

Confidential Private Placement Memorandum

Arca Accredited Investor Bitcoin Trust,
a Delaware Statutory Trust (the “**Trust**”)

February 16, 2021

Disclosure Statement

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I. Summary of the Investment Opportunity

Subscriptions The shares of the Trust represent units of fractional undivided beneficial interest in and ownership of the Trust (the “**Shares**”). You and other potential investors in the fund (“**Investors**”) may purchase Shares from the Trust on the terms described in this private placement memorandum.

At this time, the Trust is offering one class of shares: Class A shares. The offering price for the shares in this offering is \$10.00 per Class A share on the date of the commencement of this offering (the “**Commencement Date**”). The initial offering price was arbitrarily determined by the Sponsor. Following the Commencement Date, the offering price per share will vary daily, and the shares will be offered and sold based at a price equal to the NAV per share, determined after the close of each trading day of the New York Stock Exchange (a “**Trading Day**”) on which a subscription is accepted.

The minimum initial subscription amount for class A shares is \$25,000; provided that an existing Shareholder may make additional subscriptions in a minimum amount of \$10,000, subject in all cases to increase, decrease and waiver of such requirements by Arca Investment Management, LLC (the “**Sponsor**” and, together with the Trust, “**we**”) in its sole discretion (each such subscription amount, a “**Subscription**”).

The Trust generally accepts initial and additional Subscriptions (a) daily on a Trading Day or (b) on such other dates as the Sponsor may determine in its sole discretion. Subscriptions may be paid for in kind subject to acceptance by the Sponsor in its sole discretion. The Sponsor expects that subscriptions will be accepted or rejected on the same Trading Day that the transfer agent receives each completed subscription agreement, on the condition that such subscription agreement is in good order and that wired funds are received, in each case, prior to 10:00 a.m. Eastern Time on the date of receipt, and, if rejected, all funds will be returned to subscribers without interest and without deduction for any expenses within 5 business days from the date the subscription is rejected.

Each investor who seeks to subscribe for Shares is required to execute a subscription agreement (“**Subscription Agreement**”) pursuant to which the investor will agree to be bound by the Trust’s Trust Agreement (as defined below).

No fractional Shares will be issued, and any fractional Share that an investor would otherwise be entitled to receive shall be rounded down to the nearest whole Share; provided, however, that any such rounding down will not change the price per Share or contribution payable with respect to such

Shares as determined in accordance with the Trust Agreement. Any remainder will not be refunded to the Investor.

The person who owns the ultimate economic beneficial interest in a Share and does not hold the Share as a mere nominee or custodian for another person is a shareholder in the Trust (a “**Shareholder**”).

**Investor
Qualifications**

Shares in the Trust are sold only to investors who, under U.S. securities laws, are “accredited investors.” All offerings of Shares are private offerings made in reliance on Rule 506 under Regulation D of the Securities Act. Investors are required to provide relevant information verifying their eligibility to invest in the Trust. Shares are not registered under the Securities Act or the securities laws of any state or any other jurisdiction, nor are any such registration contemplated. The Trust is not registered as an investment company under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

**Quotation of the
Shares**

The Trust may apply for the initiation of quotations of Shares in the Trust on an “over-the-counter” or “OTC market”. If the Trust is successful in its application to an OTC market, Trust investors will be able to buy and sell shares of the Trust on the market, once those shares become freely tradeable under the federal securities laws (generally, a year and a day after the shares have been purchased from the Trust). The Trust will continue to privately sell shares directly to accredited investors. The Trust will halt all redemptions of Trust shares prior to the initiation of quotations on an OTC market.

The Trust believes that quotation on an OTC market would allow investors to view Shares eligible for quotation more conveniently from their conventional brokerage accounts. Additionally, we believe quotation of the Shares on an over-the-counter market would allow financial advisors the ability to hold Shares purchased and sold in the secondary markets through conventional registered investment adviser custodians, which we believe would simplify the ability for investors to purchase the Trust’s Shares and, thereby, create circumstances in which a market in the Shares may develop. There is, however, no guarantee that we will be able to successfully initiate the quotation of the Shares on any OTC markets. See “*Risk Factors—We may not be able to successfully apply to initiate the quotation of the Shares on any OTC markets, and if we are unsuccessful, we may not be able to realize the benefits that we believe will accrue as a result of the initiation of quotations on OTC markets.*”

Redemptions

Currently, each Investor may request redemptions of the Investor’s Shares, subject to certain restrictions and conditions. See “*Trust Activities—The Shares—Redemptions*” for additional information. While the Trust intends to continue to offer redemptions on these terms, the Trust also intends to terminate the availability of redemptions before any commencement of

quotations of the Shares on OTC markets. As a result, members may no longer be able to redeem interests in the Trust subsequent to their investments. The Trust may, but shall not be required to, seek regulatory approval to operate a redemption program subsequent to initiation of quotations on OTC markets. The Trust does not currently have any intention to seek regulatory approval of a redemption program. If any redemption program is approved, then any redemption authorized by the Sponsor must be conducted in accordance with the provisions of the trust agreement of the Trust (as amended or restated from time to time, the “**Trust Agreement**”). See “*Risk Factors—If we are able to successfully apply for the initiation of quotes of the Shares on OTC markets, we intend to cease all redemptions of Shares in accordance with the Trust Agreement, and as a result, you may be substantially dependent on the existence of an active secondary market on OTC markets in order to sell your Shares.*” and “*Risk Factors—If we are able to successfully apply for the Shares to be quoted on OTC markets, the Shares may trade at a price that is at, above or below the Trust’s Bitcoin Holdings per Share as a result of the non-current trading hours between OTC markets and the Bitcoin Exchange Market.*” If the Trust is not able to successfully apply for quotation of the Shares on OTC markets, the Trust will reinstate the redemption program.

