

ICONIC DIGITAL ASSETS AG

ICONIC PHYSICAL ETHEREUM ETP

(ISIN DE000A3GTML1)

linked to

**Coin Metrics Bletchley Index (CMBI) Ethereum
(CMBI Ethereum Index)**

**Final Terms
&
Issue Specific Summary**

Final Terms

Final Terms dated: 01 December 2021

Iconic Digital Assets AG

(a society limited by shares incorporated in Liechtenstein)

Issue of

Up to 5,000,000,000 Notes

(“Iconic Physical Ethereum ETP”)

(ISIN DE000A3GTML1)

pursuant to the

Iconic Programme for the issuance of Notes secured by Cryptocurrencies

(the “Notes”)

This document constitutes the Final Terms in the meaning of Art 8 of the Prospectus Regulation of the Notes described herein. These Final Terms must always be read in conjunction with the Base Prospectus issued by the Issuer and approved by the Liechtenstein FMA on 22 November 2021 (the “Base Prospectus”) together with supplements, if any, in order for an investor to obtain any and all information relevant for a decision whether to invest in the Notes. Full information on Iconic Digital Assets AG (the “Issuer”) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus (together with any supplement thereto) is available on the website of the Issuer at <https://funds.iconicholding.com/>. Terms used in these Final Terms bear the same meaning as in the Base Prospectus.

A summary of the individual issue is annexed to these Final Terms.

The Iconic Physical Ethereum ETP are derivative financial instruments (debt instruments) according to German Law. The Products do not constitute collective investment schemes within the meaning of § 1 Abs. 1 S. 1 of the German Investment Code (Kapitalanlagegesetzbuch - KAGB) or the Liechtenstein Law on Organisms for collective investments in transferable Securities (UCITSG), the Liechtenstein Law on Alternative Investment Fund Managers (AIFMG) or the Liechtenstein Law on Investment Undertakings (IUG).

The Base Prospectus (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the EEA in which the Prospectus Regulation is applicable (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Regulation, as implemented or applicable in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes.

Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer; or
- (ii) in those Non-exempt Offer Jurisdictions mentioned in the following paragraph, provided such person is one of the persons mentioned in the following paragraph and that such offer is made during the Offer Period specified for such purpose therein.

An offer of the Notes may be made by the Issuer or by Authorised Participants other than pursuant to Article 3(2) of the Prospectus Regulation in Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and Switzerland (“**Non-exempt Offer**”).

Jurisdictions") during the period from the date of approval and publication of the Prospectus and deposit of these Final Terms until one year after the date of approval of the Prospectus by the Liechtenstein FMA (the "**Offer Period**").

Neither the Issuer nor any Authorised Participant has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Regulation**" means Regulation 2017/1129/EC (and delegated acts thereto, including Commission Delegated Regulations 2019/979 and 2019/980).

Target market: The Issuer considers that the Notes described in these Final Terms are suitable for retail and institutional investors.

Final Terms

Terms used herein shall have the meanings given to them in the terms and conditions set forth in the Base Prospectus dated 22 November 2021 as supplemented (the "**Base Prospectus**").

Series of Notes to which these Final Terms apply: **Iconic Physical Ethereum ETP**

Number of Notes to which these Final Terms apply: **up to 5,000,000,000**

Series Issue Date: **01 December 2021**

The particulars in relation to this issue of Notes are as follows:

1.	ETN Name	Iconic Physical Ethereum ETP
2.	Issuer Name	Iconic Digital Assets AG
3.	ISIN / WKN	DE000A3GTML1 / A3GTML
4.	Underlying	Ethereum (ETH)
5.	Base Currency	USD
6.	Type	Debt Instrument
7.	Initial Issue Price	0.001 ETH
8.	Issue Currency	ETH
9.	Denomination	USD
10.	Diminishing Entitlement Rate (DER)	0.95%
11.	Subscription Fee	Up to 0.50 % (unless waived by the Issuer)
12.	Redemption Fee	Redemption directly with the Issuer: Up to 1% (unless waived by the Issuer) Redemption through Authorised Participant : 0.50 % (unless waived by the Issuer)
13.	Upfront Redemption Fee	Redemption directly with the Issuer : up to 1.00% Redemption through Authorised Participant : 0%

