Key information document

ETC Issuance GmbH

Purpose

This information sheet provides essential information about this investment product. It is not advertising material. This information is required by law to help you understand the nature, risk, cost and potential gains and losses of this product, and to help you compare it to other products.

Product

Name of the product	BTCetc Bitcoin Exchange Traded Crypto ("**BTCE**")
Product numbers	ISIN: DE000A27Z304
PRIIP manufacturer	ETC issuance GmbH (the "**Issuer**") (https://btc-etc.com/resources/)
Phone number	+49 (0) 69 8088 3728
Competent authority of the manufacturer of the product	In connection with this key information document, the Federal Financial Supervisory Authority (BaFin)
Key information document created:	5 June 2020
Key information document last updated:	**17 July 2020, Time: 8.00 am**

Caution: **You are about to purchase a product that is not straightforward and can be difficult to understand.**

What is this product?

Type

BTCE are bearer bonds under German law that are secured by Bitcoins deposited in a depositary for safekeeping. The product does not have a fixed maturity date.

Objectives

Investors who wish to invest in the cryptocurrency Bitcoin ("**Bitcoin**") as specified in the "Underlying" field in the table below as part of their investment strategy can purchase this product, the value of which is based on the Bitcoin price, on the secondary market or from an "Authorised Participant". The product is purchased through the secondary market in fiat currency. Payment of the product purchased through an Authorised Participant may be made either in Bitcoins, in another cryptocurrency or in such fiat currency as the respective Authorised Participant accepts.
The Issuer transfers the Bitcoins received as consideration from the sale of the product to the Authorised Participants to a designated security account as a security. This means that for each unit of the product in circulation, a predefined Bitcoin amount is available to secure the product (the **"Cryptocurrency Claim"**). At the time of issue, this is 0.001 Bitcoins and decreases continuously in value by 2% annually, calculated on a daily basis from the Cryptocurrency Claim of each unit of the product over the entire holding period of the product. This means that the Cryptocurrency Claim per share decreases by approximately 0.005479% every day (= 1/365 of 2%). Bitcoins held to hedge BTCE are held institutionally by BitGo Trust Company Inc, a regulated qualified cryptocurrency depository in South Dakota, USA (the "**Depositary**"). The Issuer has appointed APEX Corporate Trustees (UK) Limited (the "**Security Trustee**") as a security trustee to hold the security rights for the Bitcoins deposited with the Depositary on behalf of all current and future BTCE holders.

Call-in by the investor: An investor can call in the product, in whole or in part, from the Issuer or an Authorised Participant at any time.
Repayment always takes place in Bitcoins. The investor's claim to repayment corresponds to the Cryptocurrency Claim on the repayment date less repayment fees. An Authorised Participant or the Issuer transfers this claim to the Digital Wallet specified by the investor on the day of repayment.
If, for legal reasons, an investor is prevented from receiving payments in Bitcoins, the investor may request repayment in US dollars ("**USD**") as an alternative to repayment in Bitcoins. The investor will then receive an amount of money in USD equal to the amount obtained in an auction for the collateral Bitcoins.

Compulsory repayment by the Issuer: The terms of the product also state that, if certain events occur, the Issuer may repay the product prematurely in Bitcoins or, if an investor is prevented from obtaining Bitcoins for legal reasons, in USD. These events are explained in more detail in the terms of the product. It is likely that any return the investor receives in the event of such early repayment will be different from the scenarios described above and may be considerably less than the amount that the investor invested upon purchase. Total loss is also possible. Furthermore, investors run the risk that call-in will be requested at a time that is unfavourable to them and that they will only be able to reinvest the call-in amount on worse terms.

Underlying	Bitcoin (Bloomberg Ticker: XBT CFIX Curncy)	**Product currency**	Euro
Issue date	05/06/2020	**Trading day**	A day on which the Frankfurt Stock Exchange is open.
Cryptocurrency Claim per unit of security	Initially 0.001 Bitcoins, reduced over time by a fee of 2% p.a.	**Compulsory redemption**	The Issuer is entitled to compulsory redemption if certain events occur, as stated in the terms of the product.
Rights of bondholders	BTCE holders may return the product for Bitcoins at any time or, if a payment in Bitcoins is not possible due to applicable regulatory requirements, the equivalent value in USD (the exact amount is determined in the terms of the product).		