Secondary Trading

Currently, Investors may not transfer their Shares without the prior written consent of the Sponsor. See “*Trust Activities—Transfers of Shares*” for additional information. The Trust Agreement will, however, provide that, this prohibition will be removed for all Shares that are held of record by the Depository Trust and Clearing Corporation or its nominee (“**DTCC**”). We anticipate that only those Shares that are not “restricted securities” as that term is defined in Rule 144 of the Securities Act 1933, as amended (the “**Securities Act**”), will be eligible to be held of record by DTCC.

The offer and sale of the Shares by the Trust, as well as future offerings of Shares by the Trust, have not been and will not be, registered under the Securities Act, the securities laws of any state or the securities laws of any other jurisdiction, nor is such registration contemplated. The Shares and Shares will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder and other exemptions in the laws of the states and jurisdictions where the offering will be made. As a result, the Shares and Shares will be deemed to be “restricted securities” as that term is defined in Rule 144 of the Securities Act and will not be freely tradeable for a year and a day subsequent to their initial issuance by the Trust. Shares held by affiliates and insiders will be subject to additional restrictions on resales, including restrictions on the number of Shares that may be resold within any three month period.

Shares in the Trust are sold only to investors who, under U.S. securities laws, are “accredited investors.” All offerings of Shares pursuant to this

private placement memorandum are private offerings made in reliance on Rule 506 under Regulation D of the Securities Act. Investors are required to provide relevant information verifying their eligibility to invest in the Trust. The Shares are not registered under the Securities Act or the securities laws of any state or any other jurisdiction, nor are any such registration contemplated. As a result, we expect that (i) any Shares issued to investors in such offerings will be “restricted securities” under Rule 144, and (ii) the Shares issued to such an investor will be “unrestricted” under Rule 144 one year and a day subsequent to the date that the investor acquired the Shares.

We have retained the services of UMB Fund Services as transfer agent. Investors will be able to transfer Shares through and with the services offered by this transfer agent and may need to establish website accounts with the transfer agent in order to take certain actions with respect to the Shares, including transferring them. In order to trade Shares through OTC markets, it will likely be necessary for an Investor to work with a broker to deposit Shares with DTCC.

**Tax
Considerations**

The Trust intends to operate as a grantor trust and not as a partnership, an association, or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. Accordingly, if such treatment applies, the Trust generally should not be subject to federal income tax. Instead, each Investor will be treated as directly owning a pro rata share of the underlying assets held in the Trust. Investors also will be treated as if they directly receive their respective pro rata shares of the Trust’s income, if any, and as if they directly incur their respective pro rata shares of the Trust’s expenses, and will be taxed currently on such pro rata share, regardless of whether the Investor has received or will receive a distribution of cash or other assets from the Trust.

A prospective Investor is responsible for, and should consider carefully, all of the potential tax consequences (including on the federal, state and local levels) of an investment in the Shares and should consult with its tax advisor before subscribing for the Shares. See “*Certain U.S. Federal Income Tax Considerations*.”

II. TRUST ACTIVITIES

At a high level, the Trust makes long-only investments in Bitcoin, while seeking to minimize administrative costs to each person who invests in the Trust. The Trust will hold only Bitcoins, U.S. treasury securities, and cash. Bitcoins will be in the custody of, and secured by, the Trust's Bitcoin custodian, Fidelity Digital Asset Services, LLC (the "**Bitcoin Custodian**"). UMB Bank, N.A. (the "**Cash Custodian**") will serve as the Trust's custodian of U.S. dollars and short-term treasury securities pursuant to the terms and provisions of a custody agreement between the Trust and the Cash Custodian (the "**Cash Custody Agreement**").

The Trust seeks to make it easier for an investor to gain exposure to the price movement of Bitcoin through a traditional investment vehicle, without the challenges of buying, storing and safekeeping Bitcoin.

In furtherance of this objective, the activities of the Trust will include (i) issuing Shares in exchange for subscriptions, (ii) selling Bitcoins as necessary to cover the Management Fee (as defined below) and/or any Organizational Expenses (as defined below), (iii) subject to obtaining regulatory approval from the SEC and approval from the Sponsor, selling Bitcoins in exchange for Shares surrendered for redemption, (iv) causing the Sponsor to sell Bitcoins upon any potential future termination of the Trust, and (v) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the Trust Agreement, and the Bitcoin Custodian Agreement (as defined below). In addition, the Trust may engage in any lawful activity necessary or desirable in order to facilitate these activities, provided that such activities do not conflict with the terms of the Trust Agreement.