14.	Total Fee (TER)	Up to 0.95% per annum or such lower amount as may be advised to Noteholders from time to time.
15.	Investment Restrictions	The Issuer may, on behalf of the noteholders, invest in Ethereum only.
16.	Borrowing	n/a
17.	Lending	n/a
18.	Lending Return	n/a
19.	Staking	n/a
20.	Staking Return	n/a
21.	Derivatives (FDIs)	n/a
22.	Index Provider	Coin Metrics Inc.
23.	Index Name	CMBI Ethereum Index
24.	Index Specifications	Information on the index specifications can be found at https://cmbi-indexes.coinmetrics.io/cmbiethht
25.	Index Methodology	Information on the index methodology can be found at https://cmbi-indexes.coinmetrics.io/cmbiethht
26.	Initial Offer Period	The Initial Offer Period shall commence at 9:00 AM CET on 01 December 2021 and close at 17:00 PM CET on 31 January 2022 as may be shortened or extended by the Directors and notified to the regulator.
27.	Settlement Date	<ul style="list-style-type: none"> • In the case of creation(s), within 1 Business Days of the relevant Dealing Day. • In the case of repurchases, within 1 Business Days of the relevant Dealing Day.
28.	Business Day	Business Day means a day (other than a Saturday or a Sunday) on which banks are open for general business in Frankfurt am Main and on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET2) are operational to effect payments.
29.	Dealing Day	In general, each Business Day will be a Dealing Day. However, certain Business Days will not be Dealing Days where, in the sole determination of the Investment Manager: (i) markets on which the Note's investments are listed or traded, or markets relevant to the Index are closed, and/or (ii) there is a public holiday in the jurisdiction in which the Investment Manager or its delegate(s), if applicable, is or are based; provided there is at least one Dealing Day per fortnight. The Dealing Days for the Fund are available at www.iconicholding.com .
30.	Dealing Deadline	16:00 PM CET of the relevant dealing day for creations and redemptions in-kind

		12:00 PM CET prior to the relevant dealing day for creations and redemptions in cash
31.	Valuation Point	Valuation of the Note will take place at 17:00 CET on the relevant Dealing Day.
32.	Governing Law	German

The Issuer accepts the responsibility for the information contained in these Final Terms.

The Issuer confirms that any additional information provided by other parties including but not limited to the Security Trustee, the Administrator, the Depositary and the Authorized Participants has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by them, no facts have been omitted which would render the reproduced information inaccurate or misleading.

ICONIC DIGITAL ASSETS AG (the Issuer)

Triesen, 01 December 2021

Represented by: Arno Sprenger

Represented by: Alexander Baker

Issue-specific Summary

Iconic Physical Ethereum ETP (ISIN DE000A3GTML1)

A. INTRODUCTION AND WARNINGS

The Issuer Iconic Digital Assets AG, Landstrasse 36, 9495 Triesen, Principality of Liechtenstein, TelNr. +49 69 58 99 66 80, (LEI 529900RM243OV5SVNL95) issues **Iconic Physical Ethereum ETP** (ISIN DE000A3GTML1) on the basis of a Base Prospectus dated 22 November 2021 in conjunction with the Final Terms specific to the issue of the **Iconic Physical Ethereum ETP**. This summary is specific to the issue of **Iconic Physical Ethereum ETP**.

The Base Prospectus was approved by the Finanzmarktaufsicht Liechtenstein, Landstrasse 109, Postfach 279, 9490 Vaduz (info@fma-li.li) on 22 November 2021. The Final Terms relating to the **Iconic Physical Ethereum ETP** and this summary specific to this issue have been filed with the FMA on 01 December 2021.

