between, the Issuer, as pledgor, and the Collateral Agent, as collateral agent, in respect of the Collateral, as may be amended and/or supplemented and/or restated from time-to-time or (iii) the security agreement governed by the laws of England dated 18 August 2021 between, the Issuer, as assignor, and the Collateral Agent, as collateral agent, in respect of the Collateral, as may be amended and/or supplemented and/or restated from time-to-time or (iv) any other pledge of collateral account agreement specified in the applicable Final Terms, as applicable."

In Condition 27 (Governing law and jurisdiction) on page 40 of the Base Prospectus the third paragraph shall be deleted and replaced by the following:

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

AMENDMENT TO THE SECTION "SUMMARY OF THE PARTIES AND THE STRUCTURE"

The description of "Custodian" on page 51 of the Base Prospectus shall be deleted and replaced by the following:

"Custodian: The Issuer has entered into a custodial services agreement with each of The Kingdom Trust Company, Coinbase Custody Trust Company, LLC and Copper Technologies (UK) Limited who manage and store underlying Crypto Assets. These Crypto Assets are kept in digital wallets according to the collateral procedures described in "Collateral & Summary of Security Arrangements". The Kingdom Trust Company or Coinbase Custody Trust Company, LLC or Copper Technologies (UK) Limited received transfers from the Administrator who is responsible for interfacing with the Authorised Participants."

The last paragraph of description of "Custodial Services Agreement" on page 53 of the Base Prospectus shall be deleted and replaced by the following:

"On or about 18 August 2021, the Issuer entered into a custodial services agreement with Copper Technologies (UK) Limited, which is governed by the laws of England and Wales. This custodial services agreement sets out the principal terms on which Copper Technologies (UK) Limited is appointed to act as a Custodian in respect of the Products issued under the Programme and sets out the duties and obligations of Copper Technologies (UK) Limited in relation to holding all assets that the Issuer delivers to Copper Technologies (UK) Limited in a separate account set up for the Issuer. The custodial services agreement set out the conditions for appointment of the Custodian and termination of the agreement."

The description of "Pledge of Collateral Account Agreement" on page 55 of the Base Prospectus shall be amended by the following:

"On 18 August 2021, the Issuer entered into a security agreement with the Collateral Agent, which is governed by the laws of England. This security agreement provides a security interest in favour of the Collateral Agent for the benefit of the Investors in certain accounts and all sums or other property of all kind now or at any time hereafter on deposit therein, credited thereto, or payable thereon, all proceeds and products thereof, and all instruments, documents, certificates, and other writings evidencing those

accounts. The security interest created in the security agreement is for the benefit of the Investors holding Products issued under the Programme."

The description of "Account Control Agreement" on page 55 of the Base Prospectus shall be amended by the following:

"On or about 18 August 2021, the Issuer entered into an ACA with Copper Technologies (UK) Limited and the Collateral Agent, which is governed by the laws of England. The ACA with Copper Technologies (UK) Limited was entered into pursuant to the terms of the relevant security agreement for the purpose of perfecting the security interest in favour of the Collateral Agent for the benefit of the Investors in respect of the secured accounts and secured property."

AMENDMENT TO THE SECTION "COLLATERAL & SUMMARY OF SECURITY ARRANGEMENTS"

On page 61 of the Base Prospectus the sentence "The custody for the Crypto Assets is provided by either The Kingdom Trust Company or Coinbase Custody Trust Company, LLC, qualified custodians located in the United States, as applicable." shall be deleted and replaced by the following:

"The custody for the Crypto Assets is provided by either The Kingdom Trust Company or Coinbase Custody Trust Company, LLC or Copper Technologies (UK) Limited, qualified custodians located in the United States or England, as applicable."

On page 62 of the Base Prospectus the sentence "The custody for the Collateral is provided by either The Kingdom Trust Company or Coinbase Custody Trust Company, LLC, qualified custodians located in the United States, as applicable." shall be deleted and replaced by the following:

"The custody for the Collateral is provided by either The Kingdom Trust Company or Coinbase Custody Trust Company, LLC or Copper Technologies (UK) Limited, qualified custodians located in the United States or England, as applicable."

The Base Prospectus shall be supplemented by the insertion of the following paragraph on page 64 before the heading "Determination of an Event of Default and Insolvency Event":

"Copper Technologies (UK) Limited

The information in this section (Copper Technologies (UK) Limited) consists only of information provided to the Issuer by Copper Technologies (UK) Limited. Copper Technologies (UK) Limited will act as an additional Custodian with respect to Products of the Issuer. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by Copper Technologies (UK) Limited, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Copper Technologies (UK) Limited is a limited liability company registered in England with company registration number 11148681, incorporated at Companies House on 15 January 2018, with its registered and head office address at 17a Curzon Street, London W1J 5HS. "Copper" and "Copper.co" are trading names of Copper Technologies (UK) Limited. Copper Technologies (UK) Limited is the sole shareholder of Copper Technologies (US) Inc., a Delaware corporation with registered corporation number 5932047.

Copper Technologies (UK) Limited has temporary registration with the UK Financial Conduct Authority ("FCA") under the Temporary Registration Regime to carry out crypto asset activities under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended.

Copper Technologies (UK) Limited provides custodial, exchange and settlement services for digital assets to institutional and high-net worth clients. Copper Technologies (UK) Limited supports the custody of digital assets across cold, hot, warm and proxy wallets.