Investment strategy

The Trust's investment objective is to invest in Bitcoin, enabling Shareholders to gain exposure to the price movement of Bitcoin through a traditional investment vehicle while seeking to minimize administrative costs to each Shareholder. The Trust is designed for investors seeking a cost-effective, convenient, and secure means of gaining investment exposure to Bitcoin, similar to a direct investment in Bitcoin. A substantial direct investment in Bitcoin may require expensive and sometimes complicated arrangements in connection with the acquisition, security, and safekeeping of the Bitcoin and may involve the payment of substantial fees to acquire such Bitcoin from third-party facilitators through cash payments of U.S. Dollars. Although the Shares will not be the exact equivalent of a direct investment in Bitcoin, they provide investors with an alternative that allows them to gain investment exposure to Bitcoin. In addition, the Trust will provide investors with other advantages including easy accessibility, relative cost efficiencies and minimal credit risk as the Trust will wholly-own all of its Bitcoin assets.

Custody of the Trust's Assets

The Bitcoin Custodian has been appointed to store and safekeep the Trust's Bitcoin using proprietary technological and physical security methods, including "cold storage," a safeguarding method with multiple layers of protections and protocols, by which the private keys corresponding to the Trust's Bitcoin are generated and stored in an offline manner. Similar hardware, software, administration and continued technological development may not be available or cost-efficient for

many investors. As such, the logistics of accepting, transferring and safekeeping of actual Bitcoin are dealt with by the Bitcoin Custodian using the Bitcoin Custodian's proprietary Bitcoin custody system.

All Bitcoin is recorded on the Blockchain, the decentralized transaction ledger of the Bitcoin Network. The Blockchain is a canonical record of every Bitcoin, every Bitcoin transaction (including the mining of new Bitcoin) and every Bitcoin address associated with a quantity of Bitcoin. In order to transfer or "spend" Bitcoin, one must control the private key that is mathematically associated with a given Bitcoin address. The private keys that control the Trust's Bitcoin are secured by the Bitcoin Custodian and stored using the Bitcoin Custodian's proprietary Bitcoin custody and private key storage system.

The Cash Custodian will serve as the Trust's custodian of U.S. dollars and short-term treasury securities pursuant to the terms and provisions of the Cash Custody Agreement.

Bitcoin Generally

Bitcoin is a digital asset that is decentralized and issued by, and transmitted using cryptographic security through, an open-source digital protocol platform known as the "Bitcoin Network." The Bitcoin Network is an online end-user to end-user network that hosts the public transaction ledger, known as the "Bitcoin Blockchain," and the source coding comprising the basis for the cryptographic and algorithmic protocols governing the Bitcoin Network. No single entity owns or operates the Bitcoin Network, and its infrastructure is collectively maintained by a decentralized user base. Bitcoin may be converted into U.S. dollars, other fiat currencies, or other crypto assets, at rates determined in individual end-user-to-end-user transactions under a barter system, or on Bitcoin exchanges. They can also be used to pay for certain goods and services.

The Bitcoin Network does not rely on either governmental authorities or financial institutions to create, transmit or determine the value of Bitcoin. Rather, Bitcoin is created and allocated by the Bitcoin Network protocol through a "mining" process subject to a strict issuance schedule. The value of Bitcoin is determined by the supply of and demand for Bitcoin on Bitcoin exchanges (and in private end-user-to-end-user transactions), as well as the number of merchants that accept them. Third-party service providers such as Bitcoin exchanges and third-party payment processing services may charge significant fees for processing transactions and for converting, or facilitating the conversion of, Bitcoin to or from fiat currency.

The Bitcoin Blockchain is the digital transaction ledger on which Bitcoin is "stored" and reflected. The Bitcoin Blockchain is a decentralized digital file stored on the computers of each user of the Bitcoin Network. It records the transaction history of all Bitcoin in existence and allows the Bitcoin Network to verify the association of each Bitcoin with the "digital wallet" that owns them through transparent transaction reporting. The Bitcoin Network and Bitcoin software programs can interpret the Bitcoin Blockchain to determine the exact Bitcoin balance of any digital wallet listed in the Bitcoin Blockchain as having taken part in a transaction on the Bitcoin Network.

The Bitcoin Blockchain is made up of a digital file that is downloaded and stored, in whole or in part, on the software programs of all Bitcoin users. The file includes all blocks that have been solved by validators and it is updated to include new blocks as they are solved. As each newly

solved block refers back to and “connects” with the solved block immediately prior to it, the addition of a new block adds to the Bitcoin Blockchain in a manner akin to a new link being added to a chain. The Bitcoin Blockchain represents a complete, transparent and unbroken history of all transactions on the Bitcoin Network.

Generally, every Bitcoin transaction is broadcast to the Bitcoin Network and recorded in the Bitcoin Blockchain. However, there are certain “Off-Blockchain transactions.” These transactions involve the transfer of control or ownership of a specific digital wallet holding Bitcoin, or of the reallocation of ownership of certain Bitcoin in a pooled-ownership digital wallet. Generally, information and data regarding Off-Blockchain transactions is not publicly available. This is unlike true Bitcoin transactions, which are publicly recorded and available on the Bitcoin Blockchain. Thus, Off-Blockchain transactions are not truly Bitcoin transactions, as they do not involve the transfer of transaction data on the Bitcoin Network and do not reflect a movement of Bitcoin between addresses recorded in the Bitcoin Blockchain. Off-Blockchain transactions are inherently riskier than Bitcoin Blockchain transactions, as such transfers of Bitcoin ownership would not be protected by the protocol behind the Bitcoin Network or recorded in and validated through the Bitcoin Blockchain. Off-Blockchain transactions may include transactions on centralized exchanges.