This summary contains a description of the main features and risks relating to the Issuer, the security offered and the counterparties. The summary should always be read together with the Base Prospectus (as supplemented) and the Final Terms. A thorough examination of the full Base Prospectus and the Final Terms is therefore recommended prior to any decision to purchase or subscribe to **Iconic Physical Ethereum ETP**. Investors have to consider that they are about to invest in a financial product which is complex and not easy to understand and which bears the risk that Investors may lose all or part of the invested capital. The Issuer points out that in the event that claims are brought before a court based on the information contained in the Base Prospectus, the Final Terms or this summary the plaintiff investor may, under national law of the Member States, have to bear the costs of translating the Base Prospectus and the Final Terms (including the issue-specific summary) prior to the commencement of proceedings. In addition, the Issuer points out that the Issuer Iconic Digital Assets AG, who has tabled the summary including any translation thereof may be held liable in the event that the summary is misleading, inaccurate or inconsistent when read together with the Base Prospectus or the Final Terms or where it does not provide, when read together with the Base Prospectus or the Final Terms, key information in order to aid investors when considering whether to invest in the securities.

B. KEY INFORMATION ON THE ISSUER

I. Who is the Issuer of the Securities?

The Issuer Iconic Digital Assets AG, (LEI 529900RM243OV5SVNL95) is a society limited by shares (Aktiengesellschaft) established in Liechtenstein and subject to the laws of the Principality of Liechtenstein. The registered office of the company is Landstrasse 36, 9495 Triesen, Liechtenstein. The company has been registered in the Liechtenstein Public Register on 28.07.2021 with register number FL-0002.663.919.3.

The Issuer has been established as a special purpose vehicle for the sole purpose of issuing collateralized exchange traded products.

The sole shareholder of the Issuer is Iconic Funds GmbH, which in turn is held by Iconic Holding GmbH. The table below shows the major shareholders of the Holding Company with a stake of more than 10 percent as of the date of this Base Prospectus:

Iconic Holding GmbH	
Shareholder	Shares held (in per Cent)
Max Lautenschläger Beteiligungs GmbH	27.44
FinLab AG	22.35
Patrick Alan Lowry	12.19
Cryptology Asset Group PLC	11.14

The members of the Board of Directors are Mr. Patrick Lowry, Mr. Alexander Baker and Mr. Arno Sprenger. The company's auditor is Baker Tilly (Liechtenstein) AG, Landstrasse 123, 9495 Triesen, Liechtenstein.

II. What is the key financial information regarding the Issuer?

As the Issuer is a company newly established by resolution of the founding shareholders dated 23 July 2021 and registration in the public register of the Principality of Liechtenstein on 28.07.2021, no historical financial information is available.

III. What are the key risks that are specific to the Issuer?

The Issuer does not have a long and comprehensive track record

The Issuer was established with Resolution of the Founding Shareholders dated 23 July 2021 and registration with the commercial register of the Liechtenstein Amt für Justiz 28.07.2021. Due to such a short period of existence, the Issuer does not have a long and comprehensive track record of successfully operating the business activity described herein. There can be no assurance that the planned business activities will be successful in the future which could have an adverse impact on the Issuer's business and financial situation. Hence, there is a risk that the Issuer will not be successful in issuing the Notes, and that the Issuer will not make profits, despite this being the Issuer's aim. If the Issuer becomes unsuccessful in the issuance of securities, the Issuer may cease its business activities as issuer or ultimately become insolvent. Although, the Issuer takes reasonable efforts to develop its business, there can be no assurance that the planned business activities will be successful in the future which could have an adverse impact on the Issuer's business and financial situation.

Risks related to the limited business objective of the Issuer

The focus of the Issuer's business activities is the issuance of notes linked to one Cryptocurrency or Cryptocurrencies comprising the Basket. The Issuer will not carry out any other business than the issue of notes which are secured by Cryptocurrencies or Baskets of Cryptocurrencies and other digital assets. Because of this limited business objective, the Issuer is exposed to the risk that the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket do not become successful or become less successful (such risks are further described under the headline "2.2.3. Risks related to the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket" below) going forward and the Issuer cannot adapt to such changed circumstances. Due to this limited business objective the Issuer may then be unsuccessful in carrying out its business which could have an adverse impact on the Issuer's business and financial situation.

C. KEY INFORMATION ON THE NOTES

I. What are the main features of the securities?

Iconic Physical Ethereum ETP (ISIN DE000A3GTML1) are bearer notes issued without par value at an Initial Issue Price of 0.001 ETH on 01 December 2021 (the **Series Issue Date**). The total number of Iconic Physical Ethereum ETP issued is 5'000'000'000.

