

Supplement to Base Prospectus

SUPPLEMENT DATED 21 June 2021
TO THE BASE PROSPECTUS DATED 13 NOVEMBER 2020



21Shares AG

(incorporated in Switzerland)

Exchange Traded Products Programme

This second supplement (the **Supplement**) to the Base Prospectus dated 13 November 2020 as supplemented by the first supplement dated 21 May 2021 (as so supplemented, the **Base Prospectus**), is prepared in connection with the Exchange Traded Products Programme established by 21Shares AG (the **Issuer** or **21Shares**). Capitalized terms used but not defined herein have the meanings assigned to such terms in the Base Prospectus.

The Base Prospectus was approved by SIX Exchange Regulation AG, in its capacity as a review body pursuant to article 52 of the Swiss Financial Services Act dated 15 June 2018 (the **FinSA**) (SIX Exchange Regulation AG in such capacity, the **Reviewing Body**), as a base prospectus within the meaning of article 45 of the FinSA and the issuance programme has been registered as an issuance program for the listing of exchange traded products (the **ETPs** or the **Products**) on the SIX Swiss Exchange in accordance with the listing rules of the SIX Swiss Exchange.

This Supplement is dated, and has been approved by the Reviewing Body as of, 21 June 2021.

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus. To the extent that there is any inconsistency between (i) any statement in this Supplement and (ii) any other statement in or incorporated by reference into the Base Prospectus, as supplemented prior hereto, the statements in this Supplement will prevail.

The Issuer assumes responsibility for the content of this Supplement and declares that the information contained in the Base Prospectus, as supplemented by the Supplement is, to the best of its knowledge, correct and no material facts or circumstances have been omitted therefrom.

AMENDMENTS TO PAGE iv OF THE BASE PROSPECTUS

On page iv of the Base Prospectus the paragraph beginning with "Collateralisation of ETPs, as further described [...]" shall be deleted and replaced by the following:

"Collateralisation of ETPs, as further described in the section headed "Collateral" herein, eliminates credit risk to the Issuer only to the extent that the proceeds from the liquidation or realisation of Collateral (less the costs of liquidation fees and expenses of the Collateral Agent and payout) meet the Investors' claims. The Investor bears the following risks, among others: the market risk associated with the Collateral results in insufficient liquidation proceeds or, in extreme circumstances, the Collateral might lose its value entirely, including through theft, hacking, slashing (in the case of staking), or fraud, prior to the liquidation taking place or it may not be possible to realise the Collateral. The costs for the service with respect to the collateralisation of the Products may be taken into account for the pricing of a specific Product and may therefore be borne by the Investors. With regard to the payment to the respective Investors of the relevant share of the net liquidation proceeds, each Investor shall bear the solvency risks of the Kingdom Trust Company (**Kingdom Trust**), Coinbase Custody Trust company, LLC (**Coinbase**) or any other counterparty with respect to any Underlying, Underlying Components or Collateral Counterparty and/or any custodian of the Underlying or Underlying Components (Kingdom Trust, Coinbase or such other custodian, the **Custodian**) and/or The Law Debenture Trust Corporation p.l.c. (**Collateral Agent** or **Law Debenture**) effecting the liquidation of the collateral, as well as the financial intermediaries along the payout chain. The payment to the Investors may be delayed for factual or legal reasons. To the extent the calculation of the current value of Products proves to be incorrect, the collateralisation of the Products may be insufficient."

On page iv of the Base Prospectus the paragraph beginning with "Collateralisation of ETPs, as further described [...]" shall be deleted and replaced by the following:

"None of the Authorised Participants, MG Stover & Co. or Sudrania Fund Services Corporation (the **Administrators**), Bank Frick & Co Aktiengesellschaft (the **Global Paying Agent**), Coinbase Crypto Services, LLC (doing business as Bison Trails), any Counterparty, the Custodian, the Collateral Agent, any Product Calculation Agent, any Index Calculation Agent, and Calculation Agent, any Swiss Paying Agent, other paying agent or any listing agent has separately verified the information contained herein., or any other further information supplied in connection with the Programme or any of the Products or their distribution."

