

# **Base Prospectus**

for the issuance of

**Exchange Traded Products (“ETPs”)**

Under the issuance programme of

**Pando Asset AG**

## IMPORTANT INFORMATION WITH REGARDS TO THE OFFERING

This Base Prospectus ("Base Prospectus") contains information relating to the Exchange Traded Products ("ETPs") to be issued under the programme ("Programme"). Pando Asset AG ("Issuer") may issue from time-to-time ETPs or Securities under this Base Prospectus and apply for such ETPs to be admitted to trading and listed on one or more regulated markets in Switzerland or in any other jurisdiction.

The Products may contain ETPs based on underlying asset(s) to be specified in the relevant Final Terms, including, without limitation, certain crypto assets (as defined herein) and baskets or indices comprised thereof, or any combination thereof. Neither the Products nor the Issuer have been or are expected to be rated.

**This document constitutes a Base Prospectus according to Art. 8 of the Regulation (EU) 2017/1129 ("Prospectus Regulation") and has been approved by the Financial Market Authority Liechtenstein ("FMA") as competent authority according to the Prospectus Regulation on 7 April 2022. The FMA has approved this Base Prospectus solely regarding completeness, consistency, and comprehensibility according to the Prospectus Regulation and the Delegated Regulation (EU) 2019/980 ("Delegated Prospectus Regulation").**

Such approval should not be considered as an endorsement of the Issuer who is subject of this Prospectus. Such approval should not be considered as an endorsement of the quality of the Securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities.

The Issuer is not supervised by any regulator and the ETPs are not guaranteed or secured in an equivalent manner by an institution supervised by any regulator.

The detailed terms applicable to a series of ETPs issued under this Base Prospectus are set forth in final terms ("Final Terms"). The ETPs are secured by collateral in the amount of the outstanding ETPs. The collateral is held in custody with custodians such as Coinbase Custody Trust Company LLC, as specified in the relevant Final Terms ("Custodians").

The Products will be issued in series (each, a Series). The obligations of the Issuer under each Series of Securities are limited to give the Issuer economic exposure to the Underlying Digital Assets. The Investors will benefit from a Pledge Agreement related to the claims with regards to the accounts of the Issuer. If the net proceeds of the enforcement of the Security over the claim with regards to an account holding the Underlying Digital Assets for a Series of Securities are not sufficient to make all payments then due in respect of the Securities of that Series and, if applicable, the claims of any other Parties (as defined in the Final Terms), no other assets of the Issuer (if any) will be available to meet any shortfall. The Issuer will not be obliged to make any further payments in excess of such net proceeds and no debt shall be owed by the Issuer in respect of such shortfall. Each Series will be subject to the General Terms and Conditions set forth in this Base Prospectus (the **General Terms and Conditions**), as completed, supplemented and/or amended by the relevant Final Terms relating to such Series (together, the **Product Documentation**). In the event of any inconsistency between the General Terms and Conditions and the Final Terms, the Final Terms shall prevail.

This Base Prospectus does not describe all of the risks of an investment in Securities. This Base Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Collateral Agent, the Paying Agent, the Custodian or any other stakeholder that any recipient of this Base Prospectus should purchase the Securities.

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**The Products and the underlying collateral in respect of the Products are highly speculative and involve a high degree of risk, including the risk of a total loss of all capital invested. See "Risk Factors".**

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ETPs issued under this Base Prospectus are non-equity linked Securities replicating and do not bear interest and are not principal-protected. The value of the ETPs and any amounts payable under the ETPs will depend on the performance of the underlying and the exchange rates applicable to the specific ETPs. **As such the ETPs and the underlying collateral in respect of the ETPs are highly speculative and involve a high degree of risk, including the risk of a total loss of all capital invested.** Whether the ETPs constitute a suitable investment must be assessed in light of each Investor's own circumstances. Neither this Base Prospectus nor any marketing material relating to the ETPs constitute investment advice, financial advice or any other kind of advice to Investors. Investors must make a suitability assessment regarding investments in the ETPs or consult with the Investor's professional advisers.

An investment in the ETPs is only suitable for Investors who have sufficient experience and knowledge to assess risks related to the investment and is only suitable for Investors who also have investment objectives that match the ETPs' exposure and other characteristics and have the financial means to bear the risks associated with the investment.

Potential Investors should ensure that they understand the nature of the ETPs and the extent of their exposure to risks, including by means of their underlying(s), and they should also consider the suitability of the Products as an investment in the light of their own circumstances and financial condition. Potential Investors must also ensure that they have sufficient knowledge, experience and professional advice in order to make their own legal, financial, tax, regulatory, accounting and other business evaluation of the merits and risks of investing in Products issued under the Programme. In particular, if an Extraordinary Event (as defined herein) occurs, neither the Issuer nor any other person shall be liable to compensate Investors for any losses that they may bear.

The Products may not be a suitable investment for all Investors. Each potential Investor must determine the suitability of that investment in light of its own circumstances and consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Products, the merits and risks of investing in the Products and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Products and the impact the Products will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Products, including Products with principal in one or more currencies, or where the currency for principal is different from the potential Investor's currency;
- understands thoroughly the terms of the Products; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities issued under the Programme **do not qualify as units of a collective investment scheme according to the relevant provisions of the Swiss Federal Act on Collective Investment Schemes ("CISA")**, as amended, and are not licensed thereunder. Therefore, the Securities are neither governed by the CISA nor supervised or approved by the Swiss Financial Market Supervisory Authority FINMA ("FINMA"). Accordingly, Investors do not have the benefit of the specific Investor protection provided under the CISA. Any investment in the Securities do not have the status of a bank deposit and is not within the scope of any deposit protection scheme.

The Securities will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. **Investing in the Securities therefore entails an issuer risk**, meaning that Investors might bear losses if the Issuer defaults, becomes insolvent or any other case of negative changes in the financial condition of the Issuer.

ETPs issued under this Base Prospectus are non-equity linked Securities and do not bear interest and are not principal-protected. The value of the ETPs and any amounts payable under the ETPs will depend on the performance of the underlying assets and the exchange rates applicable to the specific ETPs. **As such the ETPs and the underlying collateral in respect of the ETPs are highly speculative and involve a high degree of risk, including the risk of a total loss of all capital invested.**

The Issuer shall prepare a supplement (each, a **Supplement**) to this Base Prospectus or publish a new Base Prospectus if there is a significant change affecting any matter contained in this Base Prospectus or a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen when this Base Prospectus was prepared or in any other situation required under the FinSA.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under additional law.

**The offering or sale of the ETPs in certain jurisdictions may be restricted by law including because of certain Underlyings or Underlying Components. For a description of certain restrictions on offers and sales of Products and on the distribution of this Base Prospectus, see the section headed "Selling Restrictions". Persons who obtain possession of this Base Prospectus and/or the Product Documentation are required to inform themselves about and to adhere to any such restrictions. Neither this Base Prospectus nor the Product Documentation constitutes or may be**

**used for the purposes of, an offer or solicitation to subscribe for or to purchase any ETP in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, this Base Prospectus or the Product Documentation should not be used by anyone for this purpose**

The ETPs have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or with any Securities regulatory authority of any State or other jurisdiction of the United States and (i) may not be offered, sold or delivered within the United States to, or for the account or benefit of U.S. Persons (as defined in Regulation S (**Regulation S**) under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state Securities laws and (ii) may be offered, sold or otherwise delivered at any time only to transferees that are Non- United States Persons (as defined by the U.S. Commodities Futures Trading Commission). **These products have not been approved or disapproved by the United States Securities and Exchange Commission or any other Securities commission or regulatory authority in the United States, nor have any of the foregoing authorities evaluated the merits of or approved the offering of the products or approved this prospectus or certified the accuracy or adequacy of the information contained in this prospectus. Any allegation to the contrary is a criminal offense in the United States.** For a summary of certain restrictions on sale and resale, see "Selling Restrictions".

### **The Issuer**

The **Issuer is not supervised by any regulator** and the **ETPs are not guaranteed** or secured in an equivalent manner by an institution supervised by any regulator.

The Issuer intends to make application to SIX Swiss Exchange Ltd, other stock exchanges and regulated or unregulated markets including multilateral trading facilities within Switzerland, the EEA or abroad for certain Series of Securities issued on the basis of this Base Prospectus to be admitted to trading. There can be no assurance that any application for listing will be successful or that, if successful, the admission to listing will be maintained for the term of the Securities. The Issuer reserves the right not to make applications for certain Series of Securities or to subsequently unlist certain Series of Securities.

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

### **The Investor**

You are about to purchase an ETP that is not simple and may be difficult to understand. ETPs are complex, involving a significant degree of risk. In particular, an investment in Securities giving exposure to the daily performance of the Underlying Digital Assets is only appropriate for Investors that understand the risk associated with the applicable Series of Securities. Prospective purchasers of Securities should obtain their own independent accounting, tax and legal advice and should consult their own professional investment advisors in order to determine the merits and risks of an investment in the Securities and the suitability to them of an investment to them in the light of their own circumstances and financial condition.

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.

During the term of the Products, the Transaction Documents as well as this Base Prospectus can be ordered by an Investor free of charge from Pando Asset AG at c/o Centralis Switzerland GmbH, Bahnhofstrasse 10, 6300 Zug, Switzerland, via e-mail [etp@pandoasset.com](mailto:etp@pandoasset.com).

**Other stakeholders**

Other stakeholders in the Programme is the Market Maker who ensures an orderly market in the Securities, the Custodian which holds the Underlying Digital Assets, the Paying Agent which registers and de-registers the Securities with SIX SIS Ltd., and the Calculation Agent who calculates the NAV of each Series of Securities.

**The ETPs are obligations only of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.**

## **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS**

Some statements in this Base Prospectus are and/or may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections captioned "*Risk Factors*", "*Information About the Issuer*", "*General Description of Certain Underlyings or Underlying Components*" and other sections of this Base Prospectus. The Issuer has based these forward looking statements on its current view with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, forward looking statements are uncertain by nature and if one or more of the risks or uncertainties materialise, including those identified in the sectioned captioned "*Risk Factors*" or which the Issuer has otherwise identified in this Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, events relating to the Issuer and the Issuer's actual results may be materially different from those expected, estimated or predicted.

Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

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# 1 GENERAL DESCRIPTION OF THE PROGRAMME

The following overview of the Programme and the Securities has no claim to be comprehensive and is subject to and qualified by the detailed information contained elsewhere in this Prospectus and in the Final Terms in respect of each Series of Securities.

## 1.1 Prospectus

This Prospectus has been approved by the Liechtenstein Financial Market Authority FMA on [ 7 April 2022] as responsible authority under Regulation (EU) 2017/1129. The FMA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Issuer who is subject of this Prospectus. Such approval should not be considered as an endorsement of the quality of the Securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities.

The Prospectus permits offers of Securities to the public in Liechtenstein and Switzerland. The Issuer has requested the FMA to notify the approval of the Base Prospectus to the competent authorities of Germany, France, Austria, Ireland, Malta, Luxembourg, Netherlands, Belgium. The Securities can be listed on Relevant Stock Exchanges in these countries.

The offering or sale of the ETPs in certain jurisdictions may be restricted by law including because of certain underlyings. The Base Prospectus must not be distributed to countries where the prospectus does not meet the law or rules of such country or that require a translation or a filing with national authorities that has not been completed. Persons holding the Base Prospectus or any ETPs issued under the Base Prospectus must stay informed of and observe any restrictions under the Base Prospectus.

The Issuer shall prepare a supplement (“**Supplement**”) to this Base Prospectus or publish a new Base Prospectus if there is a significant change affecting any matter contained in this Base Prospectus or a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen when this Base Prospectus was prepared.

## 1.2 Securities and Series of Securities

A Security is an unlimited, secured, limited recourse debt obligation of the Issuer. The Security tracks the price development of the underlying Digital Assets. The Securities can entitle an Investor, or the Authorized Participant, to request redemption of the Security. All Securities are fully transferable.

The Terms and Conditions, in particular the Minimal Investment Amount and the Maximum Investment Amount, are set forth in the Final Terms. There is no intension or plans that the Securities will be attached with a rating.

Any person may buy and sell Securities on a Relevant Stock Exchange, provided that person is capable of buying and selling such Securities under the applicable law to and rules of the Relevant Stock Exchange. The Securities are backed by quantities of relevant Underlying Asset(s) held in accordance with the Terms and Conditions and the relevant Final Terms. An Investor, who is not an Authorised Participant, may apply for and/or redeem certain Series of Securities directly with the Issuer as described in more detail in this Base Prospectus or in the relevant Final Terms. The Issuer may apply to the Relevant Stock Exchange that all the Securities to be issued will be admitted to the Relevant Stock Exchange and will be admitted to trading. The Issuer intends to list the Securities in the Exchange Traded Product Segment of the SIX Swiss Stock Exchange Limited.

Securities can be issued to or redeemed by Authorised Participants on a daily basis. Following the Authorised Participant giving the Issuer a Notice that prospective Investors who are not Authorised Participants are permitted to apply for issuance of Securities of a Series directly from the Issuer, such Investors may request the issue of Securities of such a Series directly with the Issuer in accordance with the conditions set out in such a Notice.

In case of redemption of the Securities or any Series of Securities by an Investor entitled to do so on an Investor Put Date, the Issuer confirms that in these circumstances, Investors who are not Authorised Participants will be able to

receive cash via the Cash Redemption Mechanism, unless the Issuer opts for Physical Redemption as detailed in the relevant Final Terms. Such Cash Redemption request will only be valid if the Issuer, acting in good faith and in a commercially reasonable manner, deems it to meet the following requirements:

- The Final Terms forth that Investors may redeem directly with the Issuer and such circumstances are continuing at the time the Cash Redemption request is made (or in-kind redemption);
- A valid Redemption Notice has been lodged with the Issuer along with payment of the relevant fees (as described below);
- The Investor has satisfied anti-money laundering, client identification as well as other legal and regulatory requirements prescribed by the Issuer in light of the applicable requirements at such point in time;

The amount that the Investor will receive will be the amount realised from sale of their Underlying Assets related to the Securities minus any Redemption Deductions. There can be no assurance of the amount that will be received by the Investor.

In addition to the Cash Redemption Mechanism which the Issuer will provide in the circumstances where there are no Authorized Participants (as described above), each Investor who is not an Authorized Participant will have no control over whether redemption is affected by physical delivery or in cash, unless a physical redemption is not possible for legal or regulatory reasons.

### 1.3 Parties to the Programme

**Authorised Participants:** Flow Traders B.V, or any other Authorised Participant as specified in the applicable Final Terms. The Issuer may appoint several Authorised Participants in relation to a Series of ETPs.

**Calculation Agent:** Invierno AB or any other Calculation Agent as specified in the applicable Final Terms.

**Collateral Agent:** GisselbRecht & Wirtschaft AG or any other Collateral Agent as specified in the applicable Final Terms.

**Custodian:** Any custodian, such as Coinbase Custody Trust Company LLC, as specified in the applicable Final Terms. The Issuer may appoint several custodians in relation to a Series of ETPs.

**Issuer** is Pando Asset AG - a company limited by shares established in Switzerland having its seat in Zug, Switzerland. The ETPs will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.

"**Index Administrator**" means Invierno AB, Reg no. 559207-4172, Box 5193, 10244 Stockholm, Sweden, owner of the trademark Vinter and any permitted successor, replacement or third party.

**Market Maker:** For the listing on SIX Swiss Exchange, Flow Traders B.V. or any other market maker as specified in the applicable Final Terms. The Issuer may appoint several market makers in relation to a Series of ETPs.

**NAV Calculation Agent:** Sudrania Fund Services Corp.

**Paying Agent** will register the newly issued or to be redeemed Securities with a Central Securities Depository. It is a Swiss authorized investment firm or bank.

### 1.4 Flow of Funds of the Securities

Securities can be bought and sold for cash on the Relevant Stock Exchanges on which the Securities or Series of Securities may be admitted to trading rather than directly from the Issuer. Investors can purchase Securities through their normal brokerage accounts held with their broker. Market Makers work to ensure that there is sufficient liquidity on the Relevant Stock Exchanges. To aid this process, the Issuer will enter into agreements (known as Authorised Participant Agreements) with certain financial institutions – Authorised Participants – whereby it has agreed to issue and redeem Securities to those Authorised Participants on an ongoing basis. Authorised Participants are typically Market Makers as well.

An Authorised Participant must deliver the Contribution paid in corresponding to the Underlying Assets meeting the requirements as set out by the relevant Custodians equal to the aggregate Underlying Assets into the Accounts at the Custodians. Only once the Contribution and / or Underlying Assets have been received will the Issuer create the relevant Series of Securities and deliver them to the Authorised Participant via the Relevant Clearing System. The Authorised

Participant may then sell the Securities on the Relevant Stock Exchange, sell the Securities in off exchange transactions (known as “OTC” or “Over-the-Counter” transactions), if entitled to do so, or keep the Securities to hold themselves.

Investors other than Authorised Participants can buy and sell Securities for cash on any of the Relevant Stock Exchanges or in private transactions (OTC), if entitled to do so, in the same way as they buy and sell other listed Securities. As the value of the relevant Underlying Assets backing the Securities fluctuates, so will the value of such Securities. Once the Securities are created, the relevant Underlying Assets will be held with all other relevant Underlying Assets attributable to such Series of Securities in the relevant secured Accounts at the Custodians in the name of the Issuer.

The Issue Price and the amount of the relevant Securities will be determined before filing of the applicable Final Terms of each Series of Securities based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any of the Series of Securities.

### **1.5 Security Structure**

The structure of the Securities has been established to provide Security for the Redemption Obligations of the Issuer to Investors upon the redemption of Securities. There is a pledge related to each Account held with Custodians. In the event that there is more than one Custodian in respect of a particular Series of Securities, the Issuer shall not be required to place the relevant Underlying Asset with a specific Custodian. The description of the Security structure relevant for each Series of Securities is set out in more detail in the relevant Schedule.

### **1.6 Relevant Clearing System and Settlement**

The Securities may be issued without a maturity date, unless specified otherwise in the relevant Final Terms. The Securities are debt instruments issued in the form of uncertificated Securities (Wertrechte) according to Art. 973c Swiss Code of Obligations.

The settlement of transactions in Securities will take place within the Relevant Clearing System. Initially, the initial Relevant Clearing System will be SIX SIS Ltd.

### **1.7 No responsibility for settlement systems**

The Issuer will not have any responsibility for the performance by the Relevant Stock Exchange or Relevant Clearing System of any of their respective obligations under the rules and procedures governing their operations.

## **2 ECONOMIC OVERVIEW OF THE PROGRAMME**

### **2.1 Overview of the Series of Securities**

The Issuer may from time to time issue Series of Securities under the Programme, that seek to provide exposure on a 1:1 basis to one or more Underlying Digital Assets, Underlying Asset and/or an Underlying Index on the terms set out in this Base Prospectus and the Final Terms relating to such Series of Securities. The return on each Series of Securities is intended to replicate, to the extent practicable, the value and yield performance (before fees and expenses) of the relevant Underlying Assets and/or Underlying Index. The value of each Security corresponds at all times at least to 100% of the Underlying Digital Assets, Underlying Assets, or the Underlying Index or a replacement thereof, as set forth in the Final Terms.

The sole purpose of the Issuer is to serve as an SPV in order to issue Series of Securities under the Programme with the purpose to raise assets to be invested as set forth in this Base Prospectus and the Final Terms.

The value of the Security will reflect the value of each Series of Securities in which the Issuer will invest the proceeds of the issue of such Series of Securities.

### **2.2 Form of Securities**

In accordance with the relevant provisions of the documents, the Securities have been and will only be issued in the form of uncertificated Securities (Wertrechte). The Issuer might decide to replace the Securities by one or more global certificates that evidence all of the Securities of a Series outstanding at any time. The Investor is not entitled to call for the issue of physical Securities or evidentiary documents. The rights incorporated in the ETPs are created by means of a registration in the Issuer's register of uncertificated Securities (Wertrechtbuch). Such ETPs will then be registered in the Main Register (Hauptregister) of the Clearing System. Once the ETPs are registered in the Main Register of the Clearing System and entered into the accounts of one or more participants of SIS, they will constitute intermediated Securities (Bucheffekten, or Intermediated Securities) in accordance with the Federal Intermediated Securities Act (FISA).

None of the Issuer, the Investors, the Paying Agent or any other person shall at any time have the right to affect or demand the conversion of ETPs (as uncertificated Securities) into, or the delivery of, a permanent global certificate (Globalurkunde) or individually certificated Securities (Wertpapiere). As long as the ETPs remain registered with the Clearing System, the ETP may only be transferred or otherwise disposed of in accordance with the provisions of the FISA by entry of the transferred ETP in a Securities account of the transferee. The records of the Clearing System will determine the number of ETPs held through each participant in the Clearing System. In respect of the ETPs held in the form of Intermediated Securities, the holders of the ETPs will be the Investors.

### **2.3 Overview of the Products**

The Issuer may from time-to-time issue Products under the Programme, linked to Underlyings or baskets of Underlyings providing exposure to a range of Crypto Assets on the terms set out in the section of this Base Prospectus headed "*General Terms and Conditions*", and read in conjunction with the Final Terms relating to such Tranche.

If Products are related to an Index, the return on each Series of Products will be linked to the performance of the applicable Index, as the Redemption Amount will be derived from the closing price of such Index on the relevant price fixing date.

### **2.4 Price per Product**

On the Issue Date of the Series, the Price per Product will be equal to its Issue Price. On a Redemption Date the Price per Product will be the Redemption Amount calculated in accordance with the formula set out in the relevant Final Terms. The Redemption Amount shall not be less than the smallest denomination of the Settlement Currency (i.e., U.S.\$0.01, €0.01, CHF 0.01, £0.01 or the equivalent in other Settlement Currencies).

## **2.5 Issue Price**

The Issue Price in respect of a Series of Securities will be specified in the Final Terms relating to such Series of Securities. It will always be in legal tender. The Issue Price will economically be equivalent to the Crypto Asset Collateral, being the amount of Crypto Assets collateralising a Product on the Issue Date, unless otherwise specified in the applicable Final Terms.

## **2.6 Use of issue proceeds**

The net proceeds of issuance of each Series of Securities on the Issue Date of such Series will be invested in the Underlying Assets, to the extent practicable the value and yield performance (before fees and expenses) of the relevant Assets. The Issuer will invest the net proceeds in the Vinter Pando Crypto Indexes. The Vinter Pando Crypto Indexes are a family of benchmarks. The indexes are developed to provide a rule-based and transparent way to track the value of a portfolio. Each index measures the value of an investment strategy. The investment decisions are based on the Vinter Pando Crypto Basket 6 Index (PANDO6) and contains the six largest crypto assets. The index is rebalanced quarterly.