Notes can be subscribed by designated Authorised Participants only, investors may purchase and redeem Notes through such designated Authorized Participants in USD or Cryptocurrencies and as offered by the Authorized Participants. The reference currency is US-Dollar (USD). Each Note represents the right of the Holder to demand from the Issuer (a) the "**Cryptocurrency Entitlement**" or (b) the **USD Reference Price**. The obligations under the Notes constitute direct, unconditional, unsubordinated and secured obligations of the Issuer ranking pari passu among themselves and all other secured and unsubordinated obligations of the Issuer. The Notes are freely transferable.

Rights attached to the Securities

The Notes are perpetual and do not have a fixed maturity date. The Notes do not bear interest.

Mandatory Redemption by the Issuer

The Issuer may at any time and for reasons it considers important (such as new laws or regulations entering into force requiring the Issuer to obtain a license; service providers cease to provide services essential for the Notes and the Issuer fails to find a replacement etc.) terminate the Notes (except for Notes whose redemption has already been demanded by the Noteholder by notice of termination) in whole, but not in part, by publishing a Redemption Notice on the issuer's website <https://funds.iconicholding.com/>.

Put Option of the Holder

Each Holder has the right to require the Issuer to redeem the Notes upon exercise of a Put Option directly with the Issuer or through an Authorized Participant.

Procedure for the termination and redemption of the Notes

In the case of a termination by the Issuer or the exercise of a Noteholder's Put Option, Noteholders are required to (i) submit a Mandatory Redemption Form or Put Option Exercise Form as published on the Issuers website and any further documents requested in such form for verification of the Noteholder's identity to the Issuer and to (ii) transfer their Notes to the Issuance Account (specified in the form) free of charge and to do so within 21 days from publication of the Redemption Notice by the Issuer or filing of the Put Option Exercise Form by the Noteholder. Failing receipt of the documentation or Notes the Issuer will treat such Noteholders as prevented from receiving units of the

underlying Cryptocurrency or Cryptocurrencies (in case of a Basket) and will redeem the Notes in USD.

Notes are redeemed in ETH at an amount of ETH corresponding to the **Cryptocurrency Entitlement** or in USD in an amount corresponding to the **USD Reference Price**.

"**Cryptocurrency Entitlement**" means, as at any Business Day, a Noteholder's claim against the Issuer for delivery of a number of ETH units per Note (minus fees) as calculated by the Issuer in its sole discretion in accordance with the following formula:

$$CE = ICE \times (1 - DER)^n$$

Where:

"CE" means Cryptocurrency Entitlement;

"ICE" means Initial Cryptocurrency Entitlement;

"DER" means Diminishing Entitlement Rate; and

"n" means Number of Days/365.

If a Noteholder is prevented from receiving ETH, in particular due to regulatory provisions applicable to it, the Notes may be redeemed in USD in an amount equal to the **USD Reference Price**. The USD Reference Price for the Note is, as of the relevant determination date, the USD price per Cryptocurrency or Cryptocurrency Components of a Basket times the Cryptocurrency Entitlement according to the Coin Metrics Bletchley Index (CMBI) Ethereum (CMBI Ethereum Index), published each business day at 4:00 PM UK time.

Noteholders have to be aware that the Cryptocurrency Entitlement is limited to the Series Assets of the respective Series of Notes and the USD Reference Price will be calculated in reference to the Series Assets of the respective Series of Notes only.

Extraordinary termination and redemption in an event of default

The Notes provide for events of default entitling each Noteholder to demand immediate redemption of their principal amount in case of extraordinary termination. Such events of default include the failure of the Issuer to duly perform an obligation arising from the Notes, the announcement of the Issuer that it is unable to meet its financial obligations or that it ceases its payments generally, the institution of insolvency proceedings against the Issuer or the Issuer entering into liquidation (unless in connection with a merger or another form of combination with another company).

Security

As continuing security for the payment and discharge of the obligations of the Issuer to the Noteholders under the Notes, the Issuer pledges in favour of the Noteholders to the Security Trustee (i) all of his rights, present and future, in particular claims for delivery, with respect to the ETHs deposited by the Issuer with the depository in his depository accounts (**Wallets**) and (ii) claims with respect to the Notes owned by the Issuer (the **Security**).