Small investor target group

The product is intended for retail investors who:

- are able to bear a total loss of the investment amount;
- are seeking a speculative investment opportunity that is accompanied by the expectation that the underlying will gain sufficient value over time to exceed any fees;
- have only limited technical capabilities or lack the relevant technical expertise and therefore, instead of investing directly in Bitcoin with the aid of bearer bonds with a value based on the Bitcoin price, would like to invest in Bitcoin without having to hold Bitcoin themselves during the lifetime of the product;
- recognise that the value of the product can change frequently due to the extremely volatile underlying and, as a result, have sufficient time to actively monitor and manage the asset;
- have advanced knowledge and/or experience with comparable financial products and understand the cost structure of the product, including the Cryptocurrency Claim that decreases daily.

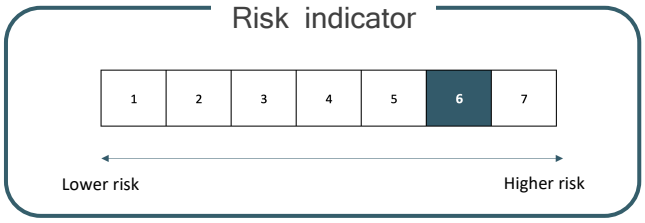
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What are the risks and what could I get in return?

Risk indicator

The risk indicator is based on the assumption that you hold the product for the recommended period of one year. If you dispose of the investment sooner than that, the actual risk may differ significantly and you may receive less in return. You may not be able to readily sell your product, or you may need to sell it at a price that significantly reduces the amount you receive in return.



The overall risk indicator helps you to assess the risk associated with this product compared to other products. It shows how likely you are to lose money on this product because the markets develop in a certain way or the Issuer is unable to pay you out.
We have placed this product in risk class 6 on a scale of 1 to 7, with 6 being the second highest risk class.

The risk of potential losses from future performance is considered high. In unfavourable market conditions, it is very likely that the Issuer's ability to pay you will be impaired. **Please note the currency risk, since the unit of account for the repayment can be either in Bitcoin or in USD. You might not receive payments in your local currency or the currency in which you wish to be repaid, meaning that your final return may depend on the exchange rate between the two currencies or units of account. This risk is not taken into account in the above indicator.** Owing to its structure, this product is subject to other risks, such as fluctuations in value and exchange rates between the date of execution and the date on which the Bitcoins are received, plus loss of the held or delivered Bitcoins. This risk is not taken into account in the above indicator. This product does not include protection against future market developments. This means that you could lose some or all of the amount you invested. If the Issuer is unable to pay you the amount owed, you may lose your total investment amount.

Performance scenarios

Future market trends cannot be accurately predicted. The scenarios presented are only an indication of some possible results based on recent developments. Actual returns may be lower.

Investment: EUR 10,000 **Scenarios** (based on historical data of 5 years; 13/04/2015 to 13/04/2020)		**One year**
Stress scenario	**What you could receive after deducting costs** Annual average return	**EUR 1,137** -88.6%
Pessimistic scenario	**What you could receive after deducting costs** Annual average return	**EUR 6,114** -38.9%
Medium scenario	**What you could receive after deducting costs** Annual average return	**EUR 15,393** 53.9%
Optimistic scenario	**What you could receive after deducting costs** Annual average return	**EUR 38,470** 284.7%

This table shows how much you could receive in the next year under different scenarios if you invest **EUR 10,000**.
These scenarios show how your investment could perform. You can compare them with the scenarios for other products. The scenarios presented are estimates of future performance based on previous changes in the underlying value; they are not an exact indicator. How much you actually receive depends on how the market develops and how long you hold the investment/product. The stress scenario shows what you could receive in the event of extreme market conditions and does not take into account the case that we may not be able to make the payment. The figures shown include all the costs of the product itself, but may not include all the costs that you will have to pay to your adviser or distributor. These figures do not consider your personal tax situation, which may also affect how much you receive.

What happens if ETC Issuance GmbH is not able to make payment?

Although BTCE is a product that is secured with Bitcoins, the investor bears the risk that the Issuer may not be able to fulfil its obligations in relation to the product, for example in the event of the Issuer's insolvency. The Issuer is a special purpose vehicle with no business activities of its own. As a result, the exclusive purpose of the Issuer is to issue this product. For example, the Issuer may only have access to the Bitcoins deposited to hedge BTCE as a means of meeting all issue or payment claims relating to the product. This product grants you rights to the deposited Bitcoins or to the security rights held by the Security Trustee through the custody account and through the Issuer's securities account. The occurrence of different scenarios with regard to these Bitcoins and the claims to the security rights may affect the ability of the Issuer to meet its obligations under the terms of the product. Although the Issuer undertakes to deposit a sufficient amount of Bitcoins with BitGo Trust Company to cover all BTCE claims, there is a risk that the Bitcoins deposited by the Issuer to hedge BTCE will not be sufficient to meet your redemption request or payment claims. A total loss of the invested capital is possible. There is no obligation to make further contributions. The product is not a deposit and is not subject to deposit protection.