The Issuer will be entitled with regards to each Series of Securities to either physically or economically, e.g. by means of a Swap, loan the Underlying Assets or Underlying Digital Assets to third parties to optimize the return on the Securities if in compliance with all applicable rules and regulations.

## **2.7 Interest on the Series of Securities**

The Series of Securities do not bear interest.

## **2.8 Amount payable on the maturity of the Securities**

Unless previously redeemed in whole or purchased and cancelled by the Issuer, or set forth otherwise in the relevant Final Terms, each Series of Securities has no fixed Maturity Date.

In case of a redemption of a Security, the redemption amount per Security will be calculated by the Calculation Agent as an amount equal to the value of such Security, less such Security's pro rata share of any costs and expenses incurred by or on behalf of the Issuer in any realisation of any Underlying Assets or Underlying Index.

## **2.9 Redemption**

The Issuer may terminate and redeem a Series of ETPs in whole but not in part at any time, at the Issuer's sole discretion and without any further prior consent of the Investors, on the Redemption Date by publishing a Termination Notice in accordance with the Conditions.

On each Investor Put Date (as specified in the relevant Final Terms), an Investor holding Products may, by no less than 30 days' and no more than 60 days' notice to (i) the Global Paying Agent if the Products are listed on SIX or (ii) the Issuer if the Products are not listed on SIX, redeem the Products held by such Investor, in an amount of Products corresponding to such Investor's Redemption Notice.

Authorised Participants may request the Issuer to terminate and redeem all or part of its holding of Products by delivery of the Crypto Asset Collateral for such Products and the relevant Authorised Participant Agreement. Redemptions by Authorised Participants shall be settled on an in-kind basis, unless the Issuer permits such redemption to be settled in cash.

## **2.10 Voluntary Redemption of Securities by Investors**

An Investor which is either entitled to do so and is not an Authorised Participant may on any Investor Put Date require the Issuer to redeem all or part of its holding of Securities of a Series at the Redemption Amount by submitting to the Issuer a valid Redemption Order in accordance with the relevant Terms and Conditions. All other persons must buy and sell Securities through trading on the Relevant Stock Exchanges on which such Securities are admitted to trading.

Any Security that is subject to Voluntary Redemption in accordance with the relevant Terms and Conditions of the Security will become due and payable on the relevant Voluntary Redemption Settlement Date at its Voluntary Redemption Amount. The amount per Security will be calculated by the Calculation Agent as an amount equal to the Security Value of such Security minus the pro rata share of any costs and expenses incurred by or on behalf of the Issuer

in any realisation of any Underlying Assets of the relevant Series of Securities necessary to give effect to such redemption.

### **2.11 Mandatory Redemption**

If a Mandatory Redemption Event occurs in respect of a Series of Securities, each Security of such Series will become due and payable on the Mandatory Redemption Settlement Date at its Mandatory Redemption Amount.

### **2.12 Funding of payments due to the Investors in the Securities**

The Issuer will fund any payment(s) due to the Investor in the Security (including, for the avoidance of doubt, any Final Redemption Amount, Voluntary Redemption Amount or Mandatory Redemption Amount due in respect of such Security) from the realisation of the Underlying Assets relating to the respective Series of Securities. The Issuer's ability to pay to the Investor in a Security any amounts due in respect of such Security is entirely dependent on the success in realisation of the Underlying Assets for the respective Series.

If, following the realisation in full of the Underlying Assets and/or the Underlying Index relating to a Series of Securities there are any outstanding claims against the Issuer in respect of such Series of Securities, then such outstanding claims will be extinguished and no debt will be owed by the Issuer in respect thereof.

### **2.13 Events of Default, Insolvency Event and Enforcement**

If an Event of Default or Acceleration or an Insolvency Event occurs with respect to any Series of Products, each Product in such Series shall become immediately redeemable without further action or formality.

Upon the occurrence of an Event of Default or an Insolvency Event, the Collateral Agent shall: (i) in the case of an Event of Default, upon the written direction of Investors representing at least 25% of the Products of such Series; or (ii) in the case of an Insolvency Event, upon the written direction of an Investor, serve upon the Issuer an Enforcement Notice and, subject to the provisions of the Collateral Deposit Agreement, at any time and without notice, institute such proceedings and/or take such action, steps or proceedings as it deems appropriate against or in respect of the Issuer or any other Person to enforce its rights under the Product Documentation.

Subject to the provisions of the Collateral Administration Agreement, at any time after the Issuer Collateral has become enforceable, the Collateral Administrator shall, upon the written direction of any Investor representing at least 25% of the Products of the relevant Series following an Event of Default or any Investor following an Insolvency Event, without notice, take such steps, actions or proceedings as it deems appropriate to enforce such Issuer Collateral.

The Collateral Agent shall not be required to take any action, steps or proceedings with respect to the enforcement of the Issuer Security Interest or otherwise without first having been indemnified and/or secured and/or prefunded to its satisfaction

### **2.14 Fees and Expenses**

A subscription or redemption fee may be charged by the Issuer to Authorised Participants in respect of any subscription or redemption orders for Securities. The level of the Fees in respect of any Series of Securities will be specified in the Final Terms for such Series.



## **3 RISK FACTORS**

You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included in this prospectus, as well as information found in documents incorporated by reference in this Base Prospectus, before you decide to purchase any Securities. These risk factors may be amended, supplemented or superseded from time to time. The Issuer has the opinion that the following factors may affect its ability to fulfill its obligations under the products issued under the Program. Several of these factors describe potential events that may or may not occur, and the Issuer is not in a position to express an opinion as to the likelihood of any such event occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the ETPs are described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the ETPs, but the inability of the Issuer to fulfil its obligations under the ETPs may occur for other reasons, which may not be or may not have been considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Investing in the Products involves a high degree of risk.

### **3.1 General Risk Factors**

#### **3.1.1 Investment Risk**

Investors in the ETPs may lose the value of their entire investment or part of their investment in the ETPs. Investment in the ETPs may involve a loss of the capital invested by virtue of the terms and conditions of the ETPs even where there is no default or insolvency of the Issuer. In particular, Investors in the ETPs bear the risk of a theft or hacking, for example, of any Underlying serving as Collateral, which may, in turn, cause a decline in value of the ETPs. Investors will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects and creditworthiness, status, business safety and Security provisions and course of business of the Issuer. Neither the Issuer nor any other agent or affiliate of the aforementioned (or any person or entity on their behalf) will have responsibility or duty to make investigations, to review matters or to provide the Investors with advice in relation to accompanying risks.

Prior to entering into a transaction, Investors should consult their own legal, regulatory, tax, financial and accounting advisors, as far as they consider necessary, and make their own investment, hedging, and trading decisions (including decisions regarding the suitability of an investment in the ETPs and/or an exposure to certain Underlyings) based upon their own independent review and assessment and advice taken from those advisers they consider necessary.

Furthermore, Investors should conduct such independent investigation and analysis regarding the Issuer and all other relevant persons or entities and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the ETPs. As part of such independent investigation and analysis, Investors should consider carefully all the information set forth in the ETP Documentation.

#### **3.1.2 Taxes**

Depending on the Investor's country of residence, a holding in the ETPs may have tax implications, such as value added tax or capital gains tax. Investors are advised to consult with their tax advisers as to their specific consequences. Therefore, Investors should consider whether such tax liabilities apply when investing in the ETPs. Each Investor will assume and be solely responsible for any and all taxes of any jurisdiction, including central government or local state taxes or other like assessment or charges which may be applied in respect of the ETP.

The tax considerations contained in the ETP Documentation reflect the view of the Issuer based on the legislation applicable at the date of the issuance of the ETP Documentation. It cannot be ruled out that the tax treatment by the tax authorities and courts could be interpreted differently or could be subject to changes in the future. Additionally, the tax considerations contained herein are in summary form and may not be used as the sole basis for the decision to invest in the ETPs from a tax perspective, since the individual situation of each Investor must also be considered. Accordingly, the considerations regarding taxation contained in the ETP Documentation do not constitute any sort of material information or tax advice nor are they in any way to be construed as a representation or warranty with respect to specific tax consequences. In accordance with the General Terms and Conditions, the Issuer may redeem all outstanding ETPs at any time, inter alia, for certain tax reasons (a Tax Call). Accordingly, Investors should consult their personal tax advisors before making any decision to purchase the ETPs and must be aware of and be prepared to bear the risk of a potential

early redemption due to tax reasons. The Issuer and their affiliates do not accept any liability for adverse tax consequences of an investment in the ETPs.

### **3.1.3 Trading Hours**

The ETPs will trade only during regular trading hours on the exchange on which they are listed. The Underlyings to the ETPs may trade on exchanges which operate globally around the clock. To the extent that this exchange is closed while the markets for Underlyings remain open, significant price movements may take place an Investor in the ETPs will not be able to take account of. This may limit the ability of Investors in the ETPs to react to price movements or volatility in the markets for the relevant Underlyings. Additionally, Investors in the ETPs will not be able to redeem the ETPs until the exchange on which the ETPs are listed is open for trading. In these circumstances, an Investor in the ETPs may suffer a loss if the cash value of the ETP at that time is less than it would otherwise have been if redeemed at a time when the exchange on which the ETPs are listed was closed but markets in Underlyings remained open.

### **3.1.4 General Market Risk**

General movements in local and international markets, especially for the relevant Underlyings, and factors that affect the investment climate and Investor sentiment could all affect the level of trading and, therefore, the market value of the ETPs and this may lead to a fall in the value of the ETPs which will have an adverse impact on any Investor that purchased the ETPs at a higher price. These risks are generally applicable to any investment in listed Securities. Investors should be aware that the ETPs can go down in price as well as up and Investors may lose the value of all or part of their investment.

### **3.1.5 Effect of Ancillary Costs**

Commissions and other transaction costs incurred in connection with the purchase or sale of ETPs may result in charges, particularly in combination with a low order value, which can substantially reduce any redemption amount to be paid to an Investor in respect of an ETP. Before acquiring ETPs, Investors should therefore inform themselves of all costs incurred with the purchase or sale of the ETP, including any costs charged by their custodian bank or the Authorised Participant upon purchase and redemption of the ETPs.

### **3.1.6 Market price**

General movements in local and international markets and factors that affect the investment climate and Investor sentiment could all affect the level of trading and, therefore, the market price of the ETPs and may have different effects on each Series of ETPs. The value of the Underlying Digital Assets and/or market price of the ETPs may be volatile and may fall rapidly and significantly and an Investor may not be able to sell its ETPs quickly and/or at a price such that the Investor is able to prevent or minimise any loss of its investment.

The market price of the ETPs of a Series will be affected by a number of factors, including, but not limited to:

- The value and volatility of the relevant Underlyings of such Series of ETPs;
- Market perception, interest rates, yields and foreign exchange rates;
- Whether or not any market disruption is subsisting;
- The creditworthiness of Custodians and Authorised Participants;
- Any fees or execution costs applicable to subscriptions for or Redemptions of the ETPs; and
- The liquidity in the ETPs and the Underlyings.

Prospective Investors should be aware that the secondary market price of the ETPs can go down as well as up. Prospective Investors should be aware that market price of any ETP may not reflect their prior or future performance. There can be no assurance as to the future value and market price of any ETP.

### **3.1.7 Replicating error or replication difference**

The application of fees and other adjustments may cause the change in the price per ETP for any given period of time to differ from the change in the prices of the relevant Underlyings. The Market Maker may not update the ETP basket composition in real-time and this may cause the price of the ETP to temporarily differ from the prices of the relevant Underlyings. As a result, an Investor may find that the return they achieve from an investment in ETPs is less than the return they would have achieved from an investment in the underlying Digital Assets.

### **3.1.8 Slippage and Execution costs risk**

The reference price of an Underlying may differ from the price at which the Issuer is able to purchase or dispose of that Underlying. This may have an impact on the proceeds realized from the sale of that Underlying in a Redemption with a Cash Settlement or cash creations of ETPs. As a result, the Investor in the ETPs may receive less, or substantially less, than if they had purchased or disposed of the Underlyings themselves.

## **3.2 Risk factors relating to the Issuer**

The Issuer is not an operating company. The Issuer is a special purpose vehicle with the sole business of issuing listed and exchange traded products, such as the Products in Switzerland and worldwide. The contracts which may be entered into by the Issuer and the payments of the Issuer and the parties thereunder are structured to have the capacity to provide the Issuer with funds to service payments due and payable in respect of the Products and on any redemption by the Issuer of the Products.

The Issuer is dependent on a number of service providers to maintain the issuances and the Collateral. These include, but are not limited to, the Administrators, the Custodian, Authorised Exchanges (as defined in the General Terms and Conditions), trading desks, parties to any arrangements in place in respect of any crypto-denominated assets held as Collateral, lending desks, Wallet Providers (as defined herein), Market Makers, Authorised Participants and the Global Paying Agent. Should there be a material adverse change with any existing partner and a suitable alternative be unavailable or impracticable, it may be impossible for the Issuer to continue to list and service the Products.

Service providers, including but not limited to, the Administrators, may act in other capacities in respect of a particular Series the Products, including but not limited to, the role of Product Calculation Agent and/or Index Sponsor specified in the relevant Final Terms. Accordingly, the role of a provider may give rise to conflicts of interest, which are adverse to the interests of holders of Products.

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

The Issuer is a special purpose entity within the meaning of the applicable Swiss laws and regulations. The Issuer's business activities relate to securities in connection with digital assets. The Issuer's sole business activity is the issuance of ETPs. As an SPV, the issuer will incur costs in order to get the ETPs admitted to trading. In addition, there is a risk that the Issuer will not be successful with its issuance of ETPs and that the Issuer will not make profits, although this is its objective. If the Issuer ETPs is not successful, the Issuer may cease to operate as an issuer or ultimately become insolvent. If the Issuer becomes insolvent, the Issuer may not be able to repay some or all of the investments of investors.

### **Counterparty risk**

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 Administrators, Wallet Provider(s), Depositaries, Paying Agents, Market Makers, Authorised Participants, any party to any arrangements in place in respect of any crypto-denominated assets held as Collateral and exchanges. Consequently, the Issuer is exposed to risks, including credit risk, reputational risk and settlement risk, arising from the failure of any of its counterparties to fulfil their respective obligations, which, if any such risks occur, may have a material adverse effect on the Issuer's business and financial position.

### **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 disputes and litigation). If the direction or control has been insufficient it may adversely affect the hedging arrangements, reputation, operating result, and financial position. Thus, the Issuers operations and financial position is exposed to operational risks.

### **Major Shareholders and Dependence on Certain Key Personnel**

Shares in the Issuer are highly concentrated, with one shareholder (Mr. Li Xiaolai) holding all of the shares and the votes. He has the ability to remove any and all members of the board of directors of the Issuer with a majority vote. As such,

the individual has significant influence on the management of the Issuer. There can be no assurance that this individual will exercise their voting right in a manner that benefits Investors. The Issuer is managed by, and is dependent on, a small management team. Should the management team or any number of its members depart or otherwise become unavailable, the Issuer may have significant difficulty operating its core business, which may result in the inability of the Issuer to continue as a going concern.

### **3.3 Risks factors relating to Digital Assets and the Network of Digital Assets**

Digital Assets were only introduced within the past decade, and the medium-to-long term value of the Securities is subject to a number of factors relating to the capabilities and development of blockchain technologies and to the fundamental investment characteristics of Digital Assets that are uncertain and difficult to evaluate, such as the infancy of their development, their dependence on technologies such as cryptographic protocols, their dependence on the role played by miners and developers and the potential for malicious activity. For example, the following are some of the risks could materially adversely affect the value of the Securities:

- The trading prices of many Digital Assets have experienced extreme volatility in recent periods and may continue to do so. For instance, there were steep increases in the value of Digital Assets, over the course of 2017, and multiple market observers asserted that digital assets were experiencing a “bubble.” These increases were followed by steep drawdowns throughout 2018 in digital asset trading prices, including for Digital Assets. Following the drawdowns, Digital Assets prices increased during 2019, then decreased significantly again in early 2020 before increasing later in the year. There can be no assurance that such increases will continue in the future, or that they will not be offset by declines. The Digital Asset markets may still be experiencing a bubble or may experience a bubble again in the future. Extreme volatility in the future, including further declines in the trading prices of Digital Assets, could have a material adverse effect on the Security Value and the Securities could lose all or substantially all of their value.
- Networks of Digital Assets and the software used to operate them are in the early stages of development. Digital Assets have experienced, and the Issuer expects will experience in the future, sharp fluctuations in value. Given the infancy of the development of Networks of Digital Assets, parties may be unwilling to transact in Digital Assets, which would dampen the growth, if any, of Networks of Digital Assets, including the Network of Digital Assets.
- Networks of Digital Assets are dependent upon the internet. A disruption of the internet or a Network of Digital Assets would affect the ability to transfer digital assets and, consequently, adversely affect their value.
- The acceptance of software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in a Network of Digital Assets could result in a “Fork” in such Network’s blockchain, resulting in the creation of multiple separate Networks, which could compete with one another for users, miners, and developers. This could adversely affect the Network of Digital Assets and Digital Assets prices.
- Governance of many Networks of Digital Assets is by voluntary consensus and open competition. As a result, there may be a lack of consensus or clarity on the governance of the Network of Digital Assets, which may stymie the Network of Digital Assets’s utility and ability to grow and solve challenges. In particular, it may be difficult to find solutions or marshal sufficient effort to overcome current or future problems on the Network of Digital Assets.
- The foregoing notwithstanding, the Network of Digital Assets’ software protocol is informally managed by a group of core developers that propose amendments to the Network of Digital Assets’ source code.
- The core developers evolve over time, largely based on self-determined participation. To the extent that a significant majority of users and miners adopt amendments to the Network of Digital Assets, the Network of Digital Assets will be subject to new protocols that may adversely affect the value of Digital Assets.
- The open-source structure of many Networks of Digital Assets protocols means that developers and other contributors are generally not directly compensated for their contributions in maintaining and developing such protocols. As a result, the developers and other contributors of a particular Digital Asset may lack a financial incentive to maintain or develop the Network or may lack the resources to adequately address emerging issues.

Alternatively, some developers may be funded by companies whose interests are at odds with other participants in a particular Network of Digital Assets. A failure to properly monitor and upgrade the software protocol of the Network of Digital Assets could damage the Network, and adversely affect the value of Digital Assets.

- The loss or destruction of a private key required to access Digital Assets may be irreversible. If a private key is lost, destroyed or otherwise compromised, including by the Custodian, the Issuer will be unable to access the Digital Assets corresponding to that private key, resulting in loss.
- Digital Assets have only recently become selectively accepted as a means of payment by merchants and retail and commercial businesses and use of Digital Assets by consumers to pay such merchants and businesses remains limited. Digital Assets' price volatility may make retailers less likely to accept it as a form of payment in the future.
- Miners, developers and users may switch to or adopt certain Networks of Digital Assets at the expense of their engagement with other Networks of Digital Assets, which may negatively impact those Networks.
- Over the past several years, Digital Asset mining operations have become more costly as they have evolved from individual users mining with computer processors, graphics processing units and first generation application specific integrated circuit machines to "professionalized" mining operations using specialized hardware or sophisticated machines. If the profit margins of Digital Asset mining operations are not sufficiently high, Digital Asset miners are more likely to immediately sell tokens earned by mining, resulting in an increase in liquid supply of that Digital Asset, which would generally tend to reduce that Digital Asset's market price.
- In the past, flaws in the source code for Networks of Digital Assets have been exposed and exploited, including flaws that disabled some functionality for users, exposed users' personal information and/or resulted in the theft of users' Digital Assets. The cryptography underlying Digital Assets could prove to be flawed or ineffective, or developments in mathematics and/or technology, such as advances in quantum computing, could result in such cryptography becoming ineffective, enabling a malicious actor to take the Issuer's Digital Assets, which would adversely affect the value of the Securities. Even if other Digital Assets were affected by similar circumstances, any reduction in confidence in the robustness of the source code or cryptography underlying Digital Assets could adversely affect the value of the Securities.
- Banks and other established financial institutions may refuse to process funds for Digital Assets transactions; process wire transfers to or from Digital Assets exchanges, Digital Assets-related companies or service providers; or maintain accounts for persons or entities transacting in Digital Assets. This could dampen liquidity in the market and damage the public perception of Digital Assets and their utility as a payment system, which could decrease the price of Digital Assets generally or individually.

Moreover, because Digital Assets have been in existence for a short period of time and are continuing to develop, there may be additional risks in the future that are impossible to predict or evaluate as of the date of this registration statement.

The value of the Securities relates directly to the value of Digital Assets, the value of which may be highly volatile and subject to fluctuations due to a number of factors and could adversely affect the value of the Securities.

**The value of the Securities depends on the development and acceptance of the Network of Digital Assets. The slowing or stopping of the development or acceptance of the Network of Digital Assets may adversely affect an investment in the Issuer.**

Digital Assets have only been in existence since 2009, and Digital Assets markets have a limited performance record, making them part of a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. As Digital Assets continue to develop and grow, certain technical issues might be uncovered and the trouble-shooting and resolution of such issues requires the attention and efforts of the global development community.

**Transactions in Digital Assets are irrevocable and stolen or incorrectly transferred Digital Assets may be irretrievable. As a result, any incorrectly executed transactions in Digital Assets could adversely affect an investment in the Issuer.**

The custody of the Issuer's Digital Assets is handled by the Custodian. The Issuer has evaluated the procedures and internal controls of the Issuer's Custodian to safeguard the Issuer's Digital Assets holdings. However, if the Custodian's

internal procedures and controls are inadequate to safeguard the Issuer's Digital Assets holdings, and the Issuer's private key(s) is (are) lost, destroyed or otherwise compromised and no backup of the private key(s) is (are) accessible, the Issuer will be unable to access its Digital Assets, which could adversely affect an investment in the Securities of the Issuer. In addition, if the Issuer's private key(s) is (are) misappropriated and the Issuer's Digital Assets holdings are stolen, including from or by the Custodian, the Issuer could lose some or all of its Digital Assets holdings, which could adversely impact an investment in the Securities of the Issuer.

**Security threats to the Issuer's account with the Custodian could result in the suspension of Issuer operations and a loss of Issuer assets or damage to the reputation of the Issuer, each of which could result in a reduction in the price of the Securities.**

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in relation to Digital Assets. The Issuer believes that the Issuer's Digital Assets held in the Issuer's account with the Custodian will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Issuer's Digital Assets and will only become more appealing as the Issuer's assets grow. To the extent that the Issuer, the Issuer or the Custodian is unable to identify and mitigate or stop new Security threats or otherwise adapt to technological changes in the digital asset industry, the Issuer's Digital Assets may be subject to theft, loss, destruction or other attack.