Noteholders have to be aware that assets the Issuer obtained as proceeds of the issue of a series of notes including proceeds therefrom (the "**Series Assets**") will be held separately from Series Assets and any and all proceeds therefrom of another Series of Notes and separate from the Issuer's own assets. In respect of any claims Noteholders have under this Base Prospectus and the Final Terms, Noteholders shall have recourse only to the Series Assets in respect of such Series of Notes and not to Series Assets of another Series of Notes or any other assets of the Issuer. If, following realisation in full of the Series Assets (whether by way of liquidation or enforcement) and application of available cash sums as provided by the Cryptocurrency Security Agreement and the Security Trustee Agreement, as applicable, any outstanding claim against the Issuer, whether secured or unsecured, remains unpaid, then such outstanding claim shall be extinguished and no debt shall be owed by the Issuer or any other party to this Programme in respect thereof.

II. Where will the securities be traded?

Applications will be made by the Issuer and the Listing Agent for admission to trading of the Notes on Deutsche Börse Xetra, SIX Swiss Exchange, Euronext Paris and Euronext Amsterdam. The Issuer may decide to list the Notes on such other or further regulated markets and/or arrange for the trading of the Notes on multilateral trading facilities, organised trading facilities or through systematic internalisers, all within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

III. What are the key risks that are specific to the securities?

Risks relating to the nature and the Terms and Conditions of a Series of Notes

Limited recourse obligations

Noteholders will have recourse only to the Series Assets in respect of a Series of Notes, subject to the security under the terms of the Cryptocurrencies Security Agreement and not to any other assets of the Issuer. If, following distribution or realisation in full of the Series Assets (whether by way of sale, liquidation or otherwise) and application of available cash in accordance with the applicable orders of priority and the Cryptocurrencies Security Agreement, any outstanding claim against the Issuer in respect of the Series Assets remains unpaid, then such outstanding claim will be extinguished and no debt, liability or obligation will be owed by the Issuer in respect thereof. Following such extinguishment, none of the Series Parties, the Noteholders of any relevant Series or any other person acting on behalf of any of them or any other person acting on behalf of any of them will be entitled to take any further steps against the Issuer or any of its officers, shareholders, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt, liability or obligation will be owed to any such persons by the Issuer in respect of such further sum.

No Collective Investment Scheme

The Securities issued in relation to Products under the Programme are derivative financial instruments (debt instruments) according to German Law. The Products do not constitute collective investment schemes within the meaning of § 1 Abs. 1 S. 1 of the German Investment Code (Kapitalanlagegesetzbuch - KAGB) or the Liechtenstein Law on Organisms for collective investments in transferable Securities (UCITSG), the Liechtenstein Law on Alternative Investment Fund Managers (AIFMG) or the Liechtenstein Law on Investment Undertakings (IUG). Accordingly, holders of these Products do not have the benefit of the specific Investor protection provided under any laws governing collective investment undertakings. The Issuer is not and will not be regulated or supervised by the Liechtenstein FMA or any regulator as a result of issuing the Products.

Risk of reliance on crypto-exchanges in case of Noteholder prevented to receive Cryptocurrencies

If a Noteholder is prevented from receiving the relevant underlying Cryptocurrency or any or all of the underlying Cryptocurrencies comprising the Basket for legal reasons, in particular due to regulatory provisions applicable to it and because of that the Series of Notes are redeemed in USD, Noteholders face the risk that the Notes cannot be redeemed in USD and Noteholders do not have any mechanism to monetise the Notes (except selling the Notes for fiat currency (e.g. USD or Euro) in the secondary market, if a liquid market exists).

The Issuer is allowed at any time to perform a mandatory redemption in case certain events as specified in the Terms and Conditions materialise.