Bitcoin, the Bitcoin Network and the operating software that governs the Bitcoin Network were initially discussed in a white paper that was attributed to an individual named Satoshi Nakamoto. However, no individual has been reliably identified as Bitcoin's creator, and it is generally believed that the name is a pseudonym for the actual inventor(s). The first Bitcoin were created in 2009 upon the release of the Bitcoin Network source code (i.e., the software and protocol that created and launched the Bitcoin Network). Since the launch in 2009, the Bitcoin Network has been actively developed by a group of engineers known as Core Developers. Bitcoin is an open-source project, and it is not represented by an official organization or authority. However, groups such as MIT's Media Lab work to organize the Bitcoin community and to develop and protect the Bitcoin Network's code.

The Bitcoin Network's Operations

Generally, an individual must be connected to the internet in order to access the Bitcoin Network. Bitcoin transactions between parties occur very quickly and may be made directly between end-users without necessitating a third-party intermediary. Nevertheless, third-party intermediary service providers do exist. Each Bitcoin transaction is recorded, time stamped and displayed in a “block” in the publicly available Bitcoin Blockchain in order to prevent the double-spending of a single Bitcoin. Every transaction is memorialized in the Bitcoin Blockchain, which is publicly accessible and downloaded in part or in whole by all users' Bitcoin Network software programs. This memorialization and verification against double-spending is accomplished through the Bitcoin mining process, which adds blocks of data, including recent transaction information, to the Bitcoin Blockchain.

Bitcoin Transfers

Prior to engaging in Bitcoin transactions, a digital Bitcoin “wallet” (analogous to a Bitcoin account) must first be obtained by a user. Such “wallet” may be obtained through an open-source

software program that generates Bitcoin addresses and enables users to engage in the transfer of Bitcoin with other users. Users may install Bitcoin software programs on their computer or mobile device that will generate a Bitcoin wallet or, alternatively, may retain a third party to create a digital wallet. A user can create an unlimited number of digital wallets. Each such wallet will include at least one unique address and a verification system for each address, which consists of a “public key” and a “private key.” The public key and private key are mathematically related.

Typically, the recipient of Bitcoin will create a new Bitcoin address and direct the payor of the Bitcoin to send the payment by providing the address (or public key) for the digital wallet to the payor, who initiates the transfer. This parallels traditional wire transactions, where a recipient provides wire instructions (with an address) to the payor so that the payor can wire cash to the recipient’s account. In a Bitcoin transaction, the payor approves the transfer by “signing” the transaction request from the recipient with the private key of the address from which the payor is transferring the Bitcoin. The recipient does not publicize its associated private key, because the private key authorizes access to, and the transfer of, the funds from the recipient's digital wallet to other users. The process of signing the transaction is typically automated by the software that runs the digital wallet of the payor and recipient. Finally, the transfer from the payor to the recipient's wallet is completed and the transaction is validated by the Bitcoin Network.

Steps Involved in a Typical Bitcoin Transaction

In a Bitcoin transaction, there are certain conditions that must be met:

- (1) the party wishing to send Bitcoin must have a digital wallet;
- (2) the Bitcoin Network must recognize the sending party’s digital wallet as having sufficient Bitcoin for the spending transaction;
- (3) the receiving party must have a digital wallet; and
- (4) the spending party must have internet access with which to send its spending transaction.

If these conditions are all met, the receiving party must then give the spending party the digital address of its wallet. The digital address is an identifying series of 27 to 34 alphanumeric characters that represent the wallet’s routing number on the Bitcoin Network. This allows the Bitcoin Blockchain to record the Bitcoin being sent to that wallet. The receiving party can provide this address to the spending party in the traditional alphanumeric form, or in an encoded format such as a QR Code, which is then scanned by a smartphone or other device to quickly transmit the information contained in the code.

After the receiving party gives the digital address of its wallet, the spending party must then enter the address and number of Bitcoin it wishes to send into its Bitcoin software program. The number of Bitcoin to be sent is typically agreed upon by the two parties based on either a set quantity of Bitcoin or an agreed-upon value of fiat currency that is converted to Bitcoin. Most Bitcoin software programs allow, and will typically suggest, the payment of a transaction fee, which is also referred to as a “validator’s fee.” Transaction fees are not required by many Bitcoin software programs, but, when they are used, they are paid by the spending party in addition to the specified amount of Bitcoin being sent in the transaction. Transaction fees, if any, are typically a fractional number of

Bitcoin (i.e., 0.005 or 0.0005 Bitcoin) and are automatically transmitted by the Bitcoin Network to the Bitcoin Network validator that solves and adds the block that records the spending transaction on the Bitcoin Blockchain.