**The Issuer has evaluated the Security procedures in place for safeguarding the Issuer's Digital Assets. Nevertheless, the Security procedures cannot guarantee the prevention of any loss due to a Security breach, software defect or act of God that may be borne by the Issuer.**

The Security procedures and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of the Issuer, the Custodian, or otherwise, and, as a result, an unauthorized party may obtain access to the Issuer's account with the Custodian, the private keys (and therefore Digital Assets) or other data of the Issuer. Additionally, outside parties may attempt to fraudulently induce employees of the Issuer, the Custodian, or the Issuer's other service providers to disclose sensitive information in order to gain access to the Issuer's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Issuer and the Custodian may be unable to anticipate these techniques or implement adequate preventative measures. An actual or perceived breach of the Issuer's account with the Custodian could harm the Issuer's operations, result in partial or total loss of the Issuer's assets, damage the Issuer's reputation and negatively affect the market perception of the effectiveness of the Issuer, all of which could in turn reduce demand for the Securities, resulting in a reduction in the price of the Securities. The Issuer may also cease operations, the occurrence of which could similarly result in a reduction in the price of the Securities.

**A disruption of the Internet may affect Digital Assets operations, which may adversely affect the Digital Assets industry and an investment in the Issuer. Potential amendments to the Network of Digital Assets' protocols and software could, if accepted and authorized by the Network of Digital Assets community, adversely affect an investment in the Issuer.**

The Network of Digital Assets uses a cryptographic protocol to govern the interactions within the Network of Digital Assets. A loose community known as the core developers has evolved to informally manage the source code for the protocol. Membership in the community of core developers evolve over time, largely based on self-determined participation in the resource section dedicated to Digital Assets for example on Github.com. The core developers can propose amendments to the Network of Digital Assets' source code that could alter the protocols and software of the Network of Digital Assets and the properties of Digital Assets. These alterations would occur through software upgrades and could potentially include changes to the irreversibility of transactions and limitations on the mining of new Digital Assets. The Network of Digital Assets could be subject to new protocols and software that may adversely affect an investment in the Issuer, to the extent that a significant majority of the users and miners on the Network of Digital Assets install such software upgrades.

**The open-source structure of the Network of Digital Assets protocol means that the core developers and other contributors are generally not directly compensated for their contributions in maintaining and developing the Network of Digital Assets protocol. A failure to properly monitor and upgrade the Network of Digital Assets protocol could damage the Network of Digital Assets and an investment in the Issuer.**

There is a lack of financial incentive for developers to maintain or develop the Network of Digital Assets and the core developers may lack the resources to adequately address emerging issues with the Network of Digital Assets protocol. Although the Network of Digital Assets is currently supported by the core developers, there can be no guarantee that such support will continue or be sufficient in the future. Alternatively, some developers may be funded by entities whose interests are at odds with other participants in the Network of Digital Assets. To the extent that material issues arise with the Network of Digital Assets protocol and the core developers and open-source contributors are unable to address the issues adequately or in a timely manner, the Network of Digital Assets and an investment in the Issuer may be adversely affected.

**A temporary or permanent “Fork” of the Digital Assets could adversely affect an investment in the Issuer.**

Software of Digital Assets is typically open source. Any user can download the software, modify it and then propose that users of Digital Assets and miners adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the Network of Digital Assets remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is nonetheless implemented by some users and miners and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “Fork” (i.e., “split”) of the Network of Digital Assets (and the blockchain), with one version running the pre-modified software and the other running the modified software. The effect of such a Fork would be the existence of two (or more) versions of the Network of Digital Assets running in parallel, but with each version’s Digital Assets lacking interchangeability. Such a Fork in the blockchain of the Digital Assets typically would be addressed by community-led efforts to merge the Forked blockchains of Digital Assets, and several prior Forks have been so merged. Since the Digital Assets’ Network’s inception, modifications to the Network of Digital Assets have been accepted by the vast majority of users and miners, ensuring that the Network of Digital Assets remains a coherent economic system and the focal point of the majority of developer activity. There is no assurance, however, that this will continue to be the case, and if it is not, then the price of Digital Assets could be negatively affected. The original blockchain and the Forked blockchain could potentially compete with each other for users, developers, and miners, leading to a loss of these for the original blockchain. A Fork of any kind could adversely affect an investment in the Issuer or the ability of the Issuer to operate and the Issuer’s procedures may be inadequate to address the effects of a Fork.

Additionally, a Fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run.

**The Digital Assets could be vulnerable to a “51% attack”, which could adversely affect an investment in the Issuer or the ability of the Issuer to operate.**

If the majority of the processing power dedicated to mining on the Network of Digital Assets is controlled by a bad actor (often referred to as a “51% attack”), it may be able to alter the blockchain of the Digital Assets on which the Network of Digital Assets and transactions of Digital Assets rely. This could occur if the bad actor were to construct fraudulent blocks or prevent certain transactions from completing in a timely manner, or at all. It could be possible for the malicious actor to control, exclude or modify the ordering of transactions, though it could not generate new Digital Assets or transactions. Further, a bad actor could “double-spend” its own Digital Assets (i.e., spend the same Digital Assets in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. If the Digital Assets community did not reject the fraudulent blocks as malicious or to the extent that such bad actor did not yield its control of processing power, reversing any changes made to the blockchain of Digital Assets may be impossible. The possible crossing of this threshold indicates a greater risk that a single mining pool could exert authority over the validation of transactions of Digital Assets. If the feasibility of a bad actor gaining control of the processing power on the Network of Digital Assets increases, there may be a negative effect on an investment in the Issuer.

**If miners expend less processing power, it could increase the likelihood of a malicious actor obtaining control.**

Miners ceasing operations would reduce the collective processing power on the Network of Digital Assets, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to the blockchain of Digital Assets until the next scheduled adjustment in difficulty for block solutions). If a reduction in processing power occurs, the Network of Digital Assets may be more vulnerable to a malicious actor obtaining control in excess of fifty percent (50%) of the processing power on the Network of Digital Assets. As a result, it may be possible for a bad actor to manipulate the blockchain of Digital Assets and hinder transactions. Any reduction

in confidence in the confirmation process or processing power of the Network of Digital Assets may adversely affect an investment in the Issuer.

Blockchain technologies are premised on theoretical conjectures as to the impossibility, in practice, of solving certain mathematical problems quickly. Those conjectures remain unproven, however, and mathematical or technological advances could conceivably prove them to be incorrect. Blockchain technology companies may also be negatively affected by cryptography or other technological advances, such as the development of quantum computers with significantly more power than computers presently available, that undermine or vitiate the cryptographic consensus mechanism underpinning the Digital Assets' blockchains and other distributed ledger protocols. If either of these events were to happen, markets that rely on blockchain technologies, such as the Network of Digital Assets, could quickly collapse, and an investment in the Issuer may be adversely affected.

**The price of Digital Assets on the Digital Assets markets has exhibited periods of extreme volatility, which could have a negative impact on the performance of the Issuer.**

Speculators and Investors who seek to profit from trading and holding Digital Assets generate a significant portion of Digital Assets demand. Such speculation regarding the potential future appreciation in the value of Digital Assets may cause the price of Digital Assets to increase. Conversely, a decrease in demand for or speculative interest regarding Digital Assets may cause the price to decline. The volatility of the price of Digital Assets, particularly arising from speculative activity, may have a negative impact on the performance of the Issuer.

**Exchanges on which Digital Assets trades are relatively new and, in some cases, unregulated, and, therefore, may be more exposed to fraud and Security breaches than established, regulated exchanges for other financial assets or instruments, which could have a negative impact on the performance of the Issuer.**

Over the past several years, a number of exchanges for Digital Assets have been closed or faced issues due to fraud, failure, Security breaches or governmental regulations. The nature of the assets held at exchanges for Digital Assets makes them appealing targets for hackers and a number of exchanges for Digital Assets have been victims of cybercrimes. In many of these instances, the customers of such exchanges of Digital Assets were not compensated or made whole for the partial or complete losses of their account balances in such exchanges for Digital Assets. No exchange for Digital Assets is immune from these risks.

**Sales of new Digital Assets may cause the price of Digital Assets to decline, which could negatively affect an investment in the Issuer.**

Newly created Digital Assets are generated through a process referred to as "mining." If entities engaged in Digital Assets mining choose not to hold the newly mined Digital Assets, and, instead, make them available for sale, there can be downward pressure on the price of Digital Assets. A Digital Assets mining operation may be more likely to sell a higher percentage of its newly created Digital Assets, and more rapidly so, if it is operating at a low profit margin, thus reducing the price of Digital Assets. Lower Digital Assets prices may result in further tightening of profit margins for miners and decreasing profitability, thereby potentially causing even further selling pressure. Diminishing profit margins and increasing sales of newly mined Digital Assets could result in a reduction in the price of Digital Assets, which could adversely impact an investment in the Securities.

**Networks of Digital Assets face significant scaling challenges and efforts to increase the volume of transactions may not be successful.**

Many Networks of Digital Assets face significant scaling challenges due to the fact that public blockchains generally face a tradeoff between Security and scalability. One means through which public blockchains achieve Security is decentralization, meaning that no intermediary is responsible for securing and maintaining these systems. For example, a greater degree of decentralization generally means a given digital asset Network is less susceptible to manipulation or capture. Achieving decentralization may mean that every single node on a given digital asset Network is responsible for securing the system by processing every transaction and maintaining a copy of the entire state of the Network. However, this may involve tradeoffs from an efficiency perspective, and impose constraints on throughput.

Many developers are actively researching and testing scalability solutions for public blockchains that do not necessarily result in lower levels of Security or decentralization. However, there is no guarantee that any of the mechanisms in place



or being explored for increasing the scale of settlement of the Network of Digital Assets transactions will be effective, or how long these mechanisms will take to become effective, which could adversely impact the value of the Securities.

**Miners could act in collusion to raise transaction fees, which may adversely affect the usage of the Network of Digital Assets.**

Digital Assets miners collect fees for each transaction they confirm. Miners validate unconfirmed transactions by adding the previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. To the extent that any miners cease to record transactions in solved blocks, such transactions will not be recorded on the blockchain of Digital Assets until a block is solved by a miner who does not require the payment of transaction fees. Miners have historically accepted relatively low transaction confirmation fees, because miners have a very low marginal cost of validating unconfirmed transactions. If miners collude in an anticompetitive manner to reject low transaction fees, then users of Digital Assets could be forced to pay higher fees, thus reducing the attractiveness of the Network of Digital Assets, or to wait longer times for their transactions to be validated by a miner who does not require the payment of a transaction fee. Digital Assets mining occurs globally and it may be difficult for authorities to apply regulations across multiple jurisdictions. Any collusion among miners may adversely impact an investment in the Issuer or the ability of the Issuer to operate.

**As technology advances, miners may be unable to acquire the digital asset mining hardware necessary to develop and launch their operations. A decline in the mining population of Digital Assets could adversely affect a Network of Digital Assets and an investment in the Issuer.**

Due to the increasing demand for digital asset mining hardware, miners may be unable to acquire the proper mining equipment or suitable amount of equipment necessary to continue their operations or develop and launch their operations. In addition, because successful mining of a digital asset that uses “proof of work” validation requires maintaining or exceeding a certain level of computing power relative to other validators, miners will need to upgrade their mining hardware periodically to keep up with their competition. The development of supercomputers with disproportionate computing power may threaten the integrity of the Digital Assets market by concentrating mining power, which would make it unprofitable for other miners to mine. The expense of purchasing or upgrading new equipment may be substantial and diminish returns to miners dramatically. A decline in miners may result in a decrease in the value of Digital Assets and the value of the Issuer.

### **3.4 Risk Associated with Investing in the Issuer**

The value of the Securities may be influenced by a variety of factors unrelated to the price of Digital Assets and the exchanges of Digital Assets included in the Series of Securities that may have an adverse effect on the price of the Securities. These factors include the following factors:

- Unanticipated problems or issues with respect to the mechanics of the Issuer’s operations and the trading of the Securities may arise, in particular due to the fact that the mechanisms and procedures governing the creation and offering of the Securities and storage of Digital Assets have been developed specifically for this product;
- The Issuer could experience difficulties in operating and maintaining its technical infrastructure, including in connection with expansions or updates to such infrastructure, which are likely to be complex and could lead to unanticipated delays, unforeseen expenses and Security vulnerabilities;
- The Issuer could experience unforeseen issues relating to the performance and effectiveness of the Security procedures used to protect the Issuer’s account with the Custodian, or the Security procedures may not protect against all errors, software flaws or other vulnerabilities in the Issuer’s technical infrastructure, which could result in theft, loss or damage of its assets; or
- Service providers may decide to terminate their relationships with the Issuer due to concerns that the introduction of privacy enhancing features to the Network of Digital Assets may increase the potential for Digital Assets to be used to facilitate crime, exposing such service providers to potential reputational harm.

Any of these factors could affect the value of the Securities, either directly or indirectly through their effect on the Issuer’s assets.

**The Issuer is subject to market risk.**

Market risk refers to the risk that the market price of Digital Assets held by the Issuer will rise or fall, sometimes rapidly or unpredictably. An investment in the Securities is subject to market risk, including the possible loss of the entire principal of the investment.

### **3.5 Regulatory Risk**

#### **Future and current regulations could have an adverse effect on an investment in the Issuer.**

The regulation of Digital Assets and related products and services continues to evolve, may take many different forms and will, therefore, impact Digital Assets and its usage in a variety of manners. The inconsistent and sometimes conflicting regulatory landscape may make it more difficult for Digital Assets businesses to provide services, which may impede the growth of the Digital Assets economy and have an adverse effect on consumer adoption of Digital Assets. There is a possibility of future regulatory change altering, perhaps to a material extent, the nature of an investment in the Issuer or the ability of the Issuer to continue to operate. Additionally, changes to current regulatory determinations of Digital Assets' status as not being a Security, changes to regulations surrounding futures with regards to Digital Assets or related products, or actions by a United States or foreign government or quasi-governmental agency exerting regulatory authority over Digital Assets, the Network of Digital Assets, Digital Assets trading, or related activities impacting other parts of the digital asset market, may adversely impact Digital Assets and therefore may have an adverse effect on the value of your investment in the Issuer.

#### **The value of the Securities will be adversely affected if the Issuer is required to indemnify the Issuer, or the Custodian under the Documents.**

Under the Documents, each of the Issuer, the Paying Agent and the Custodian has a right to be indemnified by the Issuer for certain liabilities or expenses that it incurs without gross negligence, bad faith or willful misconduct on its part. Therefore, the Issuer or the Custodian may require that the assets of the Issuer be sold in order to cover losses or liability suffered by it. Any sale of that kind would reduce the Digital Assets holdings of the Issuer and the value of the Securities.

#### **Intellectual property rights claims may adversely affect the Issuer and the value of the Securities.**

The Issuer is not aware of any intellectual property rights claims that may prevent the Issuer from operating and holding Digital Assets. However, third parties may assert intellectual property rights claims relating to the operation of the Issuer and the mechanics instituted for the investment in, holding of and transfer of Digital Assets. Regardless of the merit of an intellectual property or other legal action, any legal expenses to defend or payments to settle such claims would be extraordinary expenses that would be borne by the Issuer through the sale or transfer of its Digital Assets. Additionally, a meritorious intellectual property rights claim could prevent the Issuer from operating and force the Issuer to terminate the Issuer and liquidate its Digital Assets. As a result, an intellectual property rights claim against the Issuer could adversely affect the value of the Securities.

### **3.6 Risk factors relating to the ETPs**

#### **Market risk due to lack of capital protection under the ETPs**

The ETPs issued under this Base Prospectus do not provide for any capital protection of any amount payable under the ETPs. In other words, parts of or the entire invested amount may be lost due to the market risk associated with the exposure of the ETPs. This may be the case, if the price of the relevant Underlying develops in a manner which is unfavorable for the Investors. Then the terms do not provide for any level of protected capital and the Investors will sustain the full loss corresponding to the unfavorable development of the relevant Underlying. Depending on the performance of the relevant Underlying, Investors may sustain a loss up to their entire investment.

#### **Secondary market risk, volatile market rates and liquidity risk**

The market rates in the secondary market might 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 Underlyings. Although the price determination in the secondary market is based on established calculation models, it is dependent upon the underlying development of the market and the market's conception of the Issuer's credit status,

the ETPs' probable remaining duration and the sales opportunities on the secondary market. In the light of the volatility which can historically be observed in the prices for Digital Assets, it seems possible that the price determination of the ETPs in the secondary market will be very volatile.

If one or more regulated markets decide that the ETPs no longer should be admitted to trading, regardless of whether this is due to circumstances assignable to the Issuer, the ETPs, the Digital Assets, the Market Maker and / or changed rules or any other reason, there is a risk that the Issuer will not succeed in having the ETPs admitted to trading on another regulated market, MTF or other marketplace. Such a course of events would worsen the liquidity, disposal opportunities and the market value for the ETPs and thus create risks of losses for Investors.

If a delisting would occur, the Issuer will exercise its right to redeem the ETPs early. Such early settlement will only occur following a notice period and Investors risk that the market price and liquidity as well as the final settlement amount are negatively impacted in such a scenario.

### **Realization of Collateral**

If the amounts received upon the realization 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.

### **Swiss Regulatory Risk**

The ETPs issued under the Programme are debt instruments in the form of ETPs. They do not qualify as units of a collective investment scheme according to the relevant provisions of the CISA, as amended, and are not registered thereunder. The legal status was confirmed by FINMA. Therefore, neither the ETPs nor the Issuer are governed by the CISA or supervised by the Swiss Financial Market Supervisory Authority FINMA (FINMA). Accordingly, Investors do not have the benefit of the specific Investor protection provided under the CISA. Investors should be aware that they are exposed to the credit risk of the Issuer and that the collateralisation of the ETPs does not fully eliminate this risk.

While the Issuer believes that these rules do not affect the ETPs or the Issuer, no assurance can be given that the ETPs will remain unsupervised by FINMA. Any such change of characterization may have adverse consequences including, among others, the limitation of an offer of ETPs to professional Investors, which may result in a delisting of the ETPs. Any delisting may, in turn, result in the inability to sell the ETPs and/or disruption to the pricing of the ETPs.

## **3.7 Other Risks**

### **The Relevant Stock Exchange on which the Securities are listed may halt trading in the Issuer's Securities, which would adversely impact an Investor's ability to sell Securities.**

The Issuer's Securities are listed for trading on the Relevant Stock Exchange under the market symbol "PNDS". Trading in Securities may be halted due to market conditions or, in light of the Exchange rules and procedures, for reasons that, in the view of the Exchange, make trading in Securities inadvisable. In addition, trading is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules that require trading to be halted for a specified period based on a specified market decline. Additionally, there can be no assurance that the requirements necessary to maintain the listing of the Issuer's Securities will continue to be met or will remain unchanged.

### **The liquidity of the Securities may also be affected by the withdrawal from participation of Authorized Participants, which could adversely affect the market price of the Securities.**

In the event that one or more Authorized Participants or market makers that have substantial interests in the Issuer's Securities withdraw or "step away" from participation in the purchase (creation) or sale (redemption) of the Issuer's Securities, the liquidity of the Securities will likely decrease, which could adversely affect the market price of the Securities and result in Investors incurring a loss on their investment.

### **The market infrastructure of the Digital Assets spot market could result in the absence of active Authorized Participants able to support the trading activity of the Issuer.**

Digital Assets is extremely volatile, and concerns exist about the stability, reliability and robustness of many exchanges where Digital Assets trade. In a highly volatile market, or if one or more exchanges supporting the Digital Assets market faces an issue, it could be extremely challenging for any Authorized Participants to provide continuous liquidity in the Securities. There can be no guarantee that the Issuer will be able to find an Authorized Participant to actively and continuously support the Issuer.

**Digital Assets spot exchanges are not subject to same regulatory oversight as traditional equity exchanges, which could negatively impact the ability of Authorized Participants to implement arbitrage mechanisms.**

The trading for spot Digital Assets occurs on multiple trading venues that have various levels and types of regulation, but are not regulated in the same manner as traditional stock and bond exchanges. If these exchanges do not operate smoothly or face technical, Security or regulatory issues, that could impact the ability of Authorized Participants to make markets in the Securities.

**The Issuer is leanly staffed and relies heavily on key personnel.**

The Issuer is leanly staffed and relies heavily on key personnel to manage its activities. These key personnel intend to allocate their time managing the Issuer in a manner that they deem appropriate. If such key personnel were to leave or be unable to carry out their present responsibilities, it may have an adverse effect on the management of the Issuer.

**The Issuer is new, and if it is not profitable, the Issuer may terminate and liquidate at a time that is disadvantageous to Investors.**

The Issuer is new. If the Issuer does not attract sufficient assets to remain open, then the Issuer could be terminated and liquidated at the direction of the Issuer. Termination and liquidation of the Issuer could occur at a time that is disadvantageous to Investors. When the Issuer's assets are sold as part of the Issuer's liquidation, the resulting proceeds distributed to Investors may be less than those that may be realized in a sale outside of a liquidation context. Investors may be adversely affected by redemption or creation orders that are subject to postponement, suspension or rejection under certain circumstances.

**Investors do not have the rights enjoyed by Investors in certain other vehicles and may be adversely affected by a lack of statutory rights and by limited voting and distribution rights.**

The Securities have limited voting and distribution rights. For example, Investors do not have the right to elect directors, the Issuer may enact splits or reverse splits without Investor approval and the Issuer is not required to pay regular distributions, although the Issuer may pay distributions at the discretion of the Issuer.

**An investment in the Issuer may be adversely affected by competition from other investment vehicles focused on Digital Assets or other cryptocurrencies.**

The Issuer will compete with direct investments in Digital Assets, other cryptocurrencies and other potential financial vehicles, possibly including Securities backed by or linked to cryptocurrency and other investment vehicles that focus on other digital assets. Market and financial conditions, and other conditions beyond the Issuer's control, may make it more attractive to invest in other vehicles, which could adversely affect the performance of the Issuer.

**Investors cannot be assured of the Issuer's continued services, the discontinuance of which may be detrimental to the Issuer.**

Investors cannot be assured that the Issuer will be able to continue to service the Issuer for any length of time. If the Issuer discontinues its activities on behalf of the Issuer, the Issuer may be adversely affected, as there may be no entity servicing the Issuer for a period of time. Such an event could result in termination of the Issuer.

*Investors may be adversely affected by creation or redemption orders that are subject to postponement, suspension or rejection under certain circumstances.*

The Issuer may, in its discretion, suspend the right of creation or redemption or may postpone the redemption or purchase settlement date, for (1) any period during which an emergency exists as a result of which the fulfillment of a purchase order or the redemption distribution is not reasonably practicable, or (2) such other period as the Issuer

determines to be necessary for the protection of the Investors of the Issuer. In addition, the Issuer may reject a redemption order if the order is not in proper form as described in the Authorized Participant Agreement or if the fulfillment of the order might be unlawful. Any such postponement, suspension or rejection could adversely affect a redeeming Authorized Participant. Suspension of creation privileges may adversely impact how the Securities are traded and arbitrated on the secondary market, which could cause them to trade at levels materially different (premiums and discounts) from the fair value of their underlying holdings.

