

SUPPLEMENT NO. 2
dated 12 April 2024
to the Base Prospectus of
21Shares AG



The prospectus

This document constitutes a supplement to 21Shares AG's base prospectus which was approved and registered by the Swedish Financial Supervisory Authority (**SFSA**) on 13 December 2023 (SFSA reg. no. 23- 27619), as amended and updated through Supplement No.1 approved and registered by the SFSA on 20 February 2024 (SFSA reg. no. 24-4732) (the **Base Prospectus**).

This supplement

This supplement forms an integral part of the Base Prospectus and should be read together with the other parts of the Base Prospectus, being the original base prospectus and Supplement No. 1. This supplement has been prepared by 21Shares AG pursuant to the provisions of Article 23 of the Prospectus Regulation (EU) 2017/ 1129. This supplement was approved and registered by the SFSA on 12 April 2024 (SFSA reg.no. 24-9569) and was published by the Issuer on said date.

Reason for this supplement

This supplement has been prepared for the following reason.

On April 1, 2024, the revised Additional Rules for the Listing of Exchange Traded Products (**ARETP**) and the new Directive Crypto Assets as Underlying Instruments (**DCA**) of the SIX Exchange Regulation AG entered into force. The ARETP and DCA introduced new requirements for exchange traded products to be listed on SIX Swiss Exchange. With the changes set out herein the Issuer is ensuring compliance with these new requirements.

Right of withdrawal

Only investors who have already agreed to purchase or subscribe for any Products offered under the Base Prospectus before this supplement was published shall have the right, exercisable within two working days after the publication of this supplement, to withdraw their acceptances, provided that the circumstances stated above arose or were noted before the closing of the relevant offer or the delivery of the Products, whichever occurs first.

Such investors can exercise their right of withdrawal pursuant to Article 23(2) of the Prospectus Regulation (EU) 2017/1129 during the period from publication of this supplement up to and including **16 April 2024**. This right of withdrawal cannot be exercised after said date.

Such investors should contact the relevant financial intermediary through which the investor has purchased or subscribed for the Products in question should they wish to exercise the right of withdrawal.

Amendments to the Section "RISK FACTORS"

The risk factor under the heading "Regulatory risks" starting on page 17 of the Base Prospectus, shall be deleted and replaced in its entirety as follows:

"The legal status of crypto assets varies widely from country to country. In many countries, the legal status is not yet defined or is changing. Further, crypto assets are often traded on unregulated exchanges which are not subject to regulatory oversight. Some countries have made the use of crypto assets, such as Bitcoin, illegal. Other countries have banned crypto-assets or securities or derivatives relating to them (including for certain categories of investors, e.g., products such as those offered by the Company may not be sold to retail investors in the United Kingdom), prohibited local banks from working with Crypto Assets or otherwise restricted Crypto Assets. In addition, the legal treatment of Crypto Assets is often unclear, and there is uncertainty as to whether the underlying Crypto Assets are securities, money, commodities or property (although a counter-example to this is, for example, German law, which has included so-called Crypto Assets as financial instruments in German law since the beginning of 2020). In some countries, such as the United States, different government agencies define crypto assets differently, leading to regulatory conflict and uncertainty. This uncertainty is exacerbated by the rapid evolution of regulations. Some countries may explicitly restrict, prohibit or limit the acquisition, use, trading or redemption of Crypto Assets in the future. In such a scenario, the ownership or trading of securities replicating or linked to Crypto Assets, such as the Company's products, could be deemed illegal and subject to sanctions.

However, in recent years, numerous large and established banks and asset managers have invested in companies in the cryptocurrency space or have become involved with investments in cryptocurrencies. This trend appears to be significant and ongoing in nature. Numerous financial regulators have now generally accepted that cryptocurrencies are likely to remain as an asset class and, accordingly, have adopted a pragmatic stance to address the growing interest in cryptocurrencies by the investment community. The Company is therefore pursuing the objective of making its products more geographically accessible to a wider audience in part as diversification strategy to mitigate this risk.

However, it is clearly difficult to predict how the regulatory outlook and policies regarding cryptocurrencies could and will change. A shift to a generally more negative view could lead to risk for investors as tightening regulations may restrict access for investors.