After entering the digital address of the wallet, the number of Bitcoin to be sent and the transaction fees, if any, to be paid, the spending party then transmits the spending transaction. The spending party's Bitcoin software program then creates a data packet, which includes data showing information such as (1) the number of Bitcoin being sent, (2) the address of the destination digital wallet, (3) any applicable transaction fees, and (4) the digital signature of the spending party, which verifies the authenticity of the transaction. References called "inputs" and "outputs" are also included in the data packet. These references are used by the Bitcoin Blockchain to record the flow of Bitcoin from one transaction to the next and identify the source of the Bitcoin being spent. The digital signature process exposes the digital wallet address and public key of the spending party to the Bitcoin Network, whereas only the digital wallet address of the receiving party is revealed. The spending party's Bitcoin software then transmits the data packet onto the decentralized Bitcoin Network, which results in the spread of such information among Bitcoin users' software programs for eventual inclusion in the Bitcoin Blockchain. Typically, the data spreads to a vast majority of Bitcoin Network validators in less than one minute.

Transactions are recorded by Bitcoin Network validators when they solve for and add blocks of information to the Bitcoin Blockchain. When a validator solves for a block, it then creates that block, which includes certain key pieces of data, including data relating to (1) the solution to that block, (2) a reference to the prior block in the Bitcoin Blockchain (to which the new block is being added) and (3) all other transactions that have occurred but have not been added to the Bitcoin Blockchain yet. A validator can become aware of unrecorded and outstanding transactions through the data packet transmission and propagation discussed above. Typically, Bitcoin transactions are recorded in the next chronological block so long as the spending party is connected to the internet and once at least one minute has passed between the transmission of the transaction's data packet and the solution of the next block.

Micropayment Bitcoin transactions (i.e., less than 0.01 Bitcoin) along with transactions that do not include fees to validators, are currently deprioritized for purposes of recording transactions on the Bitcoin Blockchain. This means that, depending on certain Bitcoin Network validator policies, these micropayment and no-fee transactions may take a longer time to record than typical transactions. In addition, the propagation of transaction data (and thus the recording of the transaction on the Bitcoin Blockchain) related to transactions initiated by spending wallets with poor connections to the Bitcoin Network can be delayed due to such poor connection. If a validator wishes to limit the transactions it includes in a solved block to any extent, a transaction that does not meet that validator's set criteria will be excluded from the Bitcoin Blockchain.

For transactions that are not yet recorded, there is a higher likelihood that the spending wallet related to such transactions can double-spend the Bitcoin used in the first transaction. If the next block is solved by an honest validator who is not involved in a deliberate attempt to double-spend Bitcoin, and if the transaction data for both the original and double-spend transactions have already been propagated onto the Bitcoin Network, the transaction received with the earlier time stamp will be recorded by the solving validator, regardless of which transaction includes a larger transaction fee. It works such that if the double-spend transaction propagates to the solving

validator and the original transaction has not, then the double-spending transaction has a greater chance of success. However, because it is very difficult to successfully initiate a double-spend without the assistance of multiple users in a coordinated attack, the likelihood of success of a double-spend transaction attempt is low.

The Bitcoin transaction is completed upon the addition of a block to the Bitcoin Blockchain, at which point the Bitcoin software of both the spending and receiving parties shows confirmation of the transaction on the Bitcoin Blockchain. The transaction is reflected by an adjustment to the Bitcoin balance in each party's digital wallet.

Mathematically Controlled Supply

The supply of new Bitcoin is mathematically controlled and the number of Bitcoin grows at a limited rate pursuant to a pre-set schedule. The number of Bitcoin awarded for solving a new block is automatically cut in half after every 210,000 blocks are added to the Bitcoin Blockchain. This is referred to as a “blockhalf.” At the time of this prospectus, the fixed reward for solving a new block is 6.25 Bitcoin per block. This is expected to decrease by half, to become 3.125 Bitcoin after the next 210,000 blocks are entered into the Bitcoin Network. This deliberately controlled rate of Bitcoin creation means that the number of Bitcoin in existence will increase at a controlled rate until the number of Bitcoin in existence reaches the pre-determined amount of 21 million Bitcoin. As of August 31, 2020, approximately 18.48 million Bitcoin has been mined and are currently circulating according to www.blockchain.com, and estimates of when the 21 million Bitcoin limitation will be reached range up to the year 2140. There are websites that keep track of the Bitcoin supply and continuously update key information related to Bitcoin mining and monitoring, such as the total number of Bitcoin in circulation and total Bitcoin left to mine before the next blockhalf.

The Bitcoin Network’s Cryptographic Security Features

Public and Private Keys

Public-key cryptography is essential for the security of transactions on the Bitcoin Network. All Bitcoin Network transactions are secured using public-key cryptography, which is a technique used in many different online transactions. In public-key cryptography, two mathematically-related keys - one public key and one private key - are generated. An individual's digital wallet is essentially made up of these keys. The private key stays in an individual's wallet, whereas the other key - the public key - is made public. The public key serves as the address to which a Bitcoin can be transferred and from which money can be transferred by the Bitcoin wallet owner. For Bitcoin transactions, the public key is an address, or more specifically, a string of alphanumeric characters that is used to encode payments. Such payments may only be retrieved with the associated private key, which essentially authorizes the transaction. In effect, a payor’s private key is used to approve all transfers to a recipient’s account. Bitcoin Network users can confirm that the counterparty to

their transaction “signed” the transaction with the correct private key, but cannot reverse engineer the private key from the signature.

Double-Spending and the Bitcoin Network Confirmation System

Currently, Bitcoin transactions are considered to be irreversible. Thus, once the Bitcoin Blockchain reflects a certain transaction, it cannot be reversed. An individual seeking to undo a past transaction in a block recorded on the Bitcoin Blockchain would have to exert tremendous processing power in a series of complicated transactions that, at this point in the development of the Bitcoin Network, cannot be achieved.