**The liability of the Issuer is limited, and the value of the Securities will be adversely affected if the Issuer is required to indemnify the Issuer.**

Under the Documents, the Issuer is not liable, and does not have the right to be indemnified, for any liability or expense incurred absent gross negligence or willful misconduct on the part of the Issuer or breach by the Issuer of the Documents, as the case may be. As a result, the Issuer may require the assets of the Issuer to be sold in order to cover losses or liability suffered by it.

**Due to the increased use of technologies, intentional and unintentional cyber-attacks pose operational and information Security risks.**

With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, the Issuer is susceptible to operational and information Security risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites. Cyber Security failures or breaches of one or more of the Issuer's service providers (including, but not limited to the Custodian) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of the Investors to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs.

In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. The Issuer and its Investors could be negatively impacted as a result. While the Issuer has established business continuity plans, there are inherent limitations in such plans.

## 4 SUMMARY OF THE PROGRAMME

The following overview of the Programme and the ETPs is regarded as an introduction to this Base Prospectus. As such it does not purport to be complete and is subject to more detailed information contained elsewhere in this Base Prospectus and in the Final Terms in respect of each Tranche of ETPs. Investors must base their investment not on the information in this section “Summary of the Programme” but on the information contained in the entire Base Prospectus, as amended or supplemented, and the relevant Final Terms. Liability for this summary is limited to cases where the information contained herein is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or the relevant Final Terms. Terms not defined in this summary shall have the meanings given to them elsewhere in this Base Prospectus.

### 4.1 Short Description of the Programme

Under this Programme, the Issuer may issue ETPs that do not have a maturity date, unless specified otherwise in the relevant Final Terms. The ETPs are debt instruments issued in the form of uncertificated securities (Wertrechte). The max. number of ETPs issued under a specific Series and/or Tranche is defined in the relevant Final Terms. The ETPs are linked to Underlyings. The Underlyings provide exposure to Digital Assets (with the following basket: Bitcoin BTC, Ethereum ETH, Binance Coin, Solana, Cardano and Terra). The ETPs will not bear interest.

### 4.2 Parties to the Programme

**Authorised Participants:** Flow Traders B.V, or any other Authorised Participant as specified in the applicable Final Terms. The Issuer may appoint several Authorised Participants in relation to a Series of ETPs.

**Collateral Agent:** GisselbRecht & Wirtschaft AG or any other Collateral Agent as specified in the applicable Final Terms.

**Custodian:** Any custodian, such as Coinbase Custody Trust Company LLC, as specified in the applicable Final Terms. The Issuer may appoint several custodians in relation to a Series of ETPs.

**Index Administrator:** Invierno AB (“Vinter”), Reg. No. 559207-4172, Box 5193, 10244 Stockholm, Sweden, owner of the trademark Vinter.

**Issuer:** Pando Asset AG. The Issuer is a company limited by shares established in Switzerland having its seat in Zug, Switzerland. The ETPs will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.

**Market Maker:** For the listing on SIX Swiss Exchange, Flow Traders B.V. or any other market maker as specified in the applicable Final Terms. The Issuer may appoint several market makers in relation to a Series of ETPs.

**Global Paying Agent:** Bank Frick & Co Aktiengesellschaft or any other paying agent as specified in the applicable Final Terms. The Issuer may appoint several paying agents in relation to a Series of ETPs.

**Swiss Paying Agent:** ISP Securities AG or any other paying agent as specified in the applicable Final Terms. The Issuer may appoint several paying agents in relation to a Series of ETPs.

### 4.3 Features of the Programme

**Documentation of the ETPs:** Each Series will be subject to the General Terms and Conditions set out in this Base Prospectus (see: General Terms and Conditions), that are completed by the relevant Final Terms relating to such Series (together, the ETP Documentation). In the event of any inconsistency between the General Terms and Conditions and the Final Terms, the Final Terms shall prevail.

**The Base Prospectus and Supplements thereto:** Financial Market Authority Liechtenstein (“FMA”) has approved this Base Prospectus on 7 April 2022 as an issuance programme. The Issuer has only existed as a company since 13 January 2022. The Issuers’ Board of Directors determined that the financial year of the Issuer ends on December 31 in accordance with its articles of association. Therefore, the Issuer does, as of the date of this Base Prospectus, not have financial statements. The FMA has approved this Base Prospectus solely regarding completeness, consistency, and comprehensibility according to the Prospectus Regulation and the Delegated Regulation (EU) 2019/980 (“Delegated Prospectus Regulation”). Such an approval shall not be construed as the endorsement of the Issuer who is subject to this Base Prospectus. The ETPs are planned to be placed in the EEA in Liechtenstein first and then to be admitted to trading and listed on one or more regulated markets or stock exchanges in the EEA, Switzerland or in any other jurisdiction.

The Base Prospectus permits the listing of ETPs on SIX Swiss Exchange. This Base Prospectus is valid for twelve months from the date of approval on 7 April 2022.

The Issuer shall prepare a Supplement to this Base Prospectus or publish a new Base Prospectus if there is a significant change affecting any matter contained in this Base Prospectus or a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen when this Base Prospectus was prepared. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a prospectus is no longer valid.

**Overview on the Transactions in ETPs:** Under the Programme, the Issuer may issue ETPs of a Series to Authorised Participants appointed for such Series. Other than in limited circumstances, only an Authorised Participant may engage in the creation or redemption transactions directly with the Issuer.

It is intended that Authorised Participants will sell ETPs in the primary or secondary market to Investors who have directly approached the Authorised Participant(s) for a purchase price agreed between the Authorised Participant and such Investor(s) in respect of the ETPs.

Investors will also be able to purchase ETPs on the secondary market on a securities exchange on which the ETPs are listed. Investors may sell the ETPs from time-to-time in the primary or secondary market to third parties or to Authorised Participants.

**Issuing ETPs:** The Issuer intends that the ETPs of each Series shall be subject to an ongoing issuance and redemption. Additional ETPs of a Series may be issued and redeemed by Authorised Participants.

ETPs issued under the Programme are issued in Series, and each Series may comprise one or more Tranches issued on identical terms other than the Issue Date and Issue Price per ETP and with the ETPs of each Tranche of a Series being interchangeable with all other ETPs of the Series. Each Tranche is subject to the Final Terms. The Issue Price in respect of each Tranche of ETPs will be set out in the Final Terms with respect to such Tranche.

**Redeeming ETPs:** The ETPs have no fixed maturity, unless specified otherwise in the Final Terms.

**Collateralisation of the ETPs:** The Underlyings are credited to the Collateral Account and serve as collateral for the ETP. Collateralization of ETPs eliminates the credit risk in relation to the Issuer only to the extent that the proceeds from the liquidation or realization of Collateral (less the costs of liquidation fees and expenses of the Collateral Agent and payout) meet the Investors’ claims. The Investor bears 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, or fraud, prior to the liquidation taking place.

The costs for the service with respect to the collateralisation of the ETPs may be taken into account for the pricing of specific ETPs 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 any Custodian, such as but not limited to Coinbase Custody Trust Company LLC of the Underlyings and/or GisselbRecht & Wirtschaft AG or any other Collateral Agent 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 ETPs proves to be incorrect, the collateralization of the ETPs may be insufficient.

**Enforcement of the Issuer Security created over the Collateral:** The Issuer Security is created over the Collateral in favor of the Collateral Agent and for the benefit of Investors pursuant to the Pledge of Collateral Account Agreement

All the ETPs shall become immediately redeemable without further action or formality, if the Issuer is declared bankrupt within the meaning of article 736 chif. 3 of the Swiss Code of Obligations (CO) and the Debt Enforcement and Bankruptcy Act (DEBA) by a competent court (an Insolvency Event).

**Listing and Admission to Trading:** The SIX Swiss Exchange has approved this Base Prospectus in relation to the Programme as of ( 7 April 2022) as an issuance programme. Individual Tranches will be issued under the Base Prospectus based on separate term sheets.

**Final Term Sheets:** The terms and conditions of each Tranche will be published separately within the timeframe set forth by the corresponding trading venue. They will be published as soon as possible after the final terms and conditions have been created. In case of an admission to trading no later than at the time of admission of the securities to trading. They will be deposited with the prospectus reviewing body that has approved the Base Prospectus.

**Selling and Transfer Restrictions:** No action has been taken that would permit a public offering of any ETPs or possession or distribution of any offering material in relation to any ETPs in any jurisdiction where action for that purpose is required, except to the approval of this Base Prospectus by SIX or any other Exchange.

No offers, sales, resales, or deliveries of any ETPs or distribution of any offering material relating to any ETPs may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

**Obligations of the Issuer:** The ETPs will be obligations solely of the Issuer. The ETPs will not be obligations or responsibilities of, or guaranteed by, the Collateral Agent, the Paying Agent, the Calculation Agent, or any other partner or affiliate of the Issuer, any direct or indirect shareholder of the Issuer or any Authorised Participant. The Issuer was established mainly for the purpose of issuing ETPs. If the net proceeds of realization of the Collateral in respect of a particular ETP are less than the aggregate amount payable in such circumstances by the Issuer in respect of the ETP, the Investors in such ETPs may face losses.

**Forward looking statements in this Base Prospectus:** "Forward" looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these "forward" looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These "forward" looking statements are contained in the sections captioned "Risk Factors", "Information About the Issuer", "General Description of Certain Underlyings" and other sections of this Base Prospectus.

**Governing Law:** The ETPs are governed by and shall be construed in accordance with Swiss law, without reference to the principles of conflicts of law rules. In relation to any proceedings in respect of the ETPs, the Issuer has submitted to the jurisdiction of the courts of the City of Zug (place of jurisdiction is Zug).



## **5 DIGITAL ASSETS, DIGITAL ASSET EXCHANGES AND REGULATION OF DIGITAL ASSETS**

This section of the Base Prospectus provides a more detailed description of Digital Assets, including information about the historical development of Digital Assets, how a person holds Digital Assets, how to use Digital Assets in transactions, how to trade Digital Assets, the “exchange” market where Digital Assets can be bought, held and sold, the Digital Assets OTC market and Digital Assets mining.

### **5.1 General**

Investment decisions should not be made solely on the basis of this summary description. It is the responsibility of Investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, regulatory, accounting and other business evaluation of the merits and risks of investing in ETPs issued under the Programme, including with respect to the Underlyings. The information in this section (Digital Assets, Digital Asset Exchanges and Regulation of Digital Assets) consists only of extracts from, or summaries of, publicly available information (e.g. Bitcoin.org, Ethereum.org, coinmarketcap.com and others). Such publicly available information was not prepared in connection with the offering of the ETPs. 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 each of the relevant sources, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Many Digital Assets are based on the original code of either the Bitcoin or the Ethereum blockchain. Bitcoin was the first blockchain ever developed. The first 50 Bitcoins were mined in 2009. No individual or group has been reliably identified as the creator of the Bitcoin Network and these creators disappeared shortly after the mining of the first Bitcoins. The Network evolved into a vast peer to peer payments Network with no centralized authority. Today the Bitcoin Network is maintained by a growing number of miners, developers, Wallet Providers, software companies and account holders. Bitcoin is at its core, an open-source project, thus there is no official organisation or authority that governs the codebase (a computer programme). Since this codebase is open-source, companies and individuals are able to use it to create a new project, in what is called a Bitcoin Fork. This has happened multiple times. Ethereum was initially released in 2015, based on an initial description of the project by programmer Vitalik Buterin. Ethereum was built as a platform for decentralized applications development capability and was initially funded through a crowd sale where participants bought the currency Ether (ETH). Ethereum has been used as a platform powering numerous decentralised applications, smart contracts, and initial coin offerings. Binance Coin (BNB) was launched through an initial coin offering in 2017, 11 days before the Binance cryptocurrency exchange went online. It was originally issued as an ERC-20 (i.e. a token running on the Ethereum Network), with a total supply capped at 200 million coins, and 100 million BNBs offered in the ICO. However, the ERC-20 BNB coins were swapped with Binance Chain Evolution Proposal 2 (BEP2) BNBs on a 1:1 ratio in April 2019 with the launch of the Binance Chain mainnet, and are now no longer hosted on Ethereum. There are a number of different blockchains, including the ones that powers Bitcoin, Ethereum, Binance, and others. These chains may be more centralised and may not feature all of the characteristics described above. New chains may be created at any time, which may differ significantly in terms of their underlying technology.

### **5.2 Digital Assets**

Digital Assets can be transferred among participants on the Network of Digital Assets on a peer-to-peer basis via the Internet. Unlike other means of electronic payments, Digital Assets can be transferred without the use of a central administrator or clearing agency. Because a central party is not necessary to administer Digital Assets transactions or maintain the Digital Assets ledger, the term decentralized is often used in descriptions of Digital Assets.

### **5.3 Network of Digital Assets**

The first step in using Digital Assets for transactions is to download specialized software referred to as a “Digital Assets wallet.” A user’s Digital Assets wallet can run on a computer or smartphone, and can be used both to send and to receive Digital Assets. Within a Digital Assets wallet, a user can generate one or more unique “Digital Assets addresses,” which are conceptually similar to bank account numbers on the blockchain of Digital Assets and are associated with a pair of public and private keys. After establishing a Digital Assets address, a user can send or receive Digital Assets from his or

her Digital Assets address to another user's address using the public and private keys. Sending Digital Assets from one Digital Assets address to another is similar in concept to sending a bank wire from one person's bank account to another person's bank account.

The amount of Digital Assets associated with each Digital Assets address is listed in a public ledger, referred to as a "blockchain." Copies of the blockchains of Digital Assets exist on thousands of computers on the Network of Digital Assets throughout the Internet. A user's Digital Assets wallet will either contain a copy of the blockchain of Digital Assets or be able to connect with another computer that holds a copy.

When users of Digital Assets wish to transfer Digital Assets to another user, the sender must first request a Digital Assets address from the recipient. The sender then uses his or her Digital Assets wallet software to create a data packet containing the proposed addition (often referred to as a "transaction") to the Digital Assets Blockchain. The proposed transaction would reduce the sender's address and increase the recipient's address by the amount of Digital Assets desired to be transferred, and is sent on a peer-to-peer basis to other computers participating in the Network of Digital Assets.

#### **5.4 Digital Assets Protocol**

Networks of Digital Assets are typically an open-source project with no official company or group that controls the Network of Digital Assets, and anyone can review the underlying code and suggest changes. There are, however, a number of individual developers that regularly contribute to a specific distribution of Digital Assets software known as the "Digital Assets Core," and who loosely oversee the development of its source code. The core developers are able to access, and can alter, the Network of Digital Assets source code and, as a result, they are responsible for quasi-official releases of updates and other changes to the Network of Digital Assets' source code. However, because Digital Assets has no central authority, the release of updates to the Network of Digital Assets' source code by the core developers does not guarantee that the updates will be automatically adopted by the other participants in the Network of Digital Assets. Users and miners must accept any changes made to the Digital Assets source code by downloading the proposed modification of the Network of Digital Assets' source code. A modification of the Network of Digital Assets' source code is effective only with respect to those Digital Assets users and miners who choose to download it. If a modification is accepted by only a percentage of users and miners, a division in the Network of Digital Assets will occur such that one Network will run the pre-modification source code and the other Network will run the modified source code.

The Issuer has adopted the following procedures to address situations involving a Fork that results in the issuance of new cryptocurrency that the Issuer may receive. Typically, the holder of Digital Assets has no discretion in a hard Fork transaction; it merely receives the new cryptocurrency while it continues to hold the same number of Digital Assets. The Documents stipulate that if such a transaction does occur, the Issuer will as soon as possible direct the Custodian to distribute the new cryptocurrency in-kind to the Issuer, as agent for the Investors, and the Issuer will arrange to sell the new cryptocurrency and for the proceeds to be distributed to the Investors. The Issuer is under no obligation to claim the Forked asset if doing so will expose the Issuer's (original) Digital Assets holdings to risk. Alternatively, the Custodian may not agree to provide the Issuer with access to the Forked asset.

#### **5.5 Digital Assets Transactions**

A Digital Assets transaction is similar in concept to an irreversible digital check. The transaction contains the sender's Digital Assets address, the recipient's Digital Assets address, the amount of Digital Assets to be sent, a transaction fee and the sender's digital signature.

The sender's use of his or her digital signature enables participants on the Network of Digital Assets to verify the authenticity of the Digital Assets transaction. A user's digital signature is generated via usage of the user's so-called "private key," one of two numbers in a so-called cryptographic "key pair." A key pair consists of a "public key" and its corresponding private key, both of which are lengthy alphanumeric codes, derived together and possessing a unique relationship. Public keys are associated with Digital Assets addresses that are publicly known and can accept a Digital Assets transfer. Private keys are used to sign transactions that initiate the transfer of Digital Assets from a sender's Digital Assets address to a recipient's Digital Assets address. Only the holder of the private key associated with a particular Digital Assets address can digitally sign a transaction proposing a transfer of Digital Assets from that particular Digital Assets address.

A user's Digital Assets address may be safely distributed, but a user's private key must be kept in accordance with appropriate controls and procedures to ensure it is used only for legitimate and intended transactions. Only by using a private key can a Digital Assets user create a digital signature to transfer Digital Assets to another user. In addition, if an unauthorized third person learns of a user's private key, that third person could forge the user's digital signature and send the user's Digital Assets to any arbitrary Digital Assets address, thereby stealing the user's Digital Assets.

The usage of key pairs is a cornerstone of the Network of Digital Assets. This is because the use of a private key is the only mechanism by which a Digital Assets transaction can be signed. If a private key is lost, the corresponding Digital Assets is thereafter permanently non-transferable. Moreover, the theft of a private key enables the thief immediate and unfettered access to the corresponding Digital Assets. Digital Assets users must therefore understand that in this regard, Digital Assets is a bearer asset, similar to cash: that is, the person or entity in control of the private key corresponding to a particular quantity of Digital Assets has de facto control of the Digital Assets. For large quantities of Digital Assets, holders often employ sophisticated Security measures.

## 5.6 Digital Assets Market and Digital Assets Exchanges

Digital Assets can be transferred in direct peer-to-peer transactions through the direct sending of Digital Assets over the blockchain from one Digital Asset address to another. Among end-users, Digital Assets can be used to pay other members of the Network of Digital Assets for goods and services under what resembles a barter system. Consumers can also pay merchants and other commercial businesses for goods or services through direct peer-to-peer transactions on the blockchain or through third-party service providers.

In addition to using Digital Assets to engage in transactions, Investors may purchase and sell Digital Assets to speculate as to the value of Digital Assets in the Digital Assets markets, or as a long-term investment to diversify their portfolio. The value of Digital Assets within the market is determined, in part, by the supply of and demand for Digital Assets in the global Digital Assets market, market expectations for the adoption of Digital Assets as a store of value, the number of merchants that accept Digital Assets as a form of payment, and the volume of peer-to-peer transactions, among other factors.

A Digital Assets exchange provides Investors with a website that permits Investors to open accounts with the exchange and then purchase and sell Digital Assets. Prices for trades on Digital Assets exchanges are typically reported publicly. An Investor opening a trading account must deposit an accepted government-issued currency into their account with the exchange, or a previously acquired digital asset, before they can purchase or sell assets on the exchange. The process of establishing an account with a Digital Assets exchange and trading Digital Assets are different from, and should not be confused with, the process of users sending Digital Assets from one Digital Assets address to another Digital Assets address on the blockchain of Digital Assets. This latter process is an activity that occurs on the Network of Digital Assets, while the former is an activity that occurs entirely on the private website operated by the exchange. The exchange typically records the Investor's ownership of Digital Assets in its internal books and records, rather than on the blockchain. The exchange ordinarily does not transfer Digital Assets to the Investor on the blockchain unless the Investor makes a request to the exchange to withdraw the Digital Assets in their exchange account to an off-exchange Digital Assets wallet.

Outside of exchanges, Digital Assets can be traded OTC in transactions that are not publicly reported. The OTC market is largely institutional in nature, and OTC market participants generally consist of institutional entities, such as firms that offer two-sided liquidity for Digital Assets, investment managers, proprietary trading firms, high-net-worth individuals that trade Digital Assets on a proprietary basis, entities with sizeable Digital Assets holdings, and family offices. The OTC market provides a relatively flexible market in terms of quotes, price, quantity, and other factors, although it tends to involve large blocks of Digital Assets. The OTC market has no formal structure and no open-outcry meeting place. Parties engaging in OTC transactions will agree upon a price—often via phone or email—and then one of the two parties will then initiate the transaction. For example, a seller of Digital Assets could initiate the transaction by sending the Digital Assets to the buyer's Digital Assets address. The buyer would then wire U.S. dollars to the seller's bank account. OTC trades are sometimes hedged and eventually settled with concomitant trades on Digital Assets spot exchanges.

Various foreign jurisdictions have, and may continue to, in the near future, adopt laws, regulations or directives that affect the Network of Digital Assets, the Digital Assets Markets, and their users, particularly Digital Assets Exchanges and service providers that fall within such jurisdictions' regulatory scope. For example, on March 5, 2020, South Korea voted to amend its Financial Information Act to require virtual asset service providers to register and comply with its AML and

CFT framework. These measures also provide the government with the authority to close digital asset exchanges that do not comply with specified processes. The Chinese and South Korean governments have also banned ICOs and there are reports that Chinese regulators have taken action to shut down a number of China-based digital asset exchanges. Further, on January 19, 2018, a Chinese news organization reported that the People's Bank of China had ordered financial institutions to stop providing banking or funding to "any activity related to cryptocurrencies." Similarly, in April 2018, the Reserve Bank of India banned the entities it regulates from providing services to any individuals or business entities dealing with or settling digital assets. On March 5, 2020, this ban was overturned in the Indian Supreme Court, although the Reserve Bank of India is currently challenging this ruling. There remains significant uncertainty regarding the South Korean, Indian and Chinese governments' future actions with respect to the regulation of digital assets and digital asset exchanges. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of Digital Assets by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the Digital Assets economy in the European Union, China, Japan, Russia and the United States and globally, or otherwise negatively affect the value of Digital Assets. The effect of any future regulatory change on the Issuer or Digital Assets is impossible to predict, but such change could be substantial and adverse to the Issuer and the value of the Securities.

## 6 USE OF PROCEEDS

Proceeds received by the Issuer from the issuance and sale of each ETP will consist of the Relevant Currency in the denomination set forth in the Final Terms of each Series of Securities.

Pursuant to the Documents, the Underlying Assets will only be (i) owned by the Issuer for each ETP and held by the Custodian, (ii) disbursed (or converted to Currency) to pay the Issuer's expenses, (iii) distributed to Authorized Participants or Liquidity Providers in connection with the redemption of ETPs and (iv) liquidated in the event that an ETP or the Issuer terminates or as otherwise required by law or regulation.