The Issuer may at any time, in its sole and absolute discretion, elect to terminate and redeem all but not some of the Notes at their Cryptocurrency Entitlement in case of occurrence of certain events as further specified in the Terms and Conditions (the "Mandatory Redemption"). In exercising such discretion, the Issuer is not required to have any regard to the interests of the Noteholders, and Noteholders may receive less, or substantially less, than their initial investment. The Issuer has to make an advance notice of the Mandatory Redemption, but there is a risk that the Issuer will fail to make such notice, or it will not be received by all Noteholders, which can result in some or all Noteholders failing to sell the Notes or exercise their Put Option rights prior to the Mandatory Redemption. The Mandatory Redemption Price of the Notes redeemed in USD can be less or substantially less than the equivalent price of the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket, as the Issuer will try to sell the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket and all risks related to the relevant underlying Cryptocurrencies' apply. Additionally, should the Issuer fail to realise the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket using the Cryptocurrency Auction Procedure, it is entitled to use any other reasonable procedure to sell the holdings in the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket, and there is a risk that such procedures would result in the sale of the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket at a price less or substantially less than the minimum stipulated by the Cryptocurrency Auction Procedure.

Additionally, the Mandatory Redemption might result in the effective disposal of the Notes for tax purposes by some or all Noteholders on a date earlier than planned or anticipated, which can result in less beneficial tax treatment of an investment in the Notes for such Noteholders than otherwise would be available should the investment be maintained for a longer period of time.

Risks related to the Security of the Notes

Security granted to secure a Series of Notes may be unenforceable or enforcement of the Security may be delayed. The Issuer has undertaken to have an amount in the underlying Cryptocurrency or underlying Cryptocurrencies comprising the Basket equal to or higher than the Secured Obligations Amount (i.e. the sum of Outstanding Amount, Secured Put Option Obligations Amount and Secured Settlement Obligations Amount) always deposited with the Depositary, and has pledged such deposited underlying Cryptocurrency or underlying Cryptocurrencies comprising the Basket in favour of the Noteholders as Security for the Issuer's debt to the Noteholders. These security arrangements may not be sufficient to protect the Noteholders in the event of the Issuer's or the Depositary's bankruptcy or liquidation due to various reasons. There is a legal risk that the security interest in respect of the underlying Cryptocurrency or underlying Cryptocurrencies comprising the Basket is not enforceable given it is a

cryptocurrency and there could be uncertainties on how to enforce such Security or changes in legislation. In addition, the enforcement of the Security may be delayed.

Credit risk.

The Issuer will be exposed to the credit risk of depositary institutions with whom it holds the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket. Credit risk, in this case, is the risk that the Depositary holding the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket will fail to fulfil an obligation or commitment to the Issuer. The underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket is/are maintained by the Depositary in segregated accounts, which are intended to be protected in the event of insolvency of the Depositary. However, any insolvency of the Depositary may result in delayed access to the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket provided as a Security. In such a situation, Noteholders may face a loss due to asset price fluctuation.

Risks relating to the underlying cryptocurrency

Price volatility of the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket.

The value of the Notes is affected by the price of the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket – which fluctuates widely and is influenced by a number of factors. The amount received by Noteholders (i) upon redemption of the Notes in USD, in case that a Noteholder is prevented from receiving the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket for legal reasons, or (ii) upon sale on the stock exchange depends on the performance of the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket.

Prices of Cryptocurrencies fluctuate widely and, for example, may be impacted by the following factors:

Global or regional political, economic or financial events – global or regional political, economic and financial events may have a direct or indirect effect on the price of Cryptocurrencies;

Regulatory events or statements by the regulators – there is lack of consensus regarding the regulation of cryptocurrencies and uncertainty regarding their legal and tax status and regulations of cryptocurrencies continue to evolve across different jurisdictions worldwide. Any change in regulation in any particular jurisdiction may impact the supply and demand in that specific jurisdiction and other jurisdictions due to the global network of exchanges for cryptocurrencies, as well as composite prices used to calculate the underlying value of such cryptocurrencies (if any), as the data sources span multiple jurisdictions. See also "Political risk in the market of Cryptocurrencies".

Investment trading, hedging or other activities by a wide range of market participants which may impact the pricing, supply and demand for crypto assets – markets for crypto assets are local, national and international and include a broadening range of products and participants. Significant trading may occur on any system and platform, or in any region, with subsequent impacts on other systems, platforms and regions.