Risk assessment: High"

The risk factor under the heading "The value of a Crypto Asset can change quickly and could even drop to zero" starting on page 17 of the Base Prospectus, shall be deleted and replaced in its entirety as follows:

"The price of any Crypto Asset can be volatile and may be affected by a variety of factors. Should demand for a Crypto Asset decrease, e. g. due to a sudden loss of confidence in such Crypto Asset attributed to it by market participants, or should it fail to achieve adoption among the Crypto Asset community or should it suffer technological or coding failures or hacks, for example, then its value could drop sharply and permanently, which in turn would adversely affect the price at which investors are able to trade the ETPs in the secondary markets. Such a course of events would probably worsen the liquidity (leading to low trading volumes), disposal opportunities and the market value for the ETPs and thus create risks of losses for investors. The value

of a Crypto Asset and consequently the relevant ETPs could even drop to zero and Investors may experience significant difficulties in divesting their positions in the relevant ETPs.

Risk assessment: High"

The risk factor under the heading "Valuation" starting on page 18 of the Base Prospectus, shall be deleted and replaced in its entirety as follows:

"Crypto Assets do not represent an underlying claim on income or profits, nor do they represent a liability that must be repaid and therefore lack an intrinsic value. Their price reflects the assessment of value by market participants (or a particular marketplace) and supply and demand dynamics. As a result, the value of Crypto Assets may be more speculative and more volatile than traditional assets which represent claims on income, or profits or debt.

The speculative nature of the underlying Crypto Assets can make it difficult to apply consistent valuation methods for the Crypto Assets and thereby the ETPs. Furthermore, extreme volatility can impact the ability of market participants to provide reliable, consistent pricing, which, in turn, could adversely affect the price at which investors are able to trade the ETPs in the secondary markets.

Risk assessment: High"

Amendments to the Section "GENERAL DESCRIPTION OF CERTAIN UNDERLYINGS OR UNDERLYING COMPONENTS"

The fourth paragraph of the subsection "Uses of Crypto Assets" on page 129 of the Base Prospectus shall be deleted and replaced in its entirety as follows:

"If FINMA comes to the conclusion that the tokens constitute securities in the sense of the Financial Market Infrastructure Act (FMIA), they fall under securities regulation. Under the Swiss Financial Institutions Act (FinIA), book-entry of self-issued uncertificated securities currently is essentially not subject to a licensing requirement, even if the uncertificated securities in question qualify as securities within the meaning of the FMIA. The same applies to the public offering of certain securities to third parties. The creation and issuance of derivative products as defined by FMIA to the public on the primary market is, however, regulated (see Article 12(b) FinIA). Underwriting and offering tokens constituting securities of third parties publicly on the primary market, is, if conducted in a professional capacity, a licensed activity (Article 12(a) FinIA)."

Amendments to the Section GENERAL INFORMATION

The following wording shall be added as a new subsection following the subsection "Clearing Systems" on page 143 of the Base Prospectus:

"Suspension Rights of SIX Swiss Exchange

For Products listed on the SIX Swiss Exchange, SIX Exchange Regulation, the Regulatory Board and/or any other competent regulatory body of the SIX Swiss Exchange may at the request of the Issuer or on its own initiative suspend the trading in the Products, (i) if such suspension is deemed necessary in exceptional cases, in particular, in the event of suspected price manipulation, falsification of liquidity or criminal activities and/or (ii) if listing requirements that must be met continuously during the term of the Products are no longer fulfilled, in particular if the custodian lacks or loses the authorization required pursuant to Art. 14 para. 4 of the ARETP.

If trading in the Products has been suspended for a continuous three-month period, the Products will be delisted by the Regulatory Board of SIX Swiss Exchange, unless the reasons for the suspension ceased to exist. The SIX Swiss Exchange and/or its regulatory bodies accept no liability for damage or loss incurred in connection with the suspension of trading and delisting.”

Amendments to the APPENDIX – GLOSSARY OF FREQUENTLY USED DEFINED TERMS

The following defined terms on page 159 of the Base Prospectus shall be deleted in their entirety:

SESTA means the Swiss Stock Exchange Act.

SESTO means the Swiss Stock Exchange Ordinance.