## 7 COLLATERALISATION

### 7.1 Method of Collateralisation

All ETPs issued under the Programme shall be collateralised through the purchase of a pool of Digital Assets on a 1:1 basis. These assets will be held on behalf of the Issuer by the Custodian in accordance with the Custodial Services Agreement. The Custodian is responsible for creating and maintaining wallet addresses and all safety and Security measures associated with the Wallet.

The Issuer may, at its discretion, use Custodians in multiple jurisdictions, provided that such Custodians are notified to Investors. It may also, at its sole discretion and upon notification to the Investors and publication of such notice on any Exchanges on which the ETPs are listed, alter the Custodial Services Agreements for Digital Assets, including the jurisdiction of the custody.

The financial assets, being Digital Assets or fiat currencies, securing the ETPs will be held in accounts or sub-accounts maintained by the Custodians for the Issuer. The Custodians may be banks, brokers or other intermediaries maintaining these accounts or sub-accounts for the Issuer. The Issuer has claims against the custodians with respect to these financial assets. The Issuer pledges all claims it holds against the Custodians in relation to accounts or sub-accounts opened for the ETPs by means of a first priority pledge in the Pledge of Collateral Account Agreement between the Issuer and the Collateral Agent.

### 7.2 Procedure in the Event of Realisation

The Issuer appointed the Collateral Agent to act on behalf of the Investors and enforce their rights following the occurrence of an Event of Default or an Insolvency Event.

The liquidation will occur, in respect of the realisation of Collateral, following an Event of Default, in accordance with the Collateral Agent Agreement and, generally (in the liquidation of the Issuer), upon the instruction of the Swiss bankruptcy official.

In the event of a realisation, the Collateral Agent (in the event of an Event of Default) or the Swiss bankruptcy official or a party appointed by it (including the Collateral Agent) (in the event of an Insolvency Event) will place an order through the designated Collateral Account under the terms of the Custodial Services Agreement. With the assistance of the Custodian and the relevant exchanges, the Collateral Agent or the Issuer will undertake to liquidate the assets as soon as possible, assuming sufficient liquidity is available in the market.

The post-enforcement priority of payments is as follows:

- Firstly, in payment or satisfaction of all amounts then due and unpaid or payable to the Collateral Agent and any Appointee;
- Secondly, in payment or satisfaction *pari passu* and ratably of all amounts then due and unpaid to the Investment Manager and the Custodian (as further set out in the Collateral Agent Agreement);
- Thirdly, in or towards payment or performance *pari passu* and ratably of all amounts then due and unpaid and all obligations due to be performed and unperformed in respect of the relevant ETPs; and

- Fourthly, in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any queries as to how such payment to the Issuer shall be dealt with between the Issuer and any such person).

In the case of a realisation in a Market Disruption Event, the Investor will not receive the proceeds of the sale until all the Collateral has been liquidated. Proceeds from the sale (net of the costs of such liquidation, including the Collateral Agent's fees and expenses) will be returned to the Investor on a *pro rata* basis through the appropriate paying agent.

In case of liquidation due to other types of redemption by the Issuer or the exercise of the Investor's put option, the Investor will receive the Redemption Amount due to them once the sale of all the Underlyings has been processed and settled and the cash made available to the Issuer for transfer. This process may take upwards of ten days, during which Investors may be exposed to market risk.

None of the Issuer, the Collateral Agent or the Custodian is liable for an Extraordinary Event as defined in Condition 13.

### 7.3 Costs in the Event of Realisation

In the event of a realisation, Investors will bear a number of costs, including but not limited to: Transaction costs with Custodians and exchanges, the fees and expenses of the Collateral Agent and other transaction participants, as well as spreads on Digital Assets. These costs will be deducted from the payment received by the Investors and may create a significant loss of value.

## 8 TERMS AND CONDITIONS

*The following is the text of the terms and conditions which will be applicable to each Series of Securities, subject to completion by the Final Terms relating to a particular Series of Securities. Unless the context requires otherwise, references in these terms and conditions to "Securities" are to the Securities of one Series only, not to all Securities which may be issued under the Programme from time to time.*

The Securities are issued under the Terms and Conditions of the Programme of the Issuer (the "**Programme**"). The Terms and Conditions of a Series of Securities will be set forth in this Base Prospectus, or as completed by the Final Terms applicable to each Series of Securities.

### 8.1 Definitions:

**In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:**

**"Account"** means any account held by the Issuer with one or multiple Custodians with regards to the Programme.

**"Adjustment Event"** means an Index Cancellation or an Index Disruption.

**"Administrator Fee"** means the Fee levied by the Administrator.

**"Affiliate"** means, in relation to any person or entity, any other person or entity controlled, directly or indirectly, by the person or entity, any other person or entity that controls, directly or indirectly, the person or entity or any other person or entity directly or indirectly under common control with the person or entity.

**"Asset Management Strategy"** means the strategy pursued in the management of the assets.

**"Asset"** means either an asset that can be an Underlying Asset or Underlying Digital Asset or a Swap Asset.

**"Authorised Offeror"** means an offeror that is authorized to sell and/or place Securities.

**"Authorised Participant"** means any Eligible Authorised Participant that has entered into an Authorised Participant Agreement with the Issuer.

**"Authorised Participant Agreement"** means, in respect of an Authorised Participant, the authorised participant agreement (as amended, supplemented, novated and/or replaced from time to time) entered into by the Issuer and such Authorised Participant.

**"Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in Zurich, Switzerland and London, United Kingdom.

**"Calculation Agent"** means: Invierno AB, Reg no. 559207-4172, Box 5193, 10244 Stockholm, Sweden, owner of the trademark Vinter and any permitted successor, replacement or third party.

**"Calculation Agent Fee"** means the Fee levied by the Calculation Agent.

**"Cash Redemption"** means a redemption of Securities for cash.

**"Cash Redemption Mechanism"** means any mechanism to redeem cash upon the redemption of Securities.

**"Cell"** means any cell that is or has been issued by the Issuer for each new Series of Securities.

**"Central Securities Depository"** means, in relation to a Series of Securities, SIX SIS Limited or any other Central Securities Depository with which SIX SIS Limited as an interoperability agreement.

**"Clearing System Business Day"** means a day on which the Relevant Clearing System is open for business.

**"Collateral"** means the assets that are pledged (to the benefit of the Investors).

**"Collateral Agent"** means GisselbRecht & Wirtschaft AG, and any successor thereto.

**"Contribution"** means the proceeds used to found Securities.

**"Costs and Expenses"** means the costs and expenses incurred and related to a Series of Securities.

**"Custodial Services Agreement"** means the agreement that covers the obligations and rights of the Custodian.

**"Custodian"** means Coinbase Custody Trust Company LLC or any successor or replacement thereto or any other entity appointed as custodian in accordance with the terms of the Custody Agreement.

**"Custodian Fee"** means the Fee levied by the Custodian.

**"Custody Account"** means each account of the Custodian in which the Underlying Digital Assets will be held by the Custodian on behalf of the Issuer.

**"Denomination"** means, in respect of a Series of Securities, an amount equal to its Principal Amount.

**"Digital Assets"** means in respect of a Series of Securities, any Underlying Assets consisting of digital assets.

**"Director"** means a member of the board of directors of the Issuer.

**"Disrupted Day"** means in respect to any Security any day on which the markets on which the Underlying Digital Assets are listed or traded or markets which the Issuer determines in its discretion to be relevant to the Index are closed.

**"Disruption Event"**, means with respect to a Security any event that causes a Valuation Date in respect of that Series to be a Disrupted Day.

**"Document"** means in relation to any Series of Securities, each of the documents relating to that Series including the Custody Agreement and each Authorised Participant Agreement in relation to such Series and

"**EEA**" means the European Economic Area.

"**Eligible Asset**" means an asset eligible as Collateral of the Series of Securities.

"**Eligible Authorised Participant**" means any bank or financial institution (which for these purposes shall include any leading dealer or broker in the assets of the type referenced by the Securities) incorporated, domiciled and regulated in Switzerland or the EEA.

"**ETP**" means an exchange traded product that is issued based on this Prospectus under the Programme.

"**Exchange Traded Products Segments**" means the segment for Exchange Traded Products on SIX Swiss Exchange Ltd. or BX Swiss Exchange Ltd. or any other Relevant Stock Exchange.

**Exchange Business Day** means, if not otherwise specified in the Final Terms:

- (i) In relation to Products with a single Underlying or a Basket, if the value of such Underlying or Underlying Components is determined:
  - (a) by way of reference to a price or value source including but not limited to information providers such as Reuters or Bloomberg and the respective pages on their systems, a day on which such price or value source still exists and officially provides for the respective price or value, subject to Market Disruption Events;
  - (b) by way of reference to a publication of an official fixing, a day on which such fixing is scheduled to be determined and published by the respective fixing sponsor, subject to Market Disruption Events;
  - (c) by way of reference to an official cash settlement price, a day, on which such official cash settlement price is scheduled to be determined and published by the respective exchange or any other official announcing party, subject to Market Disruption Events;
  - (d) by way of reference to an official settlement price, a day, on which the Relevant Underlying Exchange is scheduled to be open for trading for its respective regular trading session, notwithstanding any such Relevant Underlying Exchange closing prior to its scheduled closing time.
- (ii) In relation to Products with an Index as Underlying, a day, on which the relevant Index is calculated by the Index Calculation Agent or the Successor Index Calculation Agent and published by the Publishing Party or the Publishing Third Party, subject to Market Disruption Events.
- (iii) In relation to Products with more than one Underlying or Underlying Component, irrespective of their nature and number, a day on which all Underlyings or Underlying Components can be determined in accordance with (i) and (ii) above.

"**Extraordinary Resolution**" means (i) a resolution passed at a meeting of the Investors duly convened and held in accordance with the Pledge Agreement by a majority of at least 75 % of the votes cast or (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 % of the aggregate number of the Securities who for the time being are entitled to receive notice of a meeting which written resolution shall, for all purposes, be as valid and effectual as an Extraordinary Resolution passed at a meeting of such Investors duly convened and held in accordance with the relevant provisions of the Pledge Agreement.

"**Expenses**" means the expenses related to a Series of Securities.

"**Fees and Expenses**" means in respect of a Series of Securities, the total fees, expenses and other liabilities (other than the liabilities represented by the Securities) payable, and/or accrued and/or estimated to be payable by the Issuer in respect of such Series.



**"Final Redemption Amount"** means an amount per Security calculated by the Calculation Agent as an amount equal to the Value of such Security in the Relevant Currency, less such Security's *pro rata* share of any costs and expenses incurred by or on behalf of the Issuer in any realisation of any Underlying Digital Assets of the relevant Series necessary to give effect to such redemption.

**"Final Redemption Settlement Date"** means the day that falls three Currency Business Days after the Final Redemption Date.

**"Final Terms"** means the final terms specifying the relevant issue details of the Securities.

**"FMA"** means the Liechtenstein Financial Market Authority, which is the competent authority for Liechtenstein under the Prospectus Regulation.

**General Terms and Conditions** means in respect of the Products of each Series the terms and conditions applicable thereto which shall be substantially in the form set out in this Base Prospectus.

**Global Paying Agent or Bank Frick** means Bank Frick & Co Aktiengesellschaft.

**"Index"** means the Index specified for the Securities in the Final Terms, or any Successor Index.

**"Index Administrator"** means Invierno AB, Reg no. 559207-4172, Box 5193, 10244 Stockholm, Sweden, owner of the trademark Vinter and any permitted successor, replacement or third party.

**"Index Cancellation"** means in respect of an Index, the Index Administrator in respect of that Index permanently cancels such Index and no Successor Index is designated.

**"Indirect Participants"** means any participant to the SIX SIS System that participates through a Direct Participant.

**"Investor"** means the persons that invest in the Securities.

**"Investor Put Date"** means any possibility for the Investor as set forth in the Final Terms that allow the Investor to redeem Securities.

**"Investor Security"** means any Security to the benefit of an Investor.

**"Issuance"** means the offering of each Series of Securities.

**"Issue Date"** means the date the Securities are issued.

**"Issue Price"** means the price at which the Securities are issued.

**"Liquidity Providers"** means the parties that provide liquidity in the Securities.

**"Mandatory Redemption Settlement Date"** means date upon which a Mandatory Redemption is settled.

**"Market Maker Fee"** means the fee levied by the Market Maker.

**"Maturity Date"** means the date at which the Securities mature.

**"Network of Digital Assets"** means the Network related to Digital Assets.

**"Non-Disrupted Valuation Date"** means a Valuation Date which is non-disrupted.

**"Notice"** means any notice required to trigger certain rights as set forth under this Base Prospectus.

**"Notice Deadline"** means 12.00 p.m. (Swiss time), provided that the Notice Deadline in respect of any Series of Securities may be adjusted by agreement between the Issuer and the Authorised Participants with effect from the fifth calendar day following the date on which notice of such adjustment is given to the holders.

**"Outstanding"** means, for the purposes of the Conditions, the Pledge Agreement and each other Document, in relation to the Securities and the Valuation Date, all Securities issued on such date, that have not been redeemed, cancelled, are not void, and are not paid back.

**"Parties"** means the parties to the Programme, such as Market Maker, Authorized Participant, Paying Agent, Custodian, and Collateral Agent.

**"Paying Agent Fee"** means the Fee levied by the Paying Agent.

**"Physical Redemption"** means any redemption of Securities in the form of the physical underlyings, which are Underlying Digital Assets.

**"Pledge Agreement"** means the agreement based on which the claim of the Investors related to the Accounts are pledged.

**"Pledge Collateral Account Agreement"** means the agreement related to the pledge over the claim of the Issuer with regards to the Accounts.

**"Pledged Claim"** means the claim that is pledged.

**"Principal Amount"** means, in respect of any Security, the amount in the Relevant Currency specified in the Final Terms.

**"Programme"** means the programme under which the Series of Securities are issued.

**"Programme Document"** means any document related to the Programme.

**"Prospectus Regulation"** means Regulation (EU) 2017/1129 (and delegated acts such as Commission Delegated Regulations (EU) 2019/979 and 2019/980).

**"Qualified Investor"** means an Investor in the sense of Art. 4 para. 3 Swiss Financial Services Act and Art. 4 para. 1 chif. 10 Directive 2014/65/EU (OJ L 173).

**"Record Date"** means the Clearing System Business Day immediately prior to the date for payment.

**"Redemption Amount"** means either the Final Redemption Amount or the Voluntary Redemption Amount.

**"Redemption Account"** means, in respect of Securities, a bank account to receive payments in the Relevant Currency of the Voluntary Redemption Amount in respect of the redemption of such Securities.

**"Redemption Amount"** means the amount for which Securities are redeemed.

**"Redemption Deductions"** means any kind of deductions that must be made from the redeemed amount.

**"Redemption Notice"** means any Notice that is submitted in the context of a redemption of Securities.

**"Redemption Order"** means an order to Redeem Securities or Series of Securities.

**"Redemption Limit"** means the sum of the Maximum Daily Redemption Limits relating to the Securities.

**"Relevant Clearing System"** means SIX SIS Ltd. or any other recognised clearing system in which Securities of a Series may be cleared.

**"Relevant Currency"** means the currency of denomination of the Securities, as specified in the Final Terms.

**"Relevant Member State"** means a member state of the European Union in which Securities are sold.

**"Relevant Provisions"** means, in respect of the Calculation Agent, the provisions of the Calculation Agency Agreement, the Pledge Agreement and the Conditions.

**"Relevant Stock Exchange"** means any stock exchange or regulated or unregulated market within Switzerland, the EEA or abroad on which Securities of a Series may be listed.

**"Securities"** means the Series of Securities to which these Conditions relates or, as the context may require, any or all Securities issued by the Issuer under the Programme.

**"Retail Investors"** means Investors in the sense of Art. 4 para. 2 Swiss Financial Services Act or Art. 4 para. 1 chiff. 11 Directive 2014/65/EU (OJ L 173).

**"Series"** means all Securities having the same ISIN or other similar identifier.

**"Series Account"** means, in respect of a Series of Securities, an account established in name of the Issuer.

**"Series Issue Date"** means the date of issuance of a Series of Securities, as specified in the relevant Final Terms.

**"Series Party"** means a party to a Document (other than the Issuer and Investors).

**"Settlement Date"** means the date at which a redemption, or any other event is settled.

**"SIX SIS Participant"** means any direct participant of SIX SIS Ltd.

**"SPV"** means a special purpose vehicle, which is the Issuer.

**"Sub-account"** means an Account that is held with a third-party Custodian for the benefit of the Issuer.

**"Subscription Limit"** means any applicable limit on the Issuer's ability to issue new Securities.

**"Subscription Order"** means a request from an Authorised Participant delivered to the Issuing and Paying Agent to issue Securities.

**"Successor Index"**, in respect of a Series of Securities, means a relevant Index that is replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, such replacement index.

**"Swap"** means a derivative contract through which the Issuer and the counterparty to the swap agreement exchange the cash flows or liabilities from two different Swap Assets.

**"Swap Asset"** means an Asset that can be subject to a Swap.

**"Swiss Paying Agent"** means the Swiss bank or Securities dealer performing the paying agency function for a particular Series of Products for the purposes of the regulations of the SIX Swiss Exchange as set forth in the relevant Final Terms.

**Swiss Paying Agent Appointment Letter** means the letter from the Issuer appointing the Swiss Paying Agent listed in the relevant Final Terms in relation to a Series of Products.

**"Tax"** means any tax, duty, assessment, levy, charge or withholding of whatsoever nature imposed, levied, collected, withheld or assessed by any authority including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same.

**“Underlying Assets”** means the underlying assets of the relevant Index or portfolio of assets in respect of a Series of Securities.

**“Underlying Digital Assets”** means the underlying digital assets of the relevant Index or the portfolio of Digital Assets in respect of a Series of Securities.

**“Underlying Index”** means any Index that is underlying a Series of Securities.

**“Valuation Date”** in respect of any Series, means each Business Day which is not a Disrupted Day.

**“Valuation Point”** in respect of any Valuation Date, means 16.00 (Swiss time) on the previous Business Day.

**“Wallet”** means a software program where a private key (secret number) and public address for every Digital Asset address is saved in the wallet of the person or person who owns the balance.

**“Wallet Provider”** means a services provider that provides Wallets.

## **8.2 Form of the ETPs and Securities**

The ETPs are debt instruments issued in the form of uncertificated Securities (Wertrechte). The Investor is not entitled to call for the issue of physical Securities or evidentiary documents. The rights incorporated in the ETPs are created by means of a registration in the Issuer’s register of uncertificated Securities (Wertrechtbuch). Such ETPs will then be registered in the Main Register (Hauptregister) of the Clearing System. Once the ETPs are registered in the Main Register of the Clearing System and entered into the accounts of one or more participants of SIS, they will constitute intermediated Securities (Bucheffekten, or Intermediated Securities) in accordance with the Federal Intermediated Securities Act (FISA).

None of the Issuer, the Investors, the Paying Agent or any other person shall at any time have the right to affect or demand the conversion of ETPs (as uncertificated Securities) into, or the delivery of, a permanent global certificate (Globalkunde) or individually certificated Securities (Wertpapiere). As long as the ETPs remain registered with the Clearing System, the ETP may only be transferred or otherwise disposed of in accordance with the provisions of the FISA by entry of the transferred ETP in a Securities account of the transferee. The records of the Clearing System will determine the number of ETPs held through each participant in the Clearing System. In respect of the ETPs held in the form of Intermediated Securities, the holders of the ETPs will be the Investors.

The Securities will be issued in uncertificated form as bearer Securities in the Denomination(s) and Relevant Currency specified in the Final Terms. Unless otherwise stated in the Final Terms, the form of all of the Securities of a particular Series on issue will be the same. The Issuer reserves the right to issue one global Security instead of multiple Securities or a Series of Securities.

Products issued under the Programme are issued in series (each, a Series), and each Series may comprise one or more tranches (each, a Tranche). Each Tranche is subject to a Final Terms. Tranches in a Series shall be identical in all respects except for the Issue Date and the Issue Price. Each Series of Securities is constituted when subscribed to by an Authorised Participant and issued by the Issuer. The Securities of each Series are secured, limited recourse obligations of the Issuer, at all times ranking pari passu and without any preference among themselves.

The Security Value in respect of any Valuation Date (which is not a Disrupted Day) shall be calculated by the Calculation Agent by means of the Value of the Underlying Assets minus net of any Fees and Expenses divided by the number of outstanding Securities of a Series.

## **8.3 Status and Collateralisation**

ETPs issued under the Programme are issued in a Series, and each Series may be divided into Tranches. Each Tranche is subject to a Final Terms. Tranches in a Series shall be identical in all respects except for the Issue Date and the Issue Price.

The ETPs constitute unsubordinated obligations of the Issuer and at all times rank pari passu and without preference among themselves and all other current and future unsubordinated obligations of the Issuer.

The Issuer will, by no later than the Issue Date of the relevant Series of Products, credit the Underlyings or Underlying Components of the Products or other eligible assets specified in the Final Terms to the respective Collateral Account for such Series. The Issuer has entered into the Pledge of Collateral Account Agreement, the Additional Pledges and the Collateral Agent Agreement in order to provide the Collateral for the benefit of the Investors to secure its payment obligations under the Product Documentation.

## **8.4 Pledge**

The Investor Security with respects to the Securities shall be constituted by a pledge under the terms of the Pledge Agreement. Additional Documents may be entered into in respect of a particular Series of Securities if required by the Collateral Agent. Pursuant to the Pledge Agreement, the obligations of the Issuer shall be secured by a charge in favour of the Collateral Agent, for the benefit of the Investors, on the claim of the Issuer on the Accounts held with the Custodian or multiple Custodians.

The Investor Security constituted by the Pledge Agreement to the benefit of the Securities shall become enforceable upon the occurrence of an Event of Default as set forth in these Terms and Conditions.

At any time after the Investor Security constituted by the Pledge Agreement has become enforceable, the Collateral Agent may, at its discretion, and shall, if so directed in writing by Investors of at least a majority of the Securities then outstanding or by an Extraordinary Resolution of the Investors (a copy of which has been provided to the Collateral Agent), in each case subject to its having been pre-funded and/or secured and/or indemnified to its satisfaction by the Investors in accordance with the Pledge Agreement, enforce the Issuer Security constituted by the Pledge Agreement. To do this, the Collateral Agent may, at its discretion, (i) enforce and/or terminate any relevant Document relating to the Securities in accordance with its or their terms, and/or take action against the relevant counterparty and/or (ii) take possession of and/or realise all or part of the assets over which the Issuer Security constituted by the Pledge Agreement shall have become enforceable and may in its discretion, sell, call in, collect and convert into money all or part of such assets, in such manner, at such time and on such terms as it thinks fit, in each case without any liability as to the consequence of such action and without having regard to the effect of such action on individual Investors. The Collateral Agent shall not be required to take any action in relation to the Issuer Security constituted by the Pledge Agreement which may (i) be illegal or contrary to any applicable law or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any liability (including any personal liability) in the performance of its duties or in the exercise of any of its rights, powers and discretions, without first being indemnified and/or secured and/or prefunded to its satisfaction.