The safeguarding and custody of digital assets is the core and flagship element of the business of Copper Technologies (UK) Limited which it provides through its proprietary and secure digital asset custody infrastructure. Copper Technologies (UK) Limited uses its unique multi-party computation technology to securely generate key shards simultaneously but in isolation in a secure environment. Key shards may then be kept on or offline to ensure ultimate security and control of digital assets, with key shards combining to co-sign transactions remotely, removing the risk of private key exposure.

Copper Technologies (UK) Limited has ISO 27001 accreditation and is registered with the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) as a Money Services Business. Copper Technologies (UK) Limited has an Aon brokered crime insurance policy and has the Cyber Essentials Plus certification, a UK Government-backed scheme to help organisations protect against cyber attacks.

Any digital assets held in custody in vaults by Copper Technologies (UK) Limited for its clients, including the Issuer, are and will remain segregated from both proprietary assets of Copper Technologies (UK) Limited and the assets of its other clients."

AMENDMENT TO THE SECTION "THE AUTHORISED PARTICIPANT'S ROLE"

The description of "Creation and Redemption Limits" on page 69 of the Base Prospectus shall be deleted and replaced by the following:

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

AMENDMENT TO THE "GENERAL INFORMATION" SECTION

The Base Prospectus shall be supplemented by the insertion of the following paragraph on page 99 before the heading "Coinbase Custody Trust company, LLC":

"Copper Technologies (UK) Limited

Copper Technologies (UK) Limited is a limited liability company registered in England with company registration number 11148681, incorporated at Companies House on 15 January 2018, with its registered and head office address at 17a Curzon Street, London W1J 5HS. "Copper" and "Copper.co" are trading names of Copper Technologies (UK) Limited. Copper Technologies (UK) Limited is the sole shareholder of Copper Technologies (US) Inc., a Delaware corporation with registered corporation number 5932047.

Copper Technologies (UK) Limited has temporary registration with the UK Financial Conduct Authority ("FCA") under the Temporary Registration Regime to carry out crypto asset activities under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended.

Copper Technologies (UK) Limited provides custodial, exchange and settlement services for digital assets to institutional and high-net worth clients. Copper Technologies (UK) Limited supports the custody of digital assets across cold, hot, warm and proxy wallets.

The safeguarding and custody of digital assets is the core and flagship element of the business of Copper Technologies (UK) Limited which it provides through its proprietary and secure digital asset custody infrastructure. Copper Technologies (UK) Limited uses its unique multi-party computation technology to securely generate key shards simultaneously but in isolation in a secure environment. Key shards may then be kept on or offline to ensure ultimate security and control of digital assets, with key shards combining to co-sign transactions remotely, removing the risk of private key exposure.

Copper Technologies (UK) Limited has ISO 27001 accreditation and is registered with the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) as a Money Services Business. Copper Technologies (UK) Limited has an Aon brokered crime insurance policy and has the Cyber Essentials Plus certification, a UK Government-backed scheme to help organisations protect against cyber attacks.

Any digital assets held in custody in vaults by Copper Technologies (UK) Limited for its clients, including the Issuer, are and will remain segregated from both proprietary assets of Copper Technologies (UK) Limited and the assets of its other clients."

AMENDMENT TO THE "APPENDIX I – GLOSSARY OF FREQUENTLY USED DEFINED TERMS" SECTION

The definition of "ACA" on page 101 of the Base Prospectus shall be deleted and replaced by the following:

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

The Base Prospectus shall be supplemented by the insertion of the following definition on page 102 prior to the definition of "Crypto Assets":

"Copper means Copper Technologies (UK) Limited."

The definition of "Custodian" on page 102 of the Base Prospectus shall be deleted and replaced by the following:

"Custodian means The Kingdom Trust Company, Coinbase Custody Trust Company, LLC, Copper Technologies (UK) Limited or any successor custodian as specified in the applicable Final Terms."

The definition of "Custodial Services Agreement" on page 102 of the Base Prospectus shall be deleted and replaced by the following:

"Custodial Services Agreement means (i) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated 17 September 2018 between the Issuer and The Kingdom Trust Company, as may be amended and/or supplemented and/or restated from time-to-time or (ii) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated on or about 9 March 2019 between the Issuer and Coinbase Custody Trust Company, LLC, as may be amended and/or supplemented and/or restated from time-to-time or (iii) the custodial services agreement in relation to the Crypto Assets collateralising Products issued under the Programme dated on or about 18 August 2021 between the Issuer and Copper Technologies (UK) Limited, as may be amended and/or supplemented and/or restated from time-to-time, as applicable."

The definition of "Pledge of Collateral Account Agreement" on page 103 of the Base Prospectus shall be deleted and replaced by the following:

"Pledge of Collateral Account Agreement means (i) the pledge of collateral account agreement governed by the laws of South Dakota dated 13 November 2018 between, the Issuer, as pledgor, and the Collateral Agent, as collateral agent, in respect of the Collateral (as defined therein) or (ii) the pledge of collateral account agreement governed by the laws of New York dated on or about 15 April 2019 between, the Issuer, as pledgor, and the Collateral Agent, as collateral agent, in respect of the Collateral (as defined therein) or (iii) the security agreement governed by the laws of England dated 18 August 2021 between, the Issuer, as assignor, and the Collateral Agent, as collateral agent, in respect of the Security Assets (as defined therein), as applicable."