Forks in underlying protocols – The underlying Cryptocurrencies are each open source projects. As a result, any individual can propose refinements or improvements to a network's source code through one or more software upgrades that could alter the protocols governing the network and the properties of each underlying Cryptocurrency. When a modification is proposed and a majority of users and miners consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a majority of the users and miners consent to the proposed modification, the consequence could become what is known as a "fork" (i.e. a "split") of the network (and the blockchain), with one part running the pre-modified software and the other running modified software. The effect of such a fork would be the existence of two versions of the network running in parallel, and the creation of a new digital asset which lacks interchangeability with its predecessor. Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in multiple versions of otherwise compatible software users run. The circumstances of each fork are unique, and their relative significance varies. It is not possible to predict with accuracy the impact that any anticipated fork could have in terms of pricing, valuation and market disruption. Newly-forked assets in particular may have less liquidity than more established assets, resulting in greater risk. See also "Split of a blockchain".

Disruptions to the infrastructures or means by which each of the underlying Cryptocurrencies are produced, distributed and stored, are capable of causing substantial price movements in a short period of time – Cryptocurrency infrastructure operators or 'miners' who use computers to solve mathematical problems to verify transactions are rewarded for these efforts by increased supply of such cryptocurrency. The computers that make up the infrastructure supporting each of the underlying Cryptocurrencies are decentralised and belong to a combination of individuals and large corporations. Should a significant subset of the pool of each of the underlying Cryptocurrencies choose to discontinue operations, pricing, liquidity and the ability to transact in each of such Cryptocurrencies could be limited. As each of the underlying Cryptocurrencies is designed to have a finite supply pool of units of each of the underlying Cryptocurrencies, this finite supply pool will eventually be fully mined (meaning the creation of new cryptocurrency units through a predetermined mathematical process within a computer network) at some point in the future. This makes mining unsustainable since block rewards would no longer be available to miners, thereby leading to a reduction in the number of miners. This may trigger the collapse of the network as no miners would want to validate blocks without any economic incentive. Also, as block rewards

decrease at a rate that was built into the network at its inception (as a consequence of the finite supply pool), the economic incentives for miners of each of the underlying Cryptocurrencies may not be sufficient to match their costs of validating blocks, potentially leading to miners transitioning to other networks, in turn slowing transaction validation and usage. This can adversely impact the price of each of the underlying Cryptocurrencies. Other critical infrastructure which may be adversely affected includes storage solutions, exchanges and custodians for each of the underlying Cryptocurrencies. For example, the potential for instability of cryptocurrency exchanges and the closure or temporary shutdown of exchanges due to business failure or malware could impact the liquidity of, demand for, and supply of the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket (and other crypto assets). In addition, volatility in the pricing of the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket leads to increased opportunities for speculation and arbitrage, which, in turn, contributes to price fluctuations.

It may be impossible to execute trades in the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket at the quoted price. Any discrepancies between the quoted price and the execution price may be a result of the availability of assets, any relevant spreads or fees at the exchange or discrepancies in the pricing across exchanges. See also in 2.2.1 "The Notes are subject to transaction costs and charges".

Risks relating to the admission of the Notes to trading

The Notes do not have an established trading market and an active trading market for the Notes may not develop.

Each Series of Notes represent a new issue of securities for which there is currently no established trading market. Although the Issuer intends to obtain admission of the relevant Series of Notes to trading on Deutsche Börse Xetra, Euronext Paris, Euronext Amsterdam and SIX Swiss Exchange and may also apply to any further stock exchange in or outside the European Economic Area for the Notes to be admitted to trading on the regulated markets of any such stock exchange, there can be no assurance that a market for the relevant Series of Notes will develop or, if it does develop, continue or that it will be liquid, thereby enabling investors to sell their Notes when desired, or at all, or at prices they find acceptable or at prices which are expected due to a particular price of the underlying Cryptocurrency or the underlying Cryptocurrencies comprising the Basket.

The specific risk is that Noteholders may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield.

IV. Under which conditions and timetable can I invest in this security?

The aggregate amount of Notes issued is up to 5'000'000'000 Notes at an Initial Issue Price per Note of 0.001 ETH.

