

**21SHARES US LLC**  
**21SHARES ETHEREUM ETF**  
**ETHEREUM LIQUIDITY AND STAKING POLICY**

**A. PURPOSE**

The purpose of this Ethereum Liquidity and Staking Policy (the “**Policy**”) is to set forth the terms on which 21Shares US LLC, the sponsor (“**Sponsor**”) of the 21Shares Ethereum ETF (the “**Trust**”) may stake the ether held by the Trust, and to provide a policy framework for the ordering of activities related to such staking, including the management of liquidity and other concerns.

**B. SCOPE**

The Sponsor may stake a portion of the Trust’s ether from time to time, and/or engage in liquid staking on behalf of the Trust (“**Staking Activities**”). Any Staking Activity by, or on behalf of the Trust shall be conducted solely in accordance with the terms of this Policy.

**C. POLICY STATEMENT**

The Sponsor will engage, or cause other persons or entities to engage in Staking Activities on behalf of the Trust, subject to the Sponsor’s determination, in its sole discretion, that the Trust may do so without undue legal, regulatory or tax risk.

**D. STAKING PROVIDERS**

1. If the Sponsor decides to stake the Trust’s ether, it will do so by engaging one or more third party staking services providers (each a “**Staking Services Provider**”) to conduct Staking Activities. The Sponsor’s choice of third party Staking Services Providers, and its decision to allocate ether amongst chosen Staking Services Providers, will be based on factors such as the performance, reliability, and reputation of the Staking Services Provider, including monitoring their uptime and slashing history.
2. Except as the Sponsor may otherwise determine, each Staking Services Provider may either act as a public validator or as a private dedicated validator.
3. Should any of the Trust’s Staking Services Providers engage in malicious activity or cause the Trust’s staked ether to be subject to slashing losses, or otherwise perform Staking Activities in an unsatisfactory manner, the Sponsor will immediately review the terms of any applicable agreement with such Staking Services Providers and, if

permitted by such agreement, may in the Sponsor's sole discretion, opt to terminate such agreement(s) with immediate effect.

#### **E. QUANTUM OF STAKE**

1. The Trust may stake a maximum of 100% of its ether holdings. However, the amount of ether that remains unstaked will be determined based on the Trust's Utilization Rate analysis, and accordingly may vary from time to time.
2. Based on Utilization Rate analysis applied to historical data, the Trust generally intends to stake between 40% and 70% of the ether it holds, although the amount of ether that is staked may be lesser or greater from time to time.
3. The precise percentage to be staked will be based on the estimated liquidity needs of the Trust and other factors, as determined by the Sponsor.

#### **F. STAKING PROCEDURES AND SUPERVISION OF STAKING ACTIVITIES BY SPONSOR**

1. The Trust will seek to balance earning staking rewards with maintaining liquidity to meet redemptions. To do so, the Sponsor will from time to time set a target range for the portion of assets staked ("**Utilization Rate**" or "**UR**"), which is based on factors including lock-up periods, historical and stressed redemption activity, Trust size, projected staking yields, staking provider reliability, secondary market liquidity, and broader market conditions.
2. The Trust's target UR range will be determined by analyzing a broad set of factors, including:
  - (i) protocol-specific lock-up or unbonding periods, and whether such periods are fixed or variable;
  - (ii) the Trust's historical redemption activity during comparable lock-up horizons;
  - (iii) drawdowns observed in correlated assets under similar timeframes;
  - (iv) the size of the Trust's assets under management;
  - (v) the concentration and distribution of the investor base;
  - (vi) expected staking yields and how they evolve over time;
  - (vii) the reliability and performance of staking providers, including uptime and slashing history;
  - (viii) secondary market indicators such as share trading volume, bid-ask spreads, and premiums/discounts; and
  - (ix) broader forward-looking market conditions, including liquidity regimes, network events, and protocol upgrades.