## **8.5 ETPs without a maturity**

The ETPs have no fixed maturity. The Issuer has the right to terminate and redeem all but not part of the outstanding ETPs in any Series.

## **8.6 Redemption**

### **Termination and Redemption of ETPs by the Issuer**

The Issuer may terminate and redeem the ETP outstanding in any Series in whole but not in part

- at any time, at the Issuer's sole discretion and without any further consent of or approval by the Investors, on the relevant Redemption Date by publishing the Termination Notice in respect of such Series, and
- in case of a "Termination and cancellation due to illiquidity, regulatory calls, tax calls, or increased cost of collateral"; and
- in case of a "Postponement of the Final Fixing Date or the Observation Date in case of a FX Disruption Event".

### **Redemption of ETPs at the option of the Investors**

The Issuer shall, at the option of any Investor holding ETPs, upon such Investor giving not less than 60 days' written notice, acting through the financial intermediary administering the Securities account of the Investor to which the relevant ETPs are credited, prior to the Investor Put Date (the Redemption Period) to (i) the Paying Agent if the ETPs are listed on SIX or any other exchange or (ii) the Administrator and the Issuer if the ETPs are not listed on SIX or any other exchange,

redeem the ETPs held by such Investor, in an amount of ETPs corresponding to such Investor's Redemption Order (as defined below), on the Investor Put Date specified in the relevant Final Terms at the Redemption Amount.

To exercise such option, the holder must, within the Redemption Period, instruct the financial intermediary maintaining the relevant Securities account to set up a sell order (the Redemption Order) with the Paying Agent, acting on behalf of the Issuer. All Redemption Orders received by the Paying Agent or the Issuer and the Administrator (as the case may be) during the Redemption Period shall be deemed to be valid and may not be subsequently withdrawn without the prior consent of the Issuer. Settlement of such Redemption Orders shall take place exclusively in the delivery versus payment procedure via SIX SIS.

### **Settlement**

All termination and redemption of ETPs, other than as set out in "Redemption of ETPs at the Option of an Authorised Participant" shall be settled on an in-kind or on Cash Settlement basis.

The Administration Agent shall determine the Redemption Amount to be paid by the Issuer in respect of the ETPs being terminated and redeemed.

On or prior to the Redemption Date, the Issuer shall, in respect of the ETPs being terminated and redeemed, for value on the Redemption Date, transfer (or cause to be transferred) the Redemption Amount to the Paying Agent. On the Redemption Date, the Paying Agent shall, subject to

- transfer of the relevant ETPs to be terminated and redeemed; and
- receipt of payment of the related taxes and duties, if any,

initiate the redemption process by way of delivery versus payment procedure via the Clearing System.

### **Redemption of ETPs at the option of an Authorised Participant**

An Investor, which is also an Authorised Participant, may at any time require the Issuer to terminate and redeem all or part of its holding of ETPs by delivery of the Collateral for such ETPs as determined by the Administration Agent by lodging with the Issuer a Form of Order Request.

- The Authorised Participant shall submit a Form of Order Request;
- The Issuer and Administrator shall verify the order to ensure that it complies with these Conditions, the relevant Final Terms and the relevant Authorised Participant Agreement and, if so, shall send an order confirmation;
- The Paying Agent shall:
  - De-register the relevant ETPs in the Main Register; and
  - Debit the direct participant's account accordingly via delivery free of payment (DFP) transfer instructions;
  - Cancel the relevant ETPs in the Issuer's book of uncertificated Securities (Wertrechtbuch);
- The Custodian shall transfer the relevant Collateral to the Authorised Participant's Wallet or account on the relevant AP Redemption Date.

None of the Issuer, the Administrator, the Collateral Agent, or the Paying Agent shall be responsible or liable for any failure by the Custodian to effect delivery of the relevant Collateral in accordance with the Form of Order Request and the instructions given by the Issuer or any other person. However, in the event of such failure, the Issuer shall to the extent practicable, assign to the redeeming Authorised Participant its claims in respect of such Collateral in satisfaction of all claims of such holder in respect of the ETPs to be redeemed and the holder shall have no further claims against the Issuer or the Issuer Security.

The obligations of the Issuer in respect of ETPs being redeemed pursuant to this Condition shall be satisfied by transferring the relevant Collateral in accordance with this Condition 8.6.

Subject to approval of the Issuer, an Authorised Participant may request redemption under this Condition 8.6 to be effected on a Cash Settlement basis.

A Form of Order Request submitted by an Authorised Participant shall be in the form set out in the relevant Authorised Participant Agreement and shall include, inter alia, the number and type of ETPs to be redeemed, the Wallet or account to

which the relevant Collateral shall be delivered and the AP Redemption Date and shall be signed by an authorised signatory of the Authorised Participant.

The Issuer may change or vary the procedures for the lodgment and completion of the Form of Order Request and this Condition 8.6 shall be modified in respect of redemption to the extent of any such variation.

### **8.7 Payments, calculations, Agents and records**

All payments in respect of the Securities shall be made net of and after allowance for any withholding or deduction for, or on account of, any Taxes. No Event of Default shall occur as a result of any such withholding or deduction.

### **8.8 Calculations**

The Calculation Agent will, as soon as reasonably practicable on such date and/or at such time as the Calculation Agent is required in accordance with the Calculation Agent Agreement and the Terms and Conditions and any other relevant obligations, perform such duties and obligations as are required to be performed by it in accordance therewith.

The calculation by the Calculation Agent of any amount, price, rate or value required to be calculated by the Calculation Agent under the relevant provisions shall be made in good faith and shall (in the absence of manifest error) be final and binding on the Issuer, the Investors and the Series Parties.

### **8.9 Appointment of Agents**

Save as provided below, the Agents act solely as agents of the Issuer. The Agents do not assume any obligation or relationship of agency or trust for or with any Investor. The Issuer reserves the right at any time in accordance with the provisions of the Agency Agreement and / or the Calculation Agency Agreement, as applicable, to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents or Calculation Agents.

### **8.10 Business Day conventions**

If any date for payment in respect of any Security is not both a Clearing System Business Day and a Currency Business Day, the holder shall not be entitled to payment until the next following day which is both a Clearing System Business Day and a Currency Business Day or to any interest or other sum in respect of such postponed payment.

If any date referred to in the Terms and Conditions would otherwise fall on a day that is not a Valuation Date, then such date shall be postponed to the next day that is a Valuation Date.

### **8.11 Events of Default**

If any of the following events (each, an "Event of Default") occurs, the Collateral Agent at its discretion may or will, if so directed in writing by holders of a majority of the Securities then outstanding or if so directed by an Extraordinary Resolution, a copy of which has been provided to the Collateral Agent (provided that in each case the Collateral Agent shall have been indemnified and/or secured and/or pre-funded to its satisfaction by one or more Investors in accordance with the Pledge Agreement), give notice to the Issuer (copied to each Series Party) (such notice an "Event of Default Redemption Notice") that the Securities are, and they shall immediately become, due and payable at their Final Redemption Amount:

- the Issuer defaults in the payment of any sum due in respect of the Securities or any of them for a period of 14 Business Days or more;
- the Securities, the Pledge Agreement or any other Document, which default is incapable of remedy or, if in the opinion of the Collateral Agent capable of remedy, is not remedied within 30 Business Days (or such longer period as the Collateral Agent may permit) after notice of such default shall have been given to the Issuer by the Collateral Agent (and, for these purposes, a failure to perform or comply with an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
- any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Collateral Agent or by an Extraordinary Resolution.

The Issuer will, as soon as reasonably practicable after receipt of any Event of Default Redemption Notice, give notice thereof to the Investors.

### **8.12 Insolvency Event**

Upon the Issuer being declared bankrupt or wound-up by a competent court (an Insolvency Event), all Securities shall become immediately redeemable without further action or formality. The Issuer will notify the Collateral Agent promptly upon the occurrence of an Insolvency Event.

### **8.13 Enforcement**

Pursuant to the terms of the Pledge Agreement, only the Collateral Agent may, at its discretion and without further notice, take such action or step or institute such proceedings against the Issuer, as it may think fit to enforce the rights of the Investors against the Issuer whether the same arise under general law, the Pledge Agreement or the Securities, any other Document or otherwise, but, in each case, it need not take any such action or step or institute proceedings unless in accordance with the terms of the Pledge Agreement, the Collateral Agent is so directed by an Extraordinary Resolution a copy of which has been provided to the Collateral Agent or notified in writing by holders of at least a majority of the Securities then outstanding and it shall have been secured and/or pre-funded and/or indemnified to its satisfaction.

Pursuant to the Pledge Agreement, only the Collateral Agent may, at its discretion, and shall, if so directed in writing by the holders of at least one fifth in Principal Amount of the Series of Securities or by an Extraordinary Resolution, a copy of which has been provided to the Collateral Agent, subject to its having been pre-funded and/or secured and/or indemnified to its satisfaction by the Investors in accordance with the Pledge Agreement, enforce the Issuer Security constituted by the Pledge Agreement.

None of the Investors shall be entitled to proceed directly against the Issuer unless the Collateral Agent, having become bound to proceed in accordance with the terms of the Pledge Agreement, fails or neglects to do so within a reasonable time and such failure is continuing. The Investors acknowledge and agree that only the Collateral Agent may enforce the Issuer Security in accordance with, and subject to the terms of, the Pledge Agreement.

The Collateral Agent shall not be required to take any action in relation to the Issuer Security constituted by the Pledge Agreement which may (i) be illegal or contrary to any applicable law or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any liability (including any personal liability) in the performance of its duties or in the exercise of any of its rights, powers and discretions, without first being indemnified and/or secured and/or prefunded to its satisfaction.

### **8.14 Meetings of Investors, modification, waiver, substitution and restrictions**

An Investor representative is not appointed. Investor may, in meetings convened in accordance with the law, pass resolutions on certain matters affecting their interests. The quorum at any such meeting for passing a resolution will be two or more Investors or agents present in person holding or representing in the aggregate more than 50 % of the number of the Series of Securities for the time being outstanding or, at any adjourned such meeting, two or more Investors or agents present in person being or representing Investors, whatever the number of the Securities so held or represented, and an Extraordinary Resolution duly passed at any such meeting shall be binding on all the Investors, whether present or not.

### **8.15 Modification of the relevant Documents**

Subject to specific approval and consent requirements in the Document, the Issuer may, without the consent of the Investor make any modification to these Terms and Conditions and/or any Document which is, in the opinion of the Issuer required for the smooth operation of the Issuer. Any such modification, authorisation or waiver will be binding on the Investors and will be notified by the Issuer to the Investors as soon as reasonably practicable. If and to the extent required by applicable law, a supplement to the Prospectus will be established and filed for approval with the Liechtenstein FMA.



## **8.16 Prescription**

Claims for payment of a Redemption Amount in respect of the ETPs shall be barred by the statute of limitations in accordance with the applicable Swiss law, unless made within 10 years from the relevant Redemption Date.

## **8.17 Substitution**

The Issuer may delegate and transfer, without the consent of the Investors any and all obligations on the basis of this Prospectus and the Securities issued thereunder and may therefore be substituted as the principal debtor under this Prospectus and the Documents to which it is a party and the Securities of each Series, by any other company (incorporated in any jurisdiction).

## **8.18 Issue of further Series of Securities**

Subject to these Terms and Conditions, the Issuer may, from time to time (without the consent of the Investors), create and issue further Securities either having the same terms and conditions as the Securities in all respects and so that such further issue shall be consolidated and form a single Series with the Securities or upon such terms as the Issuer may determine at the time of their issue and/or incur further obligations relating to such Securities. Only an Authorised Participant may request that the Issuer issue additional Securities by delivering a valid Subscription Order subject to and in accordance with the terms of the relevant Authorised Participant Agreement.

Any new Securities forming a single Series with Securities already issued and which are secured in accordance with the terms of the Pledge Agreement will, upon the issue thereof by the Issuer, be secured by the terms of the Pledge Agreement without any further formality and irrespective of whether or not the issue of such Securities contravenes any covenant or other restriction in the Pledge Agreement and shall be secured.

## **8.19 Notices**

All notices to holders of Securities shall be valid if they are published on the website of the Issuer. If, in the opinion of the Issuer, any such publications above are not practicable, notice shall be validly given if published in another leading daily newspaper with general circulation in the relevant country. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

## **8.20 Governing law**

The Base Prospectus, the Final Terms, as well as any Document if not ruled differently, and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Swiss law.

## **8.21 Jurisdiction**

The courts of Zug, Switzerland are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Securities and Documents, and, accordingly, any legal action or proceedings arising out of or in connection with any Securities ("Proceedings") may be brought in such courts.

Notwithstanding the above, and for the avoidance of doubt, certain provisions within each of the Pledge of Collateral Account Agreement and the Collateral Agent Agreement shall be governed by the laws of Switzerland or the laws of the jurisdictions, as specified in each of the aforementioned agreements.

# **9 MARKET DISRUPTION**

## **9.1 Market Disruption Event**

Market Disruption Event means that the prices or values of the Underlyings relevant for the ETP cannot be determined or announced or published or otherwise are not being made available on a day relevant for the fixing, observation or

valuation of such Underlyings, in particular the Final Fixing Date, as determined by the Calculation Agent, in its duly exercised discretion.

## **9.2 Rights on the occurrence of a Market Disruption Event**

If the Calculation Agent determines that a Market Disruption Event has occurred and is continuing on a day relevant for the fixing, observation or valuation of the relevant Underlyings, in particular the Final Fixing Date, then the respective day relevant for the fixing, observation or valuation of such Underlyings shall be postponed until the next following Exchange Business Day where there is no such Market Disruption Event.

If a Market Disruption Event is continuing, then the respective day relevant for the fixing, observation or valuation of the relevant Underlyings, in particular the Final Fixing Date, and the value for such Underlyings for such date shall be determined by the Calculation Agent, in its duly exercised discretion in accordance with established market practice. The Final Fixing Date for relevant Underlyings that are not affected by the Market Disruption Event shall be the originally designated Final Fixing Date and the Final Fixing Date for each relevant Underlying that is affected shall be determined as provided above.

## **10 UNDERLYING ILLIQUIDITY**

Underlying Illiquidity means, in respect of any Underlyings, low or no trading volume in the Underlying, the difficulty to buy and/or sell the Underlying in a short period of time without its price being affected, or any comparable event that leads to an extraordinary illiquidity in any Underlying.

### **Rights upon Underlying Illiquidity**

- **Expanded bid/offer spreads**  
In case of Underlying Illiquidity, the Market Maker or Authorised Participant shall be entitled to temporarily increase the spread between the bid and offer prices of the Product to account for such prevailing market conditions.
- **Modified Redemption Amount**  
In case of Underlying Illiquidity, the relevant Redemption Amount may be calculated based on the average execution price (less transaction costs) as it was obtained on a best effort basis, as determined by the Product Calculation Agent, instead of using the originally pre-defined fixing or value of the Underlying (*e.g.*, the official close of the respective Underlying) set out in the Final Terms.
- **Postponed fixing and/or redemption**  
In case of Underlying Illiquidity, the determination (fixing) and/or the payment of the relevant redemption amount shall be postponed accordingly by such number of days necessary to account for such prevailing market conditions as determined by the Product Calculation Agent.

## **11 POTENTIAL ADJUSTMENT IN THE UNDERLYINGS**

### **11.1 Adjustments**

The Issuer shall, acting in a commercially reasonable manner and in accordance with established market practice and without the consent of Investors, determine whether or not at any time a Potential Adjustment Event has occurred. Where it determines that a Potential Adjustment Event has occurred, the Issuer will, acting in a commercially reasonable manner and in accordance with established market practice determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Underlying or Underlying Component and, if so, will make such adjustment as it considers appropriate in its duly exercised discretion and in accordance with established market practice. Such adjustment could be made to the Redemption Amount, the relevant Underlying or Underlying Component, the number of Underlyings to which each Product relates, the number of Underlyings or Underlying Component comprised in a Basket, and/or any other adjustment and, in any case, any other variable relevant to the

redemption, settlement, or payment terms of the relevant Products as the Issuer determines, in its duly exercised discretion but in accordance with established market practice, to be appropriate to account for that diluting or concentrative effect. The Issuer shall further determine, in its duly exercised discretion and in accordance with established market practice, the effective date(s) of such adjustment(s).

## **11.2 Handling of Market Events by the Index Administrator**

### **11.2.1 Forks**

An announcement by the Index Administrator will be made on its website if a forked asset will be included in an index. A fork that is not announced by the Index Administrator is not eligible for inclusion in an index. For a fork to be evaluated for potential inclusion in an index, it must be deemed material.

For a fork to be deemed material it must have:

- a reliable wallet solution with a qualified custodian
- sufficient liquidity in the asset on the day of the fork
- been forked from a current component

Once a fork is deemed material, it must meet the forking evaluation criteria. For a fork to meet the forking evaluation criteria it must have:

- been listed for spot trading on an exchange that meets the Company's exchange eligibility criteria
- been listed under a different ticker symbol
- had a higher market capitalization than the current component for ten consecutive days

A fork that does not meet the forking evaluation criteria at the time of assessment is not automatically included in an index would that fork meet the forking evaluation criteria at a later stage. Prior to a rebalance, an index affected by a forking event may contain more than the predefined number of constituents.

If market capitalization cannot be calculated, a last observation carried forward approach is used to obtain a price. The trading history of forked crypto assets is determined based on the operational time of the originating chain. Under extreme circumstances, the index committee has the right to make the decision on whether to include a fork, at their discretion in accordance with their index committee policy.

Applying these rules to historically important forks, the index would have tracked BTC in the BTC & BCH fork and ETH in the ETC & ETH fork

### **11.2.2 Airdrops**

Airdrops are not included. Certain airdrops are technically and structurally equivalent to forks and in that case treated as such.

### **11.2.3 Staking**

Staking returns are not included.

### **11.2.4 Extraordinary Events**

In extraordinary cases, discretion may be exercised in the administration of an index. A benchmark administrator shall have a methodology with clear rules identifying how and when discretion may be exercised in the determination of a benchmark (Art.12(1)(a) BMR). For the avoidance of doubt, all benchmarks governed by this statement shall, after an internal reasonableness control, have the possibility to be subject to discretion in the determination of the benchmark if:

- the input data used in the determination of the benchmark is or appears to be of lower quality than equivalent input data that is not priorly designated in the methodology; or
- a situation not covered by the methodology risks investor protection if discretion is made in the determination of the benchmark; or

- an extraordinary event occurs which includes, but is not limited to, hacking of market participants, hacking of platforms providing input data, trading halts, regulatory action, legal action, suspected fraud by a regulatory authority, minimization of custodial capabilities, or loss of support from the industry including, but not limited to, market makers, custodians, regulated exchanges and publications with tier 1 domain authority.

Invierno AB will keep a record of discretion events exercised if applicable. The exercise of discretion is made in compliance with applicable policies and methodologies with respect to benchmark users, the integrity of the market, investor protection, and other market participants (see also <https://compliance.vinter.co/crypto-assets#handling-of-market-events>).

### **11.3 Discontinuation of Trading on Relevant Underlying Exchange**

If the Issuer, acting in a commercially reasonable manner and in accordance with established market practice, upon the announcement of the Relevant Underlying Exchange that pursuant to the rules of such Relevant Underlying Exchange, the relevant Underlyings ceases (or will cease) to be traded or publicly quoted on the Relevant Exchange for any reason and is not immediately re-traded or re-quoted on an exchange or quotation system, then the Issuer may determine, in its duly exercised discretion and in accordance with established market practice, that the relevant ETPs shall be terminated and the ETPs shall pay an amount which the Calculation Agent, in its duly exercised discretion and in accordance with established market practice, determines is the fair market value. Alternatively, the Issuer is entitled to continue the affected ETPs with a new underlying (Successor Underlying). The Issuer shall determine the Successor Underlying in its duly exercised discretion and in accordance with established market practice for the type of Underlyings.

### **11.4 Notices of Adjustment**

The Issuer shall give notice to the Investors in accordance with “Notices” any change to the General Terms and Conditions of the ETPs. For the avoidance of doubt, the consent of the Investors shall not be required to make any of the changes to the ETPs.

## **12 FX DISRUPTION**

### **12.1 Postponement of Final Fixing Date or Observation Date in case of a FX Disruption Event**

If the Calculation Agent determines that on a Final Fixing Date or an Observation Date an FX Disruption Event has occurred and is continuing, the date for determination of the FX Rate (as defined below) shall be postponed until the first Business Day on which such FX Disruption Event ceases to exist (FX Establishment Date). The Final Fixing Date or the Observation Date in respect of the ETPs shall be postponed to the Business Day which falls on the same number of Business Days after the FX Establishment Date as the Final Fixing Date or the Observation Date, as applicable, was originally scheduled to be after the Final Fixing Date or the Observation Date, as applicable (the Postponed Final Fixing Date or the Postponed Observation Date).

If a FX Disruption Event has occurred and is continuing on the Postponed Final Fixing Date or Postponed Observation Date (including any Final Fixing Date or Observation Date postponed due to a prior FX Disruption Event), then the Postponed Final Fixing Date or Postponed Observation Date, as applicable, shall be further postponed until the first Business Day following the date on which such FX Disruption Event ceases to exist, or to a date as reasonably determined by the Calculation Agent. For the avoidance of doubt, if a FX Disruption Event coincides with a Market Disruption Event, as the case may be, the provisions of this Condition shall take effect only after such postponements or adjustments have been made as a result of such Market Disruption Event in accordance with the General Terms and Conditions and, notwithstanding the respective provisions of the General Terms and Conditions, the Issuer’s payment obligation of the Redemption Amount shall continue to be postponed in accordance with the provisions of this Condition.

### **12.2 FX Rate and Successor Currency**

FX Rate means, the exchange rate (determined by the Calculation Agent in good faith and in a commercially reasonable manner) for the sale of the Relevant Currency for the Settlement Currency on the Final Fixing Date or the Observation

Date or other date on which such exchange rate falls to be determined in accordance with the provisions of this Condition 11 expressed as a number of units of Relevant Currency per unit of the Settlement Currency.

In the event that a Settlement Currency used in connection with the FX Rate or in any other context is replaced by another Settlement Currency in its function as legal tender in the country or jurisdiction, or countries or jurisdictions, by the authority, institution or other body which issues such Settlement Currency, by another currency or is merged with another currency to become a common currency, the affected Settlement Currency shall be replaced for the purposes of these General Terms and Conditions and the respective Final Terms by such replacing or merged currency, if applicable after appropriate adjustments have been made, (Successor Currency). The Successor Currency and the date of its first application shall be determined by the Investment Manager in its duly exercised discretion and will be notified to the Investors by the Issuer.