What are the costs?

Costs over time

The reduction in yield (RIY) shows how the total costs you pay affect the investment returns you may receive. The total costs include one-off, ongoing and additional costs.

The amounts shown here equate to the cumulative costs of the product with the recommended holding period. They include possible contractual penalties for early withdrawal. The figures given assume that you will invest EUR 10,000. The figures are estimates and may be different in the future.

Investment: EUR 10,000	**If you redeem after one year (recommended holding time)**
Total costs (EUR)	314.15*
Reduction in yield (RIY) per year	3.00%

The person that sells or advises you on this product may charge you additional costs. If this is the case, the person will inform you of these costs and show you how all costs will affect your investment over time.

* If a bond holder decides to call in the bond instead of selling it on the stock exchange or on the OTC market, they may have to pay a redemption fee of USD 2500 (waived in certain situations) plus a redemption fee of 1%.

Breakdown of the costs

The following table shows:

- How the different types of costs affect the investment returns you might receive at the end of the recommended holding period.
- What the different cost categories include.

This table shows the impact on annual returns			
One-off costs	**Entry costs**	0.50%	Impact of the costs already included in the price*
	Exit costs	0.50%	Impact of the costs incurred when you exit your investment**
Ongoing costs	**Portfolio transaction costs**	0.00%	Impact of the costs incurred for us to buy and sell the underlying investments for the product
	Other ongoing costs	2.00%	Impact of the costs we deduct annually for investment management

On the date of updating this key information document, the Issuer had not charged any one-off costs.

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* Does not apply to secondary-market investors. Secondary-market investors trade directly with a participating broker or via a stock exchange and pay the fees charged by their broker. The trading margins are publicly available on the stock exchanges on which the product is listed, or can be requested from brokers. You can find out the actual costs from your broker, financial adviser or sales company.

** Does not apply to secondary-market investors. If an investor decides to call in the product instead of selling it on the stock exchange or on the OTC market, they may have to pay a pre-redemption fee of USD 2500 (waived in certain situations) plus a redemption fee of 1%. Secondary-market investors trade directly with a participating broker or via a stock exchange and pay the fees charged by their broker. The trading margins are publicly available on the stock exchanges on which the product is listed, or can be requested from brokers. You can find out the actual costs from your broker, financial adviser or sales company.

How long should I hold the investment and can I withdraw money early?

Recommended holding period: Up to one year.

We recommend holding the product for a short period of time, i.e. up to one year. However, since Bitcoins are very volatile, investors should constantly monitor the value of the product, as sudden changes in value can occur frequently and abruptly.

Investors can sell the product on the regulated market on which it is listed. You can sell the product over the counter by submitting a redemption application to an Authorised Participant or directly to the Issuer and surrendering the product to them. You must instruct your custodian bank responsible for executing the order for the specified product accordingly. After execution, you will receive 0.001 Bitcoins less 2% p.a. administration fee (calculated from the date of issue of BTCE) as described above under "What type of product is it?".

Stock exchange listing	Frankfurt Stock Exchange – regulated market (XETRA)	**Last trading day on the stock exchange**	One exchange trading day before the early redemption date, if the Issuer redeems the investment
Smallest tradable unit	One unit of the product	**Listing**	Listing per unit

In exceptional market situations or in the event of technical problems, it may be temporarily difficult or impossible to purchase or sell the product.

How can I lodge a complaint?

Complaints about the person/entity who/that advised you or sold the product to you may be lodged directly with the relevant person. Complaints regarding the product or behaviour of the Issuer of this product may be posted in writing to ETC Issuance GmbH, Holzhecke 13, 60528 Frankfurt/Main, Germany, or emailed to complaints@etcm.ltd. Complaints should include the name of the product, the ISIN and the reason for the complaint.

Other useful information

Updated and additional documents relating to the product, particularly the brochure and any supplements, are published on the https://btc-etc.com/resources/ website in accordance with the relevant statutory provisions. We recommend that you read these documents for more information, especially about the structure of the product and the risks associated with investing in the product.