

## ISSUE-SPECIFIC SUMMARY

### 1. Introduction and Warnings

The 21Shares Crypto Basket Index (Ticker HODL) seeks to track the investment results of an index composed of top 5 crypto currencies ranked by market capitalization

Product Name	Ticker	ISIN	Valor	Currency	Units	Collateral
21Shares Crypto Basket Index	HODL	CH0445689208	44568920	USD	8,030,000	Bitcoin, Ethereum, Ripple, Bitcoin Cash, Litecoin

The issuer and offeror of the securities is 21Shares AG (LEI: 254900UWHMJRRODS3Z64, Swiss Company Number: CHE-347.562.100), a Swiss based stock corporation. The base prospectus was approved by the Swedish Financial Supervisory Authority (**SFSA**) on November 19<sup>th</sup> 2020. The SFSA approval of the base prospectus should not be understood as an endorsement of these securities.

21Shares AG	SFSA
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Warnings:

- this issue-specific summary should be read as an introduction to the base prospectus and the final terms in respect of these securities;
- any decision to invest in the securities should be based on a consideration of the base prospectus as a whole by the investor and together with the final terms in respect of these securities;
- the investor could lose all or part of the invested capital;
- a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the prospectus before the legal proceedings are initiated;
- civil liability attaches only to those persons who have tabled this issue-specific summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the base prospectus and the relevant final terms, or where it does not provide, when read together with the other parts of the base prospectus and such final terms, key information in order to aid investors when considering whether to invest in these securities;
- You are about to purchase a product that is not simple and may be difficult to understand.

### 2. Key information on the issuer

**Who is the issuer of the securities?**

*Domicile and legal form etc.*

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

*Principal activities*

21Shares AG was set up to issue exchange traded products and other financial products linked to the performance of Crypto Assets and indices of Crypto Assets. The Issuer will also engage in other

activities related to the maintenance of the Programme and the creation of new crypto-linked financial products. It does not have any other revenue generating business activities.

#### *Major shareholders and control*

Ownership of the shares in the Issuer is highly concentrated, with one company, Jura Pentium Lts holding all, and three individuals indirectly controlling more than 80%, of the voting shares.

#### *Key management*

The board of 21 Shares AG consists of: Ophelia Snyder, Hany Rashwan and Laurent Kssis.

#### *Auditors*

The board has appointed the following statutory auditors: Copartner Revision AG, St. Alban-Anlage 46, 4052 Basel, Switzerland.

*What is the key financial information regarding the issuer?*

<b>Income Statement</b>	<b>2019 YTD</b>	<b>2018</b>
Operating Profit / Loss	(459,673)	(502,462)
<b>Balance Sheet</b>		
	<b>2019 YTD</b>	<b>2018</b>
Net Financial Debt (Long Term Debt plus Short Term Debt minus Cash)	(813)	1,811
Current Ratio (Current Assets / Current Liabilities)	1.0x	1.0x
Debt to Equity Ratio (Total Liabilities / Total Shareholder Equity)	(22.9x)	(14.1x)
Interest Coverage Ratio (Operating Income / Interest Expense)	N/A	N/A
<b>Cash Flow Statement</b>		
	<b>2019 YTD</b>	<b>2018</b>
Net Cash Flows from Operating Activities	(525,579)	N/A
Net Cash Flows from Investing Activities	–	N/A
Net Cash Flows from Financing Activities	528,202	N/A

***What are the key risks that are specific to the issuer?***

#### ***Market risk***

The prices of these derivative instruments are determined by forces such as actual market volatility, expected market volatility, other economic and financial conditions and trading speculations. Market volatility may result in the Issuer incurring losses despite hedging arrangements. The Issuer is highly indebted. Should the Issuer be unable to raise additional capital, there are limited reserves to maintain company operations, which may result in the inability of the Issuer to continue as a going concern.

*Risk Rating: High*

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

The business activities of the Issuer concerns securities related to the Crypto Assets. The focus of the Issuer's business activities is issuance of ETPs relating to Bitcoin, Bitcoin Cash, Ethereum, XRP, Litecoin, Stellar Lumens, EOS, NEO, BNB, Tezos, Cardano, or an Index comprising two or more of the foregoing. If the Crypto Assets do not become successful or become less successful going forward and if the Issuer cannot adapt to such changed circumstances, the Issuer may be unsuccessful in carrying out its business which may lead to a decrease in the value of the ETP.

*Risk Rating: Medium*

#### ***Credit risk***

Irrespective of the collateralisation, the creditworthiness of the Issuer may affect the market value of any Products and, in the event of a default, insolvency or bankruptcy, Investors may not receive the amount owed to them under the General Terms and Conditions. The Issuer will be exposed to the

credit risk of a number of counterparties with whom the Issuer transacts, including, but not limited to, the Custodian, the Administrator, Wallet Provider(s), Depositories, Paying Agents, Market Makers, Authorised Participants and exchanges.

*Risk Rating: Medium*

#### **Operational risk**

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

*Risk Rating: Low*

#### **Business risks**

The failure to pass any audit regarding the Issuer's compliance with regulations or to be found in breach of regulations applicable to the Issuer, new legislation or regulations, and should the supply of Crypto Assets be constrained or a disruption to Authorised Exchanges occur, the Issuer may be unable to issue additional securities, which may impact the Issuer's performance and creditworthiness.