AMENDMENTS TO THE "RISK FACTORS" SECTION

Base Prospectus on p. 26, the risk factor "Special Risks related to Crypto Assets as Underlyings" shall be deleted and replaced by the following:

"Special Risks related to Crypto Assets as Underlyings"

Users of Crypto Assets, such as crypto currencies, and therefore investors in products with Crypto Assets and as an underlying, such as the Products, are exposed to elevated risk of fraud and loss, including, but not limited to, through cyber-attacks. Several exchanges specializing in sales of Crypto Assets such as Bitcoin, for example, have already had to cease their activities or have been closed for other reasons, including, in some cases, because of cyber-attacks. Crypto Assets, such as the Underlyings or Underlying

Components of any Product and Crypto Assets used as collateral, such as the Collateral, can be stolen. Crypto Assets are stored in a crypto wallet, accessible via a private key, which can be compromised. While crypto wallets do not store or contain the underlying currency, they store public and private keys, which are used as an address for receiving the Crypto Asset or for spending the Crypto Asset, and both forms of transactions are recorded on the public immutable ledger, the blockchain. By using the private key, a person is able to spend the Crypto Asset, effectively sending it away from the account and recording that transaction on the immutable ledger, the blockchain. If a private key is compromised, the Crypto Assets associated with that specific public key may be stolen. Unlike traditional banking transactions, once a transaction has been added to the blockchain, it cannot be reversed.

Thefts and cyber-attacks can have a negative impact on the reputation of the currency or the market place concerned and thus affect negatively the market price of Crypto Assets. Through the Products, Investors would indirectly participate in such a negative performance, and a loss, including a total loss, would be possible. While the Issuer and the Custodian for the Collateral have taken reasonable measures to prevent a theft or hacking of the Underlyings or Underlying Components also used as Collateral for the Products, such event cannot be fully excluded and the losses associated with such an event would be borne by Investors. Moreover, incidences of theft or hacking of Crypto Assets other than the Collateral can also negatively influence the market price, value, or liquidity of the Crypto Assets used as Underlyings and Collateral for a specific Product.

Certain Crypto Assets, such as Bitcoins, can be used pseudonymously and do not have to be traded through government institutions or banks. They can be purchased directly from an owner or a certain trading venue. These platforms are generally not regulated. Investors thus face increased risk of the Issuer identifying occurrence of a trading disruption in the broader Crypto Asset market, which could affect the value of their investment in the product.

The market value of most Crypto Assets is not based on any kind of claim, nor backed by any physical asset. Instead, the market value depends entirely on the expectation of being usable in future transactions and continued interest from investors. This strong correlation between an expectation and market value is the basis for the current and probably future volatility of the market value of most Crypto Assets and may increase the likelihood of momentum pricing.

Certain Crypto Assets can be used for staking, a consensus algorithm used by some blockchains to validate agreements. Such Crypto Assets are subject to the risk of slashing. Slashing is a mechanism built into proof of stake blockchain protocols to discourage validator misbehavior. Slashing is designed to incentivize node security, availability, and network participation. The two key misbehaviors that incur slashing are downtime and double signing. While the specifics of slashing are defined within each protocol, the mechanism is similar: a predefined percentage of a validator's tokens are lost when it does not behave consistently or as expected on the network."

AMENDMENTS TO THE "GENERAL INFORMATION" SECTION

The Base Prospectus shall be supplemented by the insertion of the following paragraph on page 125 in the section "General Information – Description of Service Providers" before the heading "Flow Traders B.V.":

"Coinbase Crypto Services, LLC (doing business as Bison Trails)

Coinbase Crypto Services, LLC (USA), doing business as Bison Trails (Bison Trails), will act as a delegated staking service with respect to certain Underlyings or Underlying Components serving as Collateral. Bison Trails is a Delaware limited liability company with its head office located at 16 Vestry

Street, New York, NY 10013, and with its registered office located at 1209 Orange St., Wilmington, DE 19801. Bison Trails is organized under Delaware law, was formed as a Delaware limited liability company via filing of its Certificate of Formation with the State of Delaware on December, 7, 2020 with an indefinite intended duration, and has been assigned registration file number 4368135. Bison Trails was initially formed as Bison Trails Co., a Delaware corporation, and was subject to a merger resulting in the existence of Bison Trails in its current form as Coinbase Crypto Services, LLC pursuant to that certain Certificate of Merger for the Merger of Banana Merger Sub I, Inc. with and into Bison Trails Co. (the Merger Sub I Certificate of Merger), and that certain Certificate of Merger for the Merger of Bison Trails Co. with and into Banana Merger Sub II, LLC (the Merger Sub II Certificate of Merger), both executed and filed with the State of Delaware on February 8, 2021.

As provided in Article III of the Amended and Restated Articles of Incorporation of Bison Trails Co., as restated in the Merger Sub I Certificate of Merger, the stated purpose of Bison Trails is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

Bison Trails is a wholly owned subsidiary of Coinbase Global, Inc., a Delaware corporation."

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