## 13 ISSUER

### 13.1 General Information

Pando Asset AG is the issuer of the ETPs with registered office at c/o Centralis Switzerland GmbH, Bahnhofstrasse 10, 6300 Zug, Switzerland and phone number +41 76 559 89 68. The Issuer (LEI: 894500CWDKK9GY4SCT20) has been incorporated as corporation on 13 January 2022 with the corporate number CHE-190.919.745 and therefore Swiss law and jurisdiction is applicable. The sole purpose of the Issuer is special purpose vehicle for the issuance of financial instruments. It has been founded on 24.12.2021 and its articles of association are dated as of this date. According to Article 2 of the Article of Association:

- The purpose of the Company is to provide financial and investment services domestically and abroad, on own account and on account for others.
- The Company shall be entitled to engage in all transactions and take all measures which are suitable to serve the purpose of the Company. The Company may further carry out any transaction which is beneficial to its parent company and its direct and indirect subsidiaries.
- The Company may participate in group financings, especially by granting loans to its direct or indirect shareholders or other group companies or by granting securities of any kind to third parties for other group companies' liabilities, even if such loans or securities are in the exclusive interest of its direct or indirect shareholders or other group companies and are granted without consideration.
- Furthermore, it shall be entitled to establish or acquire companies or branches in Switzerland and abroad and to participate in such companies, also as a personally liable partner.
- The Company may acquire, hold, burden and sell real estate.

The Issuer receives 3 Bitcoins (BTC) from Mr. Li Xiaolai upon the incorporation of the Issuer pursuant to the Non-Cash Contribution Agreement (Sacheinlagevertrag). The valuation of the contribution in kind is based on the exchange rate for the conversion of Bitcoin (BTC) to CHF used by the platform finanzen.ch. The contribution in kind has a value of at least CHF 100'000 according to the average exchange rate from the day before the incorporation. The Issuers' share capital amounts to 100'000 and is divided into 100'000 shares. Each share is fully paid up. All of the Issuer's issued ordinary shares are owned by Li Xiaolai. The Issuer does not hold own shares.

The Issuer's website is available at: [www.pandoasset.com](http://www.pandoasset.com). This website does not form part of this Base Prospectus (other than where information has been explicitly incorporated by reference).

### 13.2 Information on Administrative, Management and Audit Bodies

#### a) Founder

The Issuer has been founded by Mr. Li Xiaolai. The founder holds 100% of the share capital in the Issuer. The founder has direct control over the Issuer. There are no other arrangements that would allow for the direct or indirect control and influence of the Issuer. There are also no agreements and arrangements in place that will change this situation at a future point in time.

**b) Board of Directors**

The board of directors is responsible for the management of the Issuers' business, and currently comprises one member, Mr. Li Xiaolai. Mr. Li Xiaolai holds a bachelor's degree in financial accounting (industrial enterprise) from Changchun University and a master's degree in macroeconomics from Korea Chonnam National University. He is a well-known investor in virtual assets in mainland China and acts as an angel investor in several venture capital investments.

**c) Statutory Auditor**

MOORE STEPHENS EXPERT (ZURICH) AG, Gotthardstrasse 55, 8800 Thalwil, Switzerland has been appointed for the purpose of auditing the Issuer's financial statements.

**13.3 Business Activities and disclosure of principal markets and competitive position**

The Issuer is a special purpose vehicle. The only business of the Issuer is the issuance of Series of Securities each replicating an Asset Management Strategy relating to the Underlying Assets. The Issuer does not hold any subsidiary undertakings. The Securities will mainly be bought by Investors domiciled in Asia. There is currently no other product available in the market with a similar focus and target client group. Most other similar products available in the market place are products on individual cryptocurrencies.

The Issuer will finance its business activities mainly through the issuance of the share capital and the earning of the Management and other Fees, as applicable and stated in the Final Terms. No court, arbitral or administrative proceedings are pending or threatened against the Issuer at the date of this Base Prospectus.

**13.4 Financial Statements**

The Issuer's has not yet commenced operations and has not prepared audited financial statements at the date of this Base Prospectus. The financial year of the Issuer ends on 31 December. The annual financial statements of the Issuer will be prepared in accordance with IFRS. Annual financial statement are made available at the Issuer's website [www.pandoasset.com](http://www.pandoasset.com) as soon as available.

The Issuer has been incorporated on 13 January 2022 with the transfer of 3 BTC (USD 42'447.04). The audited opening balance sheet as of this date has been the following:

**Opening Balance Sheet as of 13 January 2022**

<b>Assets</b>		<b>Liabilities</b>	
<b>Current Assets</b>		<b>Current Liabilities</b>	
3 BTC	CHF 127'341.12	Share Capital	CHF 100'000
		Reserves	CHF 27'341.12
<b>Total Assets</b>	<b>CHF 127'341.12</b>	<b>Total Liabilities</b>	<b>CHF 127'341.12</b>

There has been no material adverse change in the financial position or prospects of the Issuer since the date on which the Issuer was incorporated. Save for the issue of Securities and their related arrangements, the Issuer has no borrowings or indebtedness in the nature of borrowing and no contingent liabilities or guarantees. Furthermore, no events particular to the Issuer occurred, which are to a material extent relevant to an evaluation of the Issuer's solvency.

## 14 LIABILITY FOR LOSSES

Without prejudice to the provisions of the Collateral Agent Agreement, none of the Issuer, the Calculation Agent, the Collateral Agent or the Paying Agent shall have any responsibility to the extent permitted by law for any errors or omissions in the calculation of any amount or with respect to any other determination or decisions required to be made by it under these General Terms and Conditions or with respect to any ETPs, irrespective of whether the agents act in the interest of the Issuer or the Investor.

None of the Issuer, the Collateral Agent or any other obligor under any ETPs shall be liable for fraud, theft, cyber-attacks and/or any analogous or similar event (each, an **Extraordinary Event**). Accordingly, upon the occurrence of an Extraordinary Event with respect to, or affecting any, Underlying including any Underlying that serves as Collateral, the Issuer shall give notice to Investors in accordance with “Notices” and to the Collateral Agent and the Redemption Amount for such ETPs shall be reduced to account for such Extraordinary Event and may be as low as zero, as determined by the Calculation Agent.

In no event shall the Issuer or the Collateral Agent have any liability for indirect, incidental, consequential or other damages (even if it was advised of the possibility of such damages) other than (in the case of the Issuer only) interest until the date of payment on sums not paid when due in respect of any ETPs. Investors are entitled to damages only and are not entitled to the remedy of specific performance in respect of an ETP.

## 15 POTENTIAL CONFLICT OF INTERESTS

### 15.1 Directors of the Issuer

None of the principal activities performed by the Directors outside the Issuer are significant with respect to the Issuer and they have no interests that are material to the Programme. Personnel of the Issuer, including the directors, equity owners, and management, may have a certain exposure to the Securities and the broader Asset market covered by the Securities. They are under no obligation to disclose their holdings, changes in the value of their holdings, any trading activity in those holdings or Underlying Assets they transact in.

Subject to the preceding paragraphs, none of the members of the Board of Directors has a private interest or other duties resulting from their directorship of other companies, enterprises, undertakings or otherwise, that may be in conflict with the interests of the Issuer.

### 15.2 The Issuer

The Issuer or potential future affiliates (which directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Issuer) may hold, retain, buy or sell Securities or Underlying Assets of the Securities at any time. They may also enter into transactions relating to derivatives of Securities, in such amounts, with such purchasers and/or counterparties and at such prices (including at different prices) and on such terms as any such entity may determine, be it as part of its business and/or any hedging transactions as described in this Base Prospectus or for any other reason. There is no obligation upon the Issuer to sell all of the Securities of any Series. The Securities of any Series may be offered or sold in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, subject as provided above.

## 16 MARKET MAKER

### 16.1 Description of the Market Maker

One of the Market Maker of each Series of Securities is Flow Traders B.V. Jacob Bontiusplaats 9, 1018LL Amsterdam, The Netherlands. The Market Maker commits to continuously quoting prices at which it will buy and sell Securities and the volume in which it is willing to trade on the exchange and thereby provides liquidity in the Securities according to the Market Making Agreement. The Issuer may replace or add Market Maker, as per the applicable Final Terms.

## **16.2 Market Making Agreement**

Each Market Maker will enter into a Market Making Agreement with the Issuer related to each Series of Securities. The Market Making Agreement regulates the provision of market making activities related to the Securities. The Market Making Agreement can be subject to Swiss law or the laws of the place of domicile of the Market Maker.

The Market Making Agreement regulates the provision of market making activities related to the ETP. The agreement was concluded with Flow Traders on or about the date of this Base Prospectus. The conditions regarding creation and redemptions are specified in the final terms.

## **17 AUTHORISED PARTICIPANT**

### **17.1 Description of the function of the Authorized Participant**

Subject to contrary provisions in the Final Terms, only Authorised Participants may initiate the creation and redemption of Securities directly from the Issuer, subject to limited circumstances described herein (including the Investor's put option according to the Terms and Conditions). The creation of new Securities under a Series may be limited by the max. number of ETPs issued under a specific Series as specified in the relevant Final Terms. Authorised Participants may also act as Market Makers, buying and selling Securities from and to Investors on an over-the counter basis or via an exchange. However, not all Market Makers need to be Authorised Participants. It is intended that Authorised Participants will sell Securities in the primary or secondary market to Investors who have either directly approached the Authorised Participant or on an exchange. The purchase price is agreed between the Authorised Participant and such Investor in respect of the ETPs.

### **17.2 Information about the Authorised Participant**

The Issuer may replace or add Authorized Participants, as per the applicable Final Terms.

### **17.3 Authorised Participant Agreement**

The terms under which the Market Maker will act as Authorised Participant were agreed in the Market Maker Agreement.

## **18 PAYING AGENT**

### **18.1 Description of the function of the Paying Agent**

The Issuer reserves the right at any time to vary or terminate the order/mandate of the Global Paying Agent and to appoint another paying agent provided that (i) if Products are outstanding, it will maintain a paying agent, and (ii) as long as the Products are listed on SIX, it will maintain a Swiss Paying Agent for listing purposes only. The Swiss Paying Agent will be specified in the relevant Final Terms.

Each of Global Paying Agent and any other paying agent appointed in respect of a particular Series of Products (together with the Global Paying Agent, the Paying Agents), is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

Any determinations, decisions and calculations by the Paying Agents shall (save in the case of manifest error or willful misconduct) be final and binding on the Issuer and the Investors.

The Issuer may at any time vary or terminate the appointment of the Paying Agents.



## **19 AGENTS**

### **19.1 NAV Calculation Agent**

#### **19.1.1 Description of the function of the NAV Calculation Agent**

The NAV Calculation Agent is Sudrania Fund Services Corp, 633 Rogers Street, Suite 106 – Downers Grove, IL 60515 USA, is a leading digital assets fund administrator. The Calculation Agent provides, inter alia, price data, historical data, and top lists of trading volumes on exchanges related to the Underlyings of the ETPs on a data supply interface. The Issuer may replace the Calculation Agent, as per the applicable Final Terms.

#### **19.1.2 Calculation Agency Agreement**

Each Calculation Agent will enter into a Calculation Agency Agreement with the Issuer relating to one or multiple Series of Securities. The Calculation Agent Agreement sets out the terms on which the Calculation Agent will act as Calculation Agent. Pursuant to the Calculation Agent Agreement, the Calculation Agent agrees to provide data on a data supply interface, including: (i) Pricing data, (ii) historical data, (iii) top lists of exchange volumes, pair volumes, trading pairs, total volumes.

The Issuer agreed that the Calculation Agent shall not in any circumstances be liable whether in contract, tort (including for negligence and breach of statutory duty howsoever arising), misrepresentation (whether innocent or negligent), restitution or otherwise, for any indirect or consequential losses or any punitive, exemplary or special damage, except for fraud or fraudulent misrepresentations, death or personal injury caused by negligence, or any other matter in respect of which it would be unlawful for it to limit or exclude liability.

### **19.2 Index Calculation Agent**

#### **19.2.1 Description of the function of the Index Calculation Agent**

The Index Calculation Agent is Invierno AB, Reg. No. 559207-4172 (“Vinter”) with its registered address at Box 5193, 10244 Stockholm, Sweden. The Index Calculation Agent will calculate the Vinter Pando Crypto Indexes. The Vinter Pando Crypto Indexes are a family of benchmarks. The indexes are developed to provide a rule-based and transparent way to track the value of a portfolio. Each index measures the value of an investment strategy. The investment decisions are based on the Vinter Pando Crypto Basket 6 Index (PANDO6) and contains the six largest crypto assets. The index is rebalanced quarterly.

#### **19.2.2 Index Calculation Agency Agreement**

The Index Calculation Agent will enter into an Index Calculation Agency Agreement that sets forth the requirements and steps of how to calculate, disclose, record, and re-balance the composition of the Indexes out of the Vinter Pando Crypto Basket 6 Index that have been used.

## **20 COLLATERAL AGENT**

### **20.1 Description of the function of the Collateral Agent**

The Collateral Agent is appointed by the Issuer to act on behalf of the Investors. Its duties and obligations include, inter alia, enforcing the rights of the Investors in the Securities following the occurrence of an Event of Default or an Insolvency Event.

### **20.2 Information about the Collateral Agent**

GisselbRecht & Wirtschaft AG is the Collateral Agent. The Collateral Agent has been incorporated. The purpose of the company is the provision of legal services in Switzerland and outside of Switzerland by means of attorneys admitted to practice in Switzerland. The Issuer may replace the Collateral Agent, as per the applicable Final Terms.

### **20.3 Collateral Agent Agreement**

The Issuer entered into the Collateral Agent Agreement with the Collateral Agent. The Collateral Agent Agreement sets out the terms on which GisselbRecht & Wirtschaft AG will act as Collateral Agent. Pursuant to the Collateral Agent Agreement, the Collateral Agent agrees to act on behalf of the Investors in an Event of Default or an Insolvency Event. The Collateral Agent will in particular execute the following obligations:

- Liquidation of the Collateral
- Serving of an Enforcement Notice on the Issuer as defined in the Terms and Conditions.
- Upon enforcement of the Issuer Security, the Collateral Agent are applied by or on behalf of the Collateral Agent in accordance with the Terms and Conditions.

The Collateral Agent is not responsible or liable for monitoring or ascertaining whether or not an Event of Default or Insolvency Event or any other non-performance under this Base Prospectus and the Final Terms have occurred or exist. Unless and until it has received written notice to the contrary, the Collateral Agent shall be entitled to assume (without any liability to any person) that no Event of Default or Insolvency Event or any other non-performance have occurred or exist. The Collateral Agent is an independent contractor, and nothing contained in this Collateral Agent Agreement will be deemed or construed to:

- (i) create a partnership or joint venture between the Issuer and the Collateral Agent,
- (ii) cause the Collateral Agent to be responsible in any way for the debts, liabilities or obligations of the Issuer or any other party, or
- (iii) constitute the Collateral Agent or any of its employees as employees, officers, or agents of the Issuer.

The Collateral Agent Agreement is governed by Swiss law.

### **20.4 Pledge of Collateral Account Agreement**

The Issuer entered into the Pledge of Collateral Account Agreement with the Collateral Agent. The Pledge of Collateral Account Agreement provides a pledge in favor of the Collateral Agent for the benefit of the Investors.

The Issuer pledges by means of a first priority pledge all claims that it holds against the Custodians related to the Accounts on which Underlying Assets are held in custody for the Issuer, all related interest, provisions, fees, costs of current or future agreements related to all the Underlying Assets, including Digital Assets, cash, Securities, and other Assets independent of whether they are in physical, uncertificated, certificated, or digital form. The Pledged Claim covers directly the claims of the Issuer on the Accounts, and indirectly all the Underlying Assets that are deposited in the Accounts in the name of a Custodian, but on behalf of the Issuer, either for the Issuer itself or with a third-party custodian.

The Collateral Agent is not liable for any error of judgment or mistake of law or for any loss suffered by the Parties in connection with the matters to which this Pledge of Collateral Account Agreement relates, except for a loss resulting from willful misfeasance, bad faith or negligence on its part in the performance of its duties or from reckless disregard by it of its obligations and duties under the Pledge of Collateral Account Agreement.

The Pledge of Collateral Account Agreement is governed by Swiss law or the laws of the place of domicile of the Collateral Agent.

## **21 CUSTODIAN**

### **21.1 Description of the function of the Custodian**

The Custodian is Coinbase Custody Trust Company LLC (200 Park Avenue South, Suite 1208, New York, NY 10003, USA). The Custodian administers the Accounts as applicable opened for each Series of Securities in accordance with the collateral procedures described in this Base Prospectus.

The name of the Custodian for each ETP is set forth in the Final Terms. The Issuer may replace and/or add Custodian, as per the applicable Final Terms.

### **21.2 Custodial Services Agreement**

Each Custodian will enter with the Issuer into a Custodial Services Agreement with regards to each Series of Securities. The Custodial Services Agreement sets-out how the Custodian administers the Accounts or Sub-accounts, as applicable, opened for each Series of Securities and that the Custodian acknowledges that once the Underlying Asset have been deposited with the Accounts or Sub-accounts of the Custodian, and excluding certain circumstances, it may only be removed after approval from the Issuer or after instruction by the Investment Manager (or the Collateral Agent following an Event of Default or an Insolvency Event).

The Custodial Services Agreement can be subject to Swiss law or to the laws of the place of domicile of the Custodian.

## 22 IMPORTANT INFORMATION WITH REGARDS TO THIRD PARTIES

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since the date of incorporation of the Issuer which may have or have had in the recent past a significant effect on the Issuer's financial position or profitability.

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

For at least 10 years, or if longer, for the duration of the Programme or so long as any Series of Securities remain outstanding, copies of the following documents will be available for inspection by Investors in Securities or third parties showing a sufficient interest in a potential investment in Securities during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer, or if indicated below, on its website [www.pandoasset.com](http://www.pandoasset.com):

- a) the Articles of Association of the Issuer;
- b) the annual audited accounts and half-yearly unaudited accounts of the Issuer;
- c) the Administration Agreement;
- d) the Authorised Participant Agreements, as and when available;
- e) the Calculation Agent Agreement;
- f) the Collateral Agent Agreement;
- g) the Pledge of Collateral Account Agreement;
- h) the Custodial Services Agreement;
- i) the Market Making Agreement;
- j) the Paying Agent Agreement; and
- k) the Base Prospectus and any relevant Final Terms and summaries (available on the website).

Unless explicitly mentioned and described in this Base Prospectus, there are no additional material agreements with third parties in place.

The Securities may not be a suitable investment for all Investors. Whether the Securities constitute a suitable investment must be assessed considering each Investor's own circumstances and neither does this Base Prospectus nor any marketing material relating to the Securities constitute investment advice, financial advice or any other kind of advice to Investors. Investors must make a suitability assessment regarding investments in the Securities or consult with the Investor's professional advisors. An investment in the Securities is only suitable for Investors who have sufficient experience and knowledge to assess risks related to the investment and is only suitable for Investors who also have investment objectives that match the Securities' exposure and other characteristics and have the financial means to bear the risks associated.

Neither this Base Prospectus nor any other information supplied in connection with the Programme is to be used as the basis of any credit assessment or other evaluation or is to be considered as a recommendation by the Issuer that any recipient of this Base Prospectus (or any other information supplied in connection with the Programme) should purchase any Series of Securities. Each Investor contemplating the purchase of any Securities should make his or her own independent enquiries regarding the financial condition and business development of the Issuer and his or her own appraisal of their creditworthiness.

## 23 SELLING RESTRICTIONS

*Only Authorised Participants can subscribe for Products of the Issuer, acting as principals in respect of such subscriptions.*

### 23.1 General selling restrictions

The Securities are subject to selling restrictions set forth in this Base Prospectus. These selling restrictions may be modified by the agreement of the Issuer and the Authorised Participants following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of the Products to which it relates or in a supplement to this Base Prospectus.

Any modification will be set out in the Final Terms issued in respect of the issue of the Securities to which it relates or in a supplement to this Base Prospectus. None of the Issuer or any Authorised Participant represent that the Securities can at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Save for the approval of the Base Prospectus in relation to the Programme by Financial Market Authority Liechtenstein ("FMA") no action has been or will be taken by the Issuer that would permit a public offering, listing or admission to trade of any ETPs or possession or distribution of any offering material in relation to any ETPs in any jurisdiction where action for that purpose is required. No offers, sales, resales, or deliveries of any ETPs or distribution of any offering material relating to any ETPs may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations, and which will not impose any obligation on the Issuer.

### 23.2 Selling restrictions for the USA

In particular the Securities have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that it has not offered or sold and will not offer and sell Securities at any time, directly or indirectly, within the United States or its possessions or for the account or benefit of any U.S. person (as defined in Regulation S under the Securities Act) or any person that is not a Non-United States person (as defined by the U.S. Commodity Futures Trading Commission). Each Authorised Participant has further represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver Securities except in accordance with Rule 903 of Regulation S, and that none of it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to such Securities, and they have complied and will comply with the offering restrictions requirement of Regulation S. In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Offering materials for the offering of the Securities have not been filed with or approved or disapproved by the SEC or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful.

### 23.3 Selling restrictions for the EEA

In relation to each member state of the European Economic Area (EEA), which has implemented the Prospectus Regulation (each, a Relevant Member State), each Authorised Participant has represented and agreed that with effect from and including the date on which the Prospectus Regulation is implemented in that relevant member state, it has not made and will not make an offer related to Securities to the public in such a relevant member state, unless at least one of the following conditions is met:

- The Final Terms in relation to each Series of Securities specify that an offer of those Securities may be made by an Authorised Participant in a relevant member state, following the date of publication of the Base Prospectus which has either (i) been approved by the competent authority in that Relevant Member State or (ii) been approved in another relevant member state and notified to the competent authority in that relevant member state, provided that the Base Prospectus has subsequently been completed by the Final Terms, in the period (if any) beginning and ending on the dates specified in the Final Terms, and the Issuer has consented in writing to its use.

- The offer is made to any legal entity which is a qualified Investor as defined in the Prospectus Regulation, provided that the offer does not require the Issuer or any Authorised Participant to publish another prospectus or supplement the Base Prospectus pursuant to Article 23 Prospectus Regulation.
- The offer is made to fewer than 150 natural or legal persons (other than qualified Investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Authorised Participant or Authorised Participants nominated by the issuer for any such offer.
- The offer is made under circumstances falling within Article 1(4) of the Prospectus Regulation, provided that the offer do not require the Issuer or any Authorised Participant to publish another prospectus or supplement the Base Prospectus pursuant to Article 23 Prospectus Regulation.