In order for recipients to ensure the reliability of transactions on the Bitcoin Network, (i.e., to prevent a payor's double-spending), every Bitcoin transaction is propagated to the Bitcoin Network and recorded in the Bitcoin Blockchain through the “mining” process. In the mining process, all transactions are time-stamped; this process memorializes the transfer of ownership of the Bitcoin(s). Before a block can be added to the Bitcoin Blockchain, Bitcoin Network validators must make rigorous computations to verify the validity of a transaction. This required computational effort, or “proof of work,” is meant to prevent malicious actors from either adding fraudulent blocks to the Bitcoin Blockchain - which would generate “counterfeit” Bitcoin - or overwriting currently-existing valid blocks to reverse prior transactions.

A Bitcoin transaction between two parties will only be recorded in a block in the Bitcoin Blockchain if a majority of the nodes on the Bitcoin Network accept that block as being valid. A block is validated by confirming the cryptographic hash value included in the block’s solution and by adding the block to the longest confirmed Bitcoin Blockchain on the Bitcoin Network. Inclusion in a block on the Bitcoin Blockchain constitutes a “confirmation” of a Bitcoin transaction. Because each block in the Bitcoin Blockchain references the immediately preceding block, as additional blocks are appended to and incorporated into the Bitcoin Blockchain, they serve as additional verifications of the transactions represented in prior blocks. This confirmation process that continuously builds upon itself makes it exponentially more difficult to change historical blocks (and thus reverse prior transactions) as one goes further back in the Bitcoin Blockchain. Both users and Bitcoin exchanges can determine their own threshold with respect to how many confirmations are required until funds from the transferor counterparty are considered valid. Generally, however, a transaction is, in all practicality, final after six confirmations because it would be extremely difficult to challenge the validity of the transaction after that point.

Bitcoin Mining and Creation of New Bitcoin

Incentives for Mining

Validators that are successful in adding a block to the Bitcoin Blockchain are automatically awarded Bitcoin for their effort. Currently validators must make a substantial investment in expensive mining devices with adequate processing power in order to “hash” at a competitive rate. The first devices used by validators had central processing units (“CPUs”), which are used in standard computers meant for day-to-day at-home use. It was then quickly discovered that graphic processing units (“GPUs”) offered validators more processing power. At that point, the second wave of validators entered the Bitcoin Network using their GPUs. As of the date of this prospectus,

the Bitcoin Network is well into a third wave of mining devices. This third wave is led by computers designed solely for mining purposes. Such devices include ASIC (application-specific integrated circuit) machines built by specialized companies specifically for the purposes of Bitcoin mining. These new computers are significantly more expensive than standard at-home computers. Validators also incur substantial electricity costs in order to continuously power and cool their devices while solving for a new block.

Because of the way the Bitcoin Network is designed, the reward for adding new blocks to the Bitcoin Blockchain decreases over time. Because a definite amount of Bitcoin exists, the production (and reward) of Bitcoin will eventually cease. Once the Bitcoin Blockchain incentive mechanism ceases to be profitable, the only incentive for validators to continue their work will be transaction fees. As such, it is believed that validators will need to be better compensated with higher transaction fees in order to ensure that they are adequately incentivized to continue mining.

Mining Process

“Mining” is the process by which Bitcoin transactions are verified and Bitcoin is created. In order to begin mining, a validator must download and run a “mining client.” Like regular Bitcoin Network software programs, mining clients turn a user’s computer into a “node” on the Bitcoin Network, which validates blocks. Through the Bitcoin software program, validators can engage in a set of prescribed complex mathematical calculations, which allows them to add a block to the Bitcoin Blockchain, thereby confirming Bitcoin transactions included in that block’s data.

Bitcoin transactions are generally recorded in blocks that are added to the Bitcoin Blockchain. Each block contains a record of the award of Bitcoin to the validator who added the new block, along with the details of the most recent transactions not memorialized in prior blocks. To add blocks to the Bitcoin Blockchain, a validator must map an input data set to a desired output data set of a predetermined length (known as the “hash value”) using the SHA-256 cryptographic hash algorithm.

All validators on the Bitcoin Network compete to continuously increase their computing power, as only one validator can solve and add each unique block to the Bitcoin Blockchain. As the processing power of the Bitcoin Network increases with the addition of new validators, it adjusts the complexity of the block-solving equation in order to maintain a predetermined pace of adding a new block to the Bitcoin Blockchain approximately every ten minutes.

A block proposed by a validator is added to the Bitcoin Blockchain upon confirmation of the validator’s work by a majority of the nodes on the Bitcoin Network. Validators that successfully add a block to the Bitcoin Blockchain automatically receive Bitcoin for their effort, in addition to any transaction fees paid by transferors whose transactions are recorded. This incentive system is the way in which new Bitcoin enter into public circulation.

Mining Pools

As the Bitcoin Network currently exists, it is highly unlikely that an individual acting alone will be able to be awarded a Bitcoin for their efforts. Because of this, mining “pools” have developed. These are pools in which multiple validators combine their processing power and act cohesively to solve blocks. When a new block is solved by a pool, the pool operator receives the Bitcoin and,

after taking out its nominal fee, splits the resulting reward among the participants in the pool. The reward is divided based on the processing power each participant contributed to solve for the block. Mining pools offer participants the ability to access smaller, but more consistent and frequent Bitcoin payouts.