*Risk Rating: Medium*

### **3. Key information on the securities**

#### ***What are the main features of the securities?***

21Shares Crypto Basket Index (HODL) is a non-interest bearing, open-ended debt security. Each series of the product is linked to an index or a specific underlying asset (21Shares Crypto Basket Index). HODL has 8,030,000 aggregate number of products represented. No series of this product has a scheduled maturity date or a maximum number of securities. Additional units of the products may be issued at any time. The securities carry an annual put option and a continuous creation/redemption mechanism for authorised participants. These securities are senior secured debt obligations of the issuer. Investors are first lien creditors against allocated pools of crypto assets on a per series basis. The notes are considered transferable securities under MIFID II and do not carry any transferability restrictions.

*Where will the securities be traded?*

The products are traded on: SIX Swiss Exchange, BX Exchange, Stuttgart Exchange and a number of other MTFs. Additional MTF venues may be added from time to time without Issuer knowledge or consent. For the most current list of available trading venues, see [www.amun.com](http://www.amun.com)

*No guarantor*

The Products will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.

#### **What are the key risks that are specific to the securities?**

##### **Market risk due to lack of capital protection**

The ETPs issued under this Base Prospectus does not provide for any capital protection of any amount payable under the ETPs. This causes a risk for investors in the ETPs since parts of or the entire invested amount may be lost due to the market risk associated with the exposure of the ETPs.

*Risk Rating: High*

##### **Regulatory risks**

The lack of consensus concerning the regulation of digital currencies and how such currencies shall be handled tax wise causes uncertainty regarding their legal status. As all digital currencies are as yet

unregulated assets, there is a risk that politics and future regulations will affect the market of digital currencies and companies operating in such market.

*Risk Rating: High*

#### **Risk associated with development of protocols**

The development of any of these digital currencies may be prevented or delayed, should disagreements between participants, developers and members of the network arise. Should a situation arise where it is not possible to reach a majority in the network regarding the implementation of a new version of the protocol, this may mean that, among other things, the improvement of that protocol's scalability may be restrained. Should the development of one of the Crypto Assets' protocols be prevented or delayed, this may adversely affect the value of the currencies.

*Risk Rating: Medium*

#### **Concentration risk**

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

*Risk Rating: Low*

#### **Risk associated with deletion of recent transactions**

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

*Risk Rating: Low*

#### **Risk of the Occurrence of an Extraordinary Event or Secondary Market Fluctuations**

Investors bear the risks of the occurrence of an Extraordinary Event and of a partial or complete loss of their investment. Moreover, the risks of an Extraordinary Event are greater than for similar events with respect to other asset classes (such as investments in securities, funds and deposits) and, unlike in the case of other asset classes, are unable to be mitigated. The market rates in the secondary market will become both higher and lower than the rate to which investors have purchased their ETPs. The market rates in the secondary market may not accurately reflect the price of the relevant Index or Underlying or Underlying Components.

*Risk rating: High*

#### **Risk factors relating to Basket ETPs and Index ETPs**

The negative performance of a single component, i.e. a single Crypto Asset, may outweigh a positive performance of other components and may have a negative impact on the return on the ETPs.

*Risk Rating: Medium*

#### **Realisation of Collateral**

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

*Risk Rating: Medium*

#### **Short or long currency exposure risk**

The ETPs track the movement of the Crypto Assets in relation to the USD and other European currencies. However, most trading in the Crypto Assets occurs in USD. The volatility of USD will have an impact on the investment of each investor and they may therefore lose part of or the investment. The Settlement Amount and the market value of any ETPs will be affected by the nature of the

exposure being provided under the relevant final term sheets. Where the ETPs provide a long exposure and the relevant price instead remains flat or falls this would have a material adverse effect on the market value of such ETPs and the Investors would sustain losses.

*Risk Rating: Medium*

#### **Conflict of Interests of the Issuer and 21Shares Limited**

While the Issuer does not act as the Product Calculation Agent or the Index Calculation Agent, the Issuer reserves the right to make significant changes to the General Terms and Conditions of the Products, which may affect the value of the Products. In addition, the Amun Index is owned by 21Shares Limited, which owns 100% of the Issuer. Jura Pentium Limited has the right to make significant changes to the Amun Index methodology, which may affect the value of the Products.

*Risk rating: Low*

#### **4. Key information on the offer of securities to the public and/or the admission to trading on a regulated market**

##### ***Under which conditions and timetable can I invest in this security?***

These securities will be offered to the public in a number of EU countries (currently Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Spain and Sweden). The offer for these securities is continuous until the expiry of the base prospectus (24 November 2020) (**Offer Period**) and additional investors may enter any given series at any time. Additional tranches of a series may be issued at any time pursuant to further final terms. However, these additional issuances are not dilutive and will be collateralized with an equivalent amount of digital assets as further described in the prospectus.

##### ***Who is the offeror and/or person asking for admission to trading?***

The issuer has given its consent for the Authorised Participants to use the base prospectus in connection with any non-exempt offer of these securities in the countries listed above during the Offer Period by or to each of the following financial intermediaries (each, an **Authorised Offeror**):

Flow Traders B.V. Jacob Bontiusplaats 9, 1018LL Amsterdam, The Netherlands

Jane Street Financial Limited, Floor 30, 20 Fenchurch Street, London EC3M 3BY, United Kingdom

An investor intending to acquire or acquiring any securities from an Authorised Offeror will do so, and offers and sales of the securities to such investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between that Authorised Offeror and such investor including as to price, allocations and settlement arrangements.

These securities contain a base annual fee of 2.5% as well as a subscription/redemption fee to authorised participants. Investors in the product may pay additional brokerage fees, commissions trading fees, spreads or other fees when investing in these products.

##### ***Why is this prospectus being produced?***

This base prospectus is being produced for the purpose of offering these securities to the public in a number of EU member states (currently Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Spain and Sweden). The entire value of the proceeds from issuance of these securities will be used to acquire a corresponding amount of underlying assets relevant to that series.