

## Polygons' Transition from MATIC to POL

28 August 2024

This document is intended to help understand Polygon's transition from the MATIC token to the POL token. For more information, please contact [etp@21.co](mailto:etp@21.co).

### What is the background of the transition?

The Polygon ecosystem is a Layer 2 scaling solution for Ethereum, providing a wide range of scaling strategies that allow for faster transactions and lower fees compared to Ethereum. Since its inception, MATIC has been the native token for the Polygon ecosystem. The Polygon ecosystem offers multiple solutions, that however operate isolated from each other.

In June and July 2023, Polygon presented Polygon 2.0 - a new architecture that transforms these separate solutions into a unified network. This new design allows the whole suite of Polygon's solutions to be interoperable. The ecosystem can now support unlimited networks and cross-chain transactions can happen safely and instantly without any additional security and trust assumptions. To secure, coordinate and scale the whole network, Polygon has introduced **POL** as successor of **MATIC**.

### What is the difference between POL and MATIC?

POL is a new native token and a technical upgrade of the MATIC token. The main difference between POL and MATIC is the maximum supply and the addition of governance rights, as highlighted in the table below. The changes were introduced to support the above outlined new Polygon 2.0 architecture. The initial supply of POL matches the current supply of MATIC to [simplify the migration process](#).

Token	Polygon (MATIC)	Polygon Ecosystem Token (POL)
Token Standard	ERC-20 Token	ERC-20 Token
Maximum Supply	10 Billion	Unlimited (10 Billion initial supply with 2% yearly emission)
Staking	Only until 4 September 2024 (on Ethereum)	Yes (on Ethereum)
Transaction Fee	Only until 4 September 2024 (on Polygon PoS)	Yes (on Polygon PoS or other potential Polygon networks)
Governance Rights	No	Yes
Validator Rewards	Only until 4 September 2024	Yes



### When and how will this transition happen?

On 25 October 2023, the MATIC to POL [upgrade was initiated](#) on the Ethereum mainnet. Users who hold MATIC on Ethereum can use the migration smart contract to swap their MATIC 1:1 for POL. To mitigate the risk of hacks, the smart contract underwent two independent audits by [ChainSecurity](#) and [SigmaPrime](#) and first went live on the testnet. The migration is voluntary and the migration smart contract also includes an ["unmigration" feature](#), whereby users can convert POL 1:1 back to MATIC.

In the second phase, Polygon Labs will have POL [replace MATIC](#) as native gas and staking token. On 4 September 2024, all MATIC held in the contracts of the Polygon Plasma Bridge (the official bridge between Ethereum and Polygon) and Staking will be **automatically converted** to POL. This will immediately [increase the migration rate to 51+%](#) and move critical functionalities to POL. Users who hold MATIC on Polygon POS Chain or are currently staking MATIC do not need to take any action.

As POL will be used as the token for paying transaction fee on Polygon POS Chain and staking, there will be little to no reason to hold MATIC instead of POL. Although the Polygon Foundation has not given a deadline yet on how long they'll be supporting MATIC, future improvements will function with POL only, such as the improvements on the AggLayer.

### What is the impact on 21Shares ETPs?

21Shares will monitor the automatic conversion of tokens and will upgrade its MATIC tokens to POL tokens only after the successful conversion took place and regulatory approvals were received. The exact date will be announced in line with applicable exchange regulations and investors will be informed via official notice prior to the change.

The impacted 21Shares ETPs and the respective weightings of MATIC as of 27 August 2024 are outlined in the table below:

21Shares ETP	ISIN	Weighting
21Shares Polygon ETP (POLY)	CH1129538448	100%
21Shares Staking Basket Index ETP (STAKE)	CH1210548892	5.12%

Please note that 21Shares Bitwise Select 10 ETP (KEYS, CH0475986318) is not included in the table, as MATIC will exit the index with the next rebalance, effective 2 September 2024.



Investors will not need to take any immediate action. Please note that due to the staking contract being affected by the automatic conversion, staking MATIC in STAKE was discontinued on 22 August 2024, in line with the index rules. After the migration date has been announced by 21Shares, investors in these ETPs who would like to follow the evolution of the Polygon network do not need to take any action. Investors who do not wish to have their MATIC holdings migrated to POL would need to sell the ETPs prior to the date specified in the official notice that will be released. Please note that the migration is subject to a successful automatic conversion and regulatory approvals.

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