Offer to the Public

Notes can only be subscribed to by Authorised Participants against payment in ETH. As at the date of the Prospectus, Flow Traders BV, Enigma Securities Ltd., Jane Street Financial Limited and DRW Europe B.V. have been appointed as Authorized Participants. The offer period is expected to commence on 01 December 2021 and will be open until 22 November 2022 (the expiration date of the Prospectus) subject to shortening the period. Other Investors cannot subscribe to or purchase the Notes directly from the Issuer but are free to invest through Authorised Participants.

Conditions and technical details of the Offer

The offer is not subject to any conditions or time limits other than the time limit resulting from the validity of the Prospectus. No minimum or maximum subscription amounts have been specified, however financial intermediaries (including Authorized Participants) offering the Notes can determine minimum or maximum subscription amounts when offering the Notes in their sole and absolute discretion. The Notes will be delivered via book-entry through the clearing system and its account holding banks.

Method of determination of the Issue Price

If an investor wishes to purchase Notes, an Authorized Participants will subscribe for the relevant number of Notes (Subscription Amount) on the relevant Subscription Date at the relevant Issue Price per Note and subsequently deliver such Notes to the investor.

As of the Issue Date, the Initial Issue Price will be 0.01 ETH per Note, i.e. Authorized Participants purchasing Notes from the Issuer would receive one Note for each 0.01 ETH. Over time, the Issue Price changes pursuant to the following definitions and formula.

Issue Price means an amount of ETH per Note equal to the ETH Factor that an Authorized Participant as the only subscriber of the Notes is entitled to receive on the Subscription Date calculated as follows:

$$\text{ETH Factor} = \text{Initial Issue Price} \cdot (1 - \text{Fee})^N$$

The **ETH Factor** represents the decrease in ETH entitlement due to the Fee of the Notes (subject to reduction by the

Issuer).

The **Initial Issue Price** on the Series Issue Date is 0.001 ETH.

Fee refers to 0.95% (95 BPS) per annum accrued daily in relation to the ETHs under management and may be adjusted by the Issuer in its reasonable discretion (billiges Ermessen) and in consideration of the relevant capital market practice and by acting in good faith by giving notice to the Holders.

N means the number of days since the Issue Date divided by 365 (act/365).

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for general business in Frankfurt am Main and on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET2) are operational to effect payments.

The Subscription Amount, meaning the amount of ETH to be transferred by an Authorized Participant in exchange for a certain number of Notes, will be determined on the basis of the underlying Issue Price on the Subscription Date as the case may be.

Expenses

The costs of this Offer will be borne by the Iconic Funds GmbH on a basis of a cost transfer agreement with the Issuer. No proceeds of this Issue will be used to cover costs of this Offer.

Fees to be borne by the Holder

The Issuer will charge an annual Fee of 0.95% (95 bps), accruing daily on the aggregate amount of Notes held by each Holder denominated in ETH (ETH-under-Management). The Fee is included in the definition of the Issue Price and of the Redemption Price and it is not to be deducted from the ETH entitlement as calculated in the ETH Factor formula. The Cryptocurrency Entitlement (CE) will be decreased daily by the defined percentage/365, i.e. when an investor has a claim on 1 ETH today, after exactly 365 days, his claim will have decreased to 0.9905 ETH.

The Issuer has no influence on whether and to what extent a respective Authorized Participant will charge additional fees. These fees may vary depending on the Authorized Participant.

Trading

The Issuer intends to list the Notes at Deutsche Börse Xetra, SIX Swiss Exchange, Euronext Paris and Euronext Amsterdam.

V. Why is this prospectus being produced?

Reasons for the offer or for the admission to trading on a regulated market

The Issuer intends to make profit through charging an annual Fee of 0.95% (95 bps), accrued daily on the aggregate amount of Notes bought by each Holder denominated in ETH (ETH-under-management). The Fee will be earned during the respective period in ETH from the ETH-under-management.

With the admission to trading on a regulated market, the Issuer wishes to give investors the opportunity not only to redeem Notes through the Authorized Participants vis-à-vis the Issuer but also to trade on a market.

Use and estimated net amounts of the proceeds

In connection with the placement of the Notes, the Issuer uses the net proceeds to add to the ETH-under-management.

Underwriting Agreement

The Issuer has not entered into an underwriting agreement.

Material conflicts of interest pertaining to the offer or the admission to trading

There are no material conflicts of interest pertaining to the offer or the admission to trading.