Bitcoin Uses

Global Bitcoin Market

The global trade in Bitcoin consists of individual end-user-to-end-user transactions, along with facilitated exchange-based Bitcoin trading. While a market for Bitcoin-based derivatives exists, it is in its early stages, and still maturing. Because of its decentralized nature, as of the date of this prospectus no reliable data exists with respect to the total number or demographic composition of users or validators on the Bitcoin Network.

Goods and Services

As time goes on, individuals are increasingly more able to use Bitcoin to buy goods and services, both in person and online. There are many indications of the increased acceptance of Bitcoin, although data that the Sponsor would deem reliable is not presently available on the retail and commercial market penetration of the Bitcoin Network.

Although not widely adopted, Bitcoin is accepted as a form of payment across various industries, from travel websites to newspapers, to restaurants and clothing retailers. Internet-based companies such as Microsoft, Overstock.com, Reddit, WordPress, Dell and Expedia, along with several non-profit institutions such as the Khan Academy and charitable organizations such as the Red Cross have received attention for accepting donations in Bitcoin.

Bitcoin Exchange Market

Online Bitcoin exchanges represent a substantial percentage of Bitcoin transactional activity and thus offer the most data with respect to prevailing Bitcoin valuations. There are currently several Bitcoin exchanges operating globally. These include established trading platforms such as itBit, Coinbase Pro, Bitstamp, Kraken and Gemini. These Bitcoin trading platforms provide various options for buying and selling Bitcoin.

In parallel to the open Bitcoin exchanges, OTC markets for Bitcoin trading also exist. Dark pools in the Bitcoin context are Bitcoin trading platforms that do not publicly report their Bitcoin trade data. Participants can execute large block trades on a dark pool without revealing such trades, or the price data related thereto, to the public Bitcoin market.

It is currently believed that various informal OTC markets exist, particularly among Bitcoin mining groups that obtain large supplies of Bitcoin through mining and wholesale buyers of Bitcoin. These informal OTC markets can function as a result of the peer-to-peer nature of the Bitcoin Network. This open network allows direct transactions between any seller and buyer.

Because little information is known about OTC markets, their impact on the Bitcoin market is difficult to determine.

End-User-to-End-User

The Bitcoin ecosystem operates continuously, on a 24-hour basis. This is accomplished through decentralized peer-to-peer transactions between parties on a principal-to-principal basis. All risks and issues of credit are between the parties directly involved in the transaction.

Generally, the rules of the Bitcoin Network that require transaction fees are not strongly enforced, so transaction costs, if any, are negotiable between the parties and may vary widely. These transactions can occur remotely through the internet, or in-person through forums such as localBitcoin.com, which gives users the ability to buy and sell Bitcoin both online and in-person. At the time of this prospectus, no official designated “market makers” for Bitcoin have been established. Thus, there is no standard transaction size, bid-offer spread or cost per transaction.

Pseudo Anonymity

Although the Bitcoin Network was not initially designed to ensure the anonymity of users, because the Bitcoin Blockchain records ownership of Bitcoin by references to the unique addresses of each Bitcoin “wallet,” a certain pseudo-anonymity of ownership is created. However, law enforcement agencies may be able to identify Bitcoin users by reviewing the public log of Bitcoin transactions. Although Off-Blockchain transactions are not recorded and do not show the transfer of Bitcoin from one digital wallet address to another, information regarding participants in such transactions may be recorded by the parties responsible for facilitating them.

Nevertheless, certain precautions may be taken by users who are determined to maintain anonymity in order to increase the likelihood that such users and the transactions they conduct remain anonymous. For example, a user may repeatedly send its Bitcoin to various addresses, which makes tracking the Bitcoin through the Bitcoin Blockchain more difficult. Users may also use a “mixing” service to swap its Bitcoin with those of other users. There are some Bitcoin exchanges, however, that may refuse to accept Bitcoin from users who have utilized mixing services.

Modifications to the Bitcoin Protocol

There is no official developer or group of developers controlling the Bitcoin Network. Bitcoin is an open-source project, meaning that its source code is freely available to the public and it utilizes crowdsourcing to assist in the identification of possible problems, defects or issues with the product. Although no official group of controlling developers exists, the Bitcoin Network’s development is overseen by a core group of developers, which includes individuals employed by MIT Media Lab’s Digital Currency Initiative.

The Core Developers can access and alter the source code behind the Bitcoin Network. As a result, they periodically issue quasi-official releases of updates and other changes to the source code behind the Bitcoin Network upon making such updates or other changes. However, the issuance of such releases does not guarantee that users and validators will adopt the update. In order for changes to the Bitcoin Network’s source code to be adopted, users and validators must accept such

changes by downloading the proposed modification of the source code. Such modification will only be effective for the Bitcoin users and validators that download it.

If only a fraction of users and validators on the Bitcoin Network accept a modification, a division in the Bitcoin Network occurs, and one network will run the pre-modification source code while the other network runs the modified source code. This division is referred to as a “fork” in the Bitcoin Network. Thus, as a consequence of the Bitcoin Network’s forking feature, Bitcoin Network source code modifications will only become part of the Bitcoin Network if they are accepted by participants who collectively claim a majority of the Bitcoin Network’s processing power.