3. Staked assets may be considered restricted during their unbonding period, while unstaked assets remain, and are considered, liquid. The Sponsor will monitor these factors daily under both normal and stressed market conditions. If redemption activity pushes the staked portion above the Trust's target range, the Sponsor will initiate un-staking to bring the Trust back within its liquidity parameters.
4. The unbonding period for staked ether can vary subject to the discretion of the Sponsor's request to unstake such assets.
5. The Trust is only permitted to hold the underlying ether only to the extent the Sponsor in its sole discretion determines that the Trust may do so without undue legal or regulatory risk, such as, without limitation, the risk of jeopardizing the Trust's ability to qualify as a grantor trust for tax purposes.

#### **G. REWARDS**

1. Each Staking Services Provider that generates staking rewards will be entitled to compensation determined as a portion of the staking rewards, which is generally expected to be determined by a fixed percentage of the overall rewards amount (the "**Staking Provider Consideration**"). The percentage of rewards to be paid to each Staking Services Provider may vary.
2. The custodian of the Trust's crypto assets (the "**Custodian**") is responsible for paying the Staking Provider Consideration from the Trust's account, which may be paid directly to the Staking Services Provider or indirectly through the Custodian's own accounts.
3. Staking rewards are recorded as staking income to the Trust and are recognized at fair value when earned. Staking rewards are received in general daily at the Trust's custodian account, as earned.
4. Staking rewards will be added to the Trust's assets and accrete to the Trust's net asset value. Subject to the Sponsor's determination, in its sole discretion, that the Trust may do so without undue legal, regulatory or tax risk, the Trust may distribute its staking rewards directly to its shareholders. Rewards for staked ether may be accrued in an epoch even before the staked ether is unbonded. Once accrued, such ether rewards will be considered part of the Trust's assets, even if unbonding has not occurred.

## H. Liquidity Management

1. The Trust will identify one or more banking institutions as the custodian (the “Cash Custodian”) of the Trust’s cash and cash equivalents (which may include stablecoin). The Cash Custodian will establish and maintain cash account(s) for the Trust, and, upon instructions from the Sponsor acting on behalf of the Trust, facilitate cash transfers and cash payments from the Trust’s account(s).
2. Subject to the Sponsor’s determination, in its sole discretion, that the Trust may do so without undue legal, regulatory or tax risk, the Trust may utilize short-term borrowing of ether or cash (“Trade Credits”) from a lender to execute creation/redemption transactions. Trade Credits may be subject to daily authorized limits and generally repaid by 6:00 PM ET on the business day immediately following the day such Trade Credit was extended. Subject to the Sponsor’s determination, in its sole discretion, that the Trust may do so without undue legal, regulatory or tax risk, Trade Credits may be secured by liens on the Trust’s trading and vault balances.
3. If Trade Credits are unavailable, the Trust may directly pre-fund creation/redemption transactions.
4. Except for the Trade Credit financing transactions described herein, the Trust may not lend, pledge, or use Trust assets as collateral, and may not employ leverage, derivatives, or similar arrangements in its investment operations.
5. At any time, up to 100% of the Trust’s assets may be segregated, pledged, hypothecated, encumbered, or otherwise restricted or prevented from being liquidated, sold, transferred or assigned. The Sponsor will monitor this percentage daily under stressed and normal conditions in consideration of whether it is appropriate for effective and efficient arbitrage.

## I. Liquid Staking

1. Subject to the Sponsor’s determination, in its sole discretion, that the Trust may do so without undue legal, regulatory or tax risk, the Sponsor may also seek to utilize alternative means to engage in Staking Activities, including by investing in liquid staking protocols, which are staking protocols that provide a freely-tradeable digital token called a “**Liquid Staking Token**” that represents the ether staked with the staking protocol.

2. Liquid Staking Tokens may only be acquired by the Trust if the Trust were to make a determination that the Liquid Staking Token represents beneficial ownership of the underlying Ether for U.S. federal income tax purposes and that acquisition of the Liquid Staking Token did not vary the investments of the Trust and the Sponsor's determination, in its sole discretion, that the Trust may do so without undue legal, regulatory or tax risk.

#### **J. Amendment and Revisions**

The Sponsor may, at its sole discretion, amend and/or revise this Policy from time to time. This Policy shall be reviewed by the Sponsor at least on an annual basis.