For the purposes of this provision, the expression “an offer of Securities to the public” in relation to any Securities in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an Investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Regulation in that Member State.

A distributor of the Securities that is subject to Directive 2014/65/EU, as amended (MiFID II), is responsible for undertaking a target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID product governance rules under EU Delegated Directive 2017/593 (the MiFID Product Governance Rules), any Authorised Participant subscribing for any Series of Securities is a manufacturer in respect of such Securities, but otherwise neither the Authorised Participants nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules. For the avoidance of doubt, the Issuer is not a manufacturer or distributor for the purposes of MiFID II.

To the extent that sales to retail Investors are mentioned as prohibited in the applicable Final Terms, each Authorized Participant has assured and agreed, and each further Authorized Participant appointed to issue products under the Each Authorized Participant has assured and agreed, and each further Authorized Participant appointed to issue products under the Programme, must represent and agree that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, products which are the subject of an offering contemplated by this Base Prospectus, as supplemented by the related Final Terms, to any retail Investor in the EEA. For the purposes of this provision, "Retail Investor" means a person who is one (or more) of the following:

- a retail client as defined in point (11) of Article 4(1) of MiFID II;
- a customer within the meaning of the Directive 2016/97/EU (Insurance Distribution Directive (IDD)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- not a qualified Investor as defined in the Prospectus Regulation.

#### **23.4 Selling restrictions in Switzerland**

Financial services in relation to the Series of Securities, such as the acquisition or disposal for clients, the receipt and transmission of orders, portfolio management and investment advice, may only be provided in accordance with the Financial Services Act (FINSA) in Switzerland. Moreover, the Securities may only be offered and advertised in accordance with the FINSA.

In particular any financial service provider, offeror or advertiser of the Securities must adhere to the code of conduct (Art. 8 ff. FINSA) as applicable to a specific client segment (Art. 4 f. FINSA) and must adhere to the rules for advertising the Securities (Art. 71 FINSA).

## **24 TAX CONSIDERATIONS**

### **24.1 General tax considerations**

Tax legislation in the Investor's home state and the Issuer's state may have an impact on any return received from the Securities.

The tax treatment for each Investor depends on the particular situation. All Investors are advised to consult with their professional tax advisors as to the respective tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Securities (or options embedded therein) in light of their particular circumstances.

The following discussion is a summary of certain material Swiss tax considerations relating to (i) Securities issued by the Issuer where the holder is tax resident in Switzerland or has a tax presence in Switzerland or (ii) Securities where the Paying Agent, Custodian or Securities dealer is located in Switzerland. The discussion is based on legislation as of the date of this Base Prospectus. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in ETPs.

### **24.2 Swiss Withholding Tax**

To the extent required by applicable law and practice, Swiss withholding tax will be levied on the Redemption amount and on any other payments made to the Investors.

It was proposed by the Swiss Federal Council in April 2020 to amend the Swiss withholding tax law and to exempt domestic legal entities and foreign Investors from withholding tax on interest payments. This change would involve the introduction of the so-called paying agent principle for interest payments instead of the current debtor principle. If and when such a withholding tax law amendment would be introduced is unclear at the date of the issuance of this Base Prospectus.

### **24.3 Income Taxation**

#### **24.3.1 Securities held as private assets by a Swiss resident holder**

The taxation of income from Securities held as private assets by Swiss resident Investors depends on the Final Terms, on the tax qualification of the Securities and on the tax residency of the Investor. Investors are advised to consult with their tax advisors as to their specific income tax consequences.

#### **24.3.2 Securities held as assets of a Swiss business**

Corporate entities and individuals who hold Securities as part of a trade or business in Switzerland, in the case of residents abroad carried on through a permanent establishment or a fixed place of business in Switzerland, are required to recognise any payments on, and any capital gains or losses realised on the sale or redemption of such Securities (irrespective of their classification) in their income statement for the respective taxation period and will be taxed on any net taxable earnings for such period.

The same taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as "professional Securities dealers" for reasons of, inter alia, frequent dealing and leveraged investments in Securities.

### **24.4 Capital Gains Taxation**

#### **24.4.1 ETPs held as private assets by a Swiss resident holder**

A gain, a loss, respectively, realised by an individual resident in Switzerland for tax purposes upon the sale or other disposal of private property is generally a tax-free private capital gain, a non-tax-deductible capital loss, respectively, unless such individual is classified, for income tax purposes, as a "professional Securities dealer" for reasons of, inter alia, frequent dealing and leveraged investments in Securities. If an individual is classified as a "professional Securities dealer" he or she will be taxed in accordance with the principles set forth above under "— Securities held as Assets of a Swiss Business". An income that does not qualify as "capital gain" for Swiss tax purposes may be taxed as income (please refer to cipher 2. Income Taxation).

#### **24.4.2 Securities held as assets of a Swiss business**

Capital gains realised on Securities held as assets of a Swiss business are taxed in accordance with the taxation principles set forth above under “Income Taxation, Securities held as Swiss business assets”.

### **24.5 Private Wealth and Capital Taxes**

A holder of Securities who is an individual resident in Switzerland for tax purposes or is a non-Swiss resident holding Securities as part of a Swiss business operation or a Swiss permanent establishment is required to declare Securities as part of private wealth or as part of Swiss business assets, as the case may be, and is subject to annual cantonal and/or communal private wealth tax on any net taxable wealth (including the Securities). In the case of a non-Swiss resident individual holding Securities as part of a Swiss business operation or a Swiss permanent establishment, the declaration must be made to the extent the aggregate taxable wealth is allocable to Switzerland.

A holder of Securities who is subject to cantonal and communal capital tax in Switzerland (e.g. a company, a cooperative, an association, a foundation or another legal person) is subject to annual capital tax on its equity.

No private wealth and capital tax exist at the federal level.

### **24.6 Stamp Taxes**

#### **24.6.1 Swiss Issuance Stamp Duty**

The ETPs should not be subject to Swiss Issuance Stamp Duty on the issuance of Securities.

#### **24.6.2 Swiss Transfer Stamp Tax**

According to the Federal Stamp Tax Act (STA), Swiss Transfer Stamp Tax is levied on the transfer of ownership in taxable Securities against consideration, if at least one of the parties involved in the transaction is a Swiss Securities dealer in the sense of the STA acting for his own account or as intermediary and provided that no exception applies.

In general, the term “taxable Securities” covers Securities issued by a Swiss resident such as (non-exhaustive list):

- Governmental bonds, corporate bonds, mortgage bonds, convertible bonds and structured products that are treated for Swiss Transfer Stamp Tax purposes as bonds.
- Equities such as shares, participation certificates, shares in limited liability companies and profit-sharing certificates that are treated for Swiss Transfer Stamp Tax purposes as equities.
- Shares or units in collective investment schemes.

In addition, instruments issued by a foreign resident that serve the same economic purpose also qualify as taxable Securities for Swiss Transfer Stamp Tax purposes.

The Swiss Transfer Stamp Tax is calculated on the (arm's length) consideration for the transfer of the taxable Securities. The respective Swiss Transfer Stamp Tax rate per transaction amounts to 0.15% (0.075% per transaction leg) for domestic Securities (i.e. issued by a Swiss resident) and to 0.3% (0.15% per transaction leg) for foreign Securities (i.e. issued by a non-Swiss resident).

The Swiss Transfer Stamp Tax consequences depend on the qualification of the Securities for Transfer Stamp Tax purposes.

### **24.7 Gift, Inheritance and Estate Taxes**

Subject to an applicable tax treaty in an international scenario, transfers of Securities may be subject to cantonal and/or communal inheritance tax, estate tax or gift tax if the deceased person has had his or her last domicile in Switzerland, the donor is resident in Switzerland, respectively, or in the case of a foreign deceased or resident person the transfer involves an unincorporated business in Switzerland and Securities are held as part of such business. No such taxes exist at the federal level. Rates depend on the existing relationship (i.e. the relationship between the deceased and the heirs, or between the donor and the donee) and the size of the inheritance or gift. Interspousal gifts and gifts to descendants



and inheritances collected by the surviving spouse and descendants are frequently exempt or taxed at very low rates. Gifts and inheritances received from unrelated persons attract rates ranging from roughly 20% to 50%. The taxable base is usually the market value of the property transferred.

A holder of a Security who is not resident in Switzerland for tax purposes and who during the taxation year has not engaged in trade or business carried on through a business operation or permanent establishment in Switzerland, should neither be subject to income tax and capital gains tax nor net wealth or capital tax in Switzerland.

## **24.8 Automatic Exchange of Information in Tax Matters**

On 19 November 2014, Switzerland signed the Multilateral Competent Authority Agreement (the MCAA). The MCAA is based on article 6 of the OECD/Council of Europe administrative assistance convention and is intended to ensure the uniform implementation of Automatic Exchange of Information (the AEOI). The Federal Act on the International Automatic Exchange of Information in Tax Matters (the AEOI Act) entered into force on 1 January 2017. The AEOI Act is the legal basis for the implementation of the AEOI standard in Switzerland.

The AEOI is being introduced in Switzerland through bilateral agreements or multilateral agreements. The agreements have, and will be, concluded based on guaranteed reciprocity, compliance with the principle of speciality (i.e. the information exchanged may only be used to assess and levy taxes (and for criminal tax proceedings)) and adequate data protection.

Switzerland has concluded a multilateral AEOI agreement with the EU (replacing the EU savings tax agreement) and has concluded bilateral AEOI agreements with several non-EU countries.

Based on such multilateral agreements and bilateral agreements and the implementing laws of Switzerland, Switzerland began to collect data in respect of financial assets held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in an EU member state or in a treaty state, and has started to exchange such information with partner states in 2018.

## **24.9 U.S. Foreign Account Tax Compliance Act**

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance based on the double taxation agreement between the U.S. and Switzerland.

## **25 EXPENSES AND COSTS**

### **25.1 Fees related to the ETP**

Investors will be charged a fee in respect of the Products in the amount specified in the relevant Final Terms (the Investor Fee).

The Issuer has agreed to assume the following expenses incurred by the Issuer: the Market Maker Fee, the Administrator Fee, the Custodian Fee, the Paying Agent Fee, the Calculation Agent Fee, fees and expenses related to public trading of the Securities on SIX Swiss Exchange Ltd. or any other exchange (including legal and audit fees and expenses), applicable license fees with respect to the Issuer and any other legal and accounting fees, regulatory fees, taxes, printing and mailing costs attributable to the Issuer.

The Final Terms will determine the Investor Fee and the procedure for determining the Investor Fee on each subsequent calendar day after the Issue Date (including public holidays and weekends) until redemption. The fee is based on a percentage of the value of the Crypto Asset Collateral at 17:00 CET/CEST (closing time of SIX Swiss Exchange) for the relevant product on the immediately preceding calendar day, divided by 365.

As this fee is deducted daily from the indicative value at the close of trading on SIX, the fee accumulates over time and is deducted in the amount of a percentage specified in the Final Terms. The overall effect of the Investor Fee increases or decreases in direct proportion to the value of each Product and the amount of the Product held.

The Investor fee includes all costs associated with the products, including trading fees, custody fees and Security fees. It is important to note that the Investor remains responsible for any tax consequences of switching. In addition, the pricing of crypto assets may be subject to a spread of 1-1.5% or more by market makers and approved participants.

### **25.2 Investor Fee**

The Product pays operation fees, which accrues at a rate per annum equal to the Investor Fee. The Issuer uses this fee to pay other service providers of the Issuer and fund its own daily operations. The rate will be set out in the relevant Final Terms, and is applied to the Crypto Asset Collateral on a daily basis to determine the daily deduction of an amount of Crypto Assets from the Crypto Asset Collateral.

The Crypto Asset Collateral is decreased daily at a rate equal to the portion of the Investor Fee applicable to such day, thus affecting the Crypto Asset Collateral calculation for the subsequent trading day. Crypto Assets representing the reduction in the Crypto Asset Collateral by daily application of the Investor Fee will be periodically sold to fund the payment of operation fees.

### **25.3 Crypto Asset Collateral**

The Crypto Asset Collateral is the amount of physical Crypto assets backing the Product. The daily value of the Product is calculated based on the Crypto Asset Collateral of the Product, composed of the underlying Crypto Assets with the weighting determined on the basis of the rebalancing which took place on the last trading day of previous month.

Unless otherwise specified in the applicable Final Terms, the implied fiat value of the Product is based on the previous day's Crypto Asset Collateral multiplied by the latest available price for the relevant underlying Crypto Assets

### **25.4 Other Expenses**

The Series of Securities can be subject to other expenses if set forth in the Final Terms.

## **26 RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

**Pando Asset AG, Zug**

[Signature]

## SAMPLE FINAL TERMS

### PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The ETPs are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail Investor in the European Economic Area (EEA). For these purposes, a retail Investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); (ii) a customer within the meaning of Directive 2002/92/EC (IMD), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified Investor as defined in Regulation (EU) 2017/1129 (the Prospectus Regulation).

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### Pando Asset AG

*(incorporated in Zug, Switzerland)*

Issue of  
Products  
Pursuant to the Issuer's  
**Exchange Traded Products Programme** (the "ETPs")

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This document constitutes the **Final Terms** of the ETPs described herein and completes the Base Prospectus referred to below. The Base Prospectus, as amended or supplemented, together with this Final Terms comprises the listing prospectus.

### PART A OF THE FINAL TERMS – CONTRACTUAL TERMS

Terms used herein shall have the meanings given to them in the general terms and conditions (the "General Terms and Conditions") set forth in the Base Prospectus dated 7 April 2022 (the "**Base Prospectus**"). The Base Prospectus, together with the Final Terms, constitutes the listing prospectus with respect to the ETPs.

Full information on Pando Asset AG ("**Issuer**") and the offer of the ETPs is only available on the basis of the combination of these Final Terms and the Base Prospectus (and any supplement thereto). The Base Prospectus (together with any supplement thereto) and the Final Terms are available on the website of the Issuer at [www.pandoasset.com](http://www.pandoasset.com).

<b>1. Issue Date:</b>	[...]																								
<b>2. Series:</b>	[...]																								
<b>3. Tranche:</b>	[...]																								
<b>4. Aggregate number of ETPs in this Tranche:</b>	[...]																								
<b>5. ETP Security Type:</b>	Debt instruments																								
<b>6. Form of ETP Securities:</b>	Uncertificated Securities																								
<b>7. Minimum Investment Amount:</b>	[...]																								
<b>8. Minimum Trading Lot:</b>	One ETP																								
<b>9. Investor Fee:</b>	2% of the aggregated value of the Collateral per annum. The Annual Management Fee will be calculated daily at the closing time of the SIX Swiss Exchange. The Annual Management fee will be collected in-kind.																								
<b>10. Issue Price:</b>	<p>The initial Crypto Asset Collateral comprised of the following Crypto Assets per Product:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Amount per</th> <th style="width: 20%; text-align: center;">Weighting</th> </tr> <tr> <th style="text-align: center;">Collateral Name</th> <th style="text-align: center;">Product</th> <th></th> </tr> </thead> <tbody> <tr> <td>Bitcoin (BTC)</td> <td></td> <td></td> </tr> <tr> <td>Ethereum (ETH)</td> <td></td> <td></td> </tr> <tr> <td>Binance Coin</td> <td></td> <td></td> </tr> <tr> <td>Solana</td> <td></td> <td></td> </tr> <tr> <td>Cardano</td> <td></td> <td></td> </tr> <tr> <td>Terra</td> <td></td> <td></td> </tr> </tbody> </table> <p>The Issue Price is subject to any applicable fees and commission of the person offering the Product.</p>		Amount per	Weighting	Collateral Name	Product		Bitcoin (BTC)			Ethereum (ETH)			Binance Coin			Solana			Cardano			Terra		
	Amount per	Weighting																							
Collateral Name	Product																								
Bitcoin (BTC)																									
Ethereum (ETH)																									
Binance Coin																									
Solana																									
Cardano																									
Terra																									
<b>11. Exchange:</b>	SIX Swiss Exchange																								
<b>13. Underlying:</b>	[Any Underlying as in compliance with the Prospectus, such as a Basket or Index]																								
<b>14. Index</b>	[Any Index as determined and in compliance with the requirements set forth in the Prospectus]																								

<b>15. Underlying Component and in USD</b>	<p>[[•]   Weight: [•]   Relevant Underlying Exchange: [•]   Relevant Currency: [•]]</p> <p>[[•]   Weight: [•]   Relevant Underlying Exchange: [•]   Relevant Currency: [•]]</p> <p>[[•]   Weight: [•]   Relevant Underlying Exchange: [•]   Relevant Currency: [•]]</p> <p>[[•]   Weight: [•]   Relevant Underlying Exchange: [•]   Relevant Currency: [•]]</p>
<b>16. Redemption Amount:</b>	<p>The Redemption amount is calculated as follows: [•].</p> <p>The Redemption Amount may also be subject to additional fees related to the transfer of fiat assets.</p> <p>The Redemption Amount may also be subject to additional fees related to the transfer of fiat assets.</p> <p>The Redemption Amount per Product shall not be less than the smallest denomination of the Settlement Currency (<i>i.e.</i>, U.S.\$0.01, €0.01, CHF 0.01, £0.01 or the equivalent in other Settlement Currencies).</p> <p>Redemptions by Authorised Participants pursuant to Condition 8.6 (<i>Redemption at the Option of an Authorised Participant</i>) shall be settled on an in-kind basis unless the Issuer permits such redemption to be settled in accordance with Condition 8.6 (<i>Cash Settlement</i>). The calculation of the Redemption Amount may fluctuate as a result of tracking errors relating to the Underlyings, as described in the section headed “<i>Risk Factors</i>” set out in the Base Prospectus</p>
<b>17. Amount of any expenses and taxes specifically charged to the subscriber or purchaser</b>	<p>Investor fee of 2.0% of the aggregate value of the Crypto Asset Collateral annually. Fee will be calculated on a daily basis at 17:00 CET/CEST (the closing time of the SIX Swiss Exchange). Fees related to the Product will be collected in-kind.</p>
<b>18. Investor Put Date:</b>	<p>[To be determined]</p>
<b>19. Final Fixing Date:</b>	<p>As specified in any Termination Notice</p>
<b>20. Fund Administrator, NAV Calculation Agent</b>	<p>Name: Sudrania Fund Services Corp Address: 633 Rogers Street, Suite 106 – Downers Grove, IL 60515 USA</p>
<b>21. PCF Calculation Agent</b>	<p>Name: Markit Group Limited Address: 4th Floor, Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9LY, UK</p>
<b>22 Index Calculation Agent:</b>	<p>Name: Invierno AB, Reg. No. 559207-4172 (“Vinter”) Address: Box 5193, 10244 Stockholm, Sweden, owner of the trademark Vinter</p>
<b>23. Settlement Currency</b>	<p>USD</p>
<b>24. Cash Settlement</b>	<p>Applicable, other than as set out in Condition (Redemption of Products at the Option of an Authorised Participant)</p>
<b>25. Authorised Participant:</b>	<p>Flow Traders B.V. Jacob Bontiusplaats 9, 1018LL Amsterdam, The Netherlands Goldenberg Hehmeyer LLP (“GHCO”), London EC3V 3QQ, United Kingdom</p>
<b>26. Collateral Agent:</b>	<p>GisselbRecht &amp; Wirtschaft AG</p>

<b>27. Custodian:</b>	Coinbase Custody Trust Company LLC (200 Park Avenue South, Suite 1208, New York, NY 10003, USA)
<b>28. Third Party Information</b>	N/A
<b>29. Market Maker:</b>	Flow Traders B.V. and Goldenberg Hehmeyer LLP (GHCO)
<b>30. Swiss Paying Agent:</b>	ISP Securities AG, Bellerivestrasse 45, 8008 Zürich, Switzerland
<b>31. Additional Paying Agent</b>	Global Paying Agent: Bank Frick & Co Aktiengesellschaft
<b>32. Responsibility:</b>	The Issuer accepts responsibility for the information in these Final Terms.
<b>33. Minimum Trading Lot</b>	[To be determined]
<b>34. Date of approval of the Issuance by the Board of Directors:</b>	(...)

**Pando Asset AG**

[Signature]

## PART B OF FINAL TERMS – OTHER INFORMATION

<b>1. Listing and admission to trading:</b>	Application has been made to the SIX Swiss for the ETPs to which these Final Terms apply to be admitted to the SIX Swiss Exchange.
<b>2. Interests of natural and legal persons involved in the issue:</b>	So far as the Issuer is aware, no person involved in the offer of the ETPs has an interest material to the offer.
<b>3. Names and addresses of additional Paying Agent(s) (if any):</b>	None
<b>4. Distribution:</b>	An offer of the ETPs may be made by the Authorised Offerors in or from any jurisdiction in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.
<b>5. Additional Selling Restrictions:</b>	None
<b>6. Prohibition of Sales to Retail Investors in the EEA:</b>	Yes
<b>7. Information about the past and the further performance of the Underlying Asset and its volatility:</b>	
<b>8. Security Codes:</b>	ISIN Code: [...] Valor: [...]
<b>9. Clearing Systems:</b>	SIX SIS AG, Baslerstrasse 100, P.O. Box, Olten, 4600, Switzerland.
<b>10. Terms and Conditions of the Offer:</b>	ETPs are made available by the Issuer for subscription only to Authorised Participants
<b>11. Offer Price</b>	Not Applicable. An Investor intending to acquire or acquiring any ETPs from an Authorised Offeror will do so. Offers and sales of the ETPs 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.
<b>12. Conditions to which the offer is subject:</b>	Offers of the ETPs are conditional upon their issue and, as between the Authorised Offeror(s) and their customers, any further conditions as may be agreed between them.
<b>13. Description of the application process:</b>	Not Applicable
<b>14. Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:</b>	Not Applicable
<b>15. Details of the minimum and/or maximum amount of application:</b>	Not Applicable
<b>16. Details of the method and time limited for paying up and delivering the ETPs:</b>	Not Applicable
<b>17. Manner in and date on which results of the offer are to be made public:</b>	Not Applicable



<b>18. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:</b>	Not Applicable
<b>19. Whether tranche(s) have been reserved for certain countries:</b>	Not Applicable
<b>20. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:</b>	Not Applicable
<b>21. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:</b>	Switzerland
<b>22. Name and address of financial intermediary/ies authorised to use the Base Prospectus, as completed by these Final Terms (Authorised Offerors):</b>	Flow Traders B.V. and each Authorised Participant expressly named as an Authorised Offeror on the Issuer's website ([LINK])

**ANNEX – ISSUE SPECIFIC SUMMARY**

*[Issue specific summary of the ETP as per Art. 7 of the Prospectus Regulation to be inserted if the ETPs are to be publicly offered or admitted to trading on a regulated market in a Member State of the EEA]*