Development of the source code behind the Bitcoin Network has increasingly focused on modifications of the Bitcoin protocol to allow next generation and non-financial uses. These are sometimes referred to as “Blockchain 2.0” projects. Such uses include smart contracts and distributed registers built atop, into, or pegged alongside the Bitcoin Blockchain.

Although the activities of the Trust will not directly relate to Bitcoin 2.0 projects, such projects may utilize Bitcoin for the facilitation of their non- financial uses, thereby possibly increasing demand for Bitcoin and the utility of the Bitcoin Network in general. Alternatively, Bitcoin 2.0 projects that are built and operate within the Bitcoin Blockchain may increase the flow of data on the Bitcoin Network. This may “bloat” the size of the Bitcoin Blockchain or slow confirmation times. At the time of this prospectus, Bitcoin 2.0 projects are still in early stages and have not been substantially integrated into the Bitcoin Network or the Bitcoin Blockchain.

Valuation

Although Bitcoin is a globally traded commodity with prices ostensibly quoted on many exchanges, there has not appeared to be a single unified reported price for Bitcoin on such exchanges, and the reported differences on such exchanges between what Bitcoin costs, and what an investor can subsequently sell their Bitcoin holdings, range from a few cents to hundreds of dollars. In designing the Trust, the Sponsor considered how to accurately price its Bitcoin holdings, which is the aggregate U.S. Dollar value of Bitcoin in the Trust less the U.S. Dollar value of its liabilities and expenses (the “**Bitcoin Holdings**”), such that said net asset value would be reflective of the price of Bitcoin that is accessible by the shareholders. To ensure that purchases and sales of the Trust’s shares are reflective of the prices at which individual investors would purchase and sell Bitcoin directly in the Bitcoin market, it was necessary for the Trust to adopt a method for valuing its shares using the price of Bitcoin on exchanges where investors can actually purchase and sell Bitcoin. In order to do so, the Trust engaged a third-party service provider to provide the daily fair market value price of Bitcoin.

The Trust has engaged Lukka, a third-party digital asset pricing and valuations data provider, not affiliated with the Trust or the Sponsor, to provide a daily Bitcoin price as of 4:00 p.m. Eastern Time on each Trading Day (the “**Lukka Prime Daily Bitcoin Price**”) using Lukka’s proprietary methodology. Lukka’s methodology designates a principal market for fair value measurement uses a ranking approach that considers several exchange characteristics, including oversight, and the volume and frequency of trades.

Specifically, in order to rank the credibility and quality of each exchange, Lukka assigns a score to the key characteristics for each exchange by employing a weighting methodology to determine the principal market and subsequently FMV price for the asset.

Below is a summary of the weighting process for designating a principal exchange and the last price on that exchange:

Step 1: Assign each exchange for each pair of currencies a Base Exchange Score (BES) reflecting static exchange characteristics such as oversight, microstructure and technology.

Step 2: Adjust the BES based on the relative monthly volume each exchange services. This new score is the Volume Adjusted Score (VAS).

Step 3: Decay the adjusted score based on the time passed since last trade on exchange. Here, Lukka accesses the level of activity in the market by considering the frequency of trades. The decay factor reflects the time since the last trade on the exchange²⁰. This is the final Decayed Volume Adjusted Score (DVAS).

Step 4: Rank the exchanges by the DVAS score and designate the highest-ranking exchange as the Principal Market for that point in time.

Step 5: Designate the price of the last transaction on the principal market as the Lukka spot price at that point of time.

After the methodology designates the principal market, the spot fair value assigned to the cryptocurrency is measured at the date and time of the financial report. Because cryptocurrency markets do not close, Lukka uses universal midnight (UTC-0) on the financial reporting date as its exchange “close.” The mathematical specification of this process, along with illustrations, are presented in the following sections. Bitcoin Holdings per Share are calculated by dividing Bitcoin Holdings by the number of Shares currently outstanding.

If, for any reason, Lukka is unable to provide the Lukka Prime Daily Bitcoin Price on any Trading Day, the price of Bitcoin shall be determined in good faith by the Sponsor, in consultation with the Administrator. For example, the Sponsor may determine the price based on the price on observable exchanges or may depend on another third-party digital asset valuation firm (the “**Second Valuation Firm**”) to provide the price of Bitcoin on such Trading Day, and, as a result, sales and redemptions of the Trust’s Shares will be executed at the NAV per Share based on the price of Bitcoin determined by the Second Valuation Firm. The methodology used by the Second Valuation Firm differs from the methodology used by Lukka, and the price of Bitcoin determined by the Second Valuation Firm may differ from the price that would have been determined if Lukka’s methodology had been used. If the Second Valuation Firm is also unable to provide the price of Bitcoin on such Trading Day, the Sponsor will use its best judgment to determine the price of Bitcoin in good faith by evaluating the price of Bitcoin reported on various Bitcoin exchanges regulated in the U.S. If Lukka cannot provide the Lukka Prime Daily Bitcoin Price on any particular Trading Day, there may be delays in reporting our NAV as a result of having to use a different methodology. Furthermore, if Lukka were no longer to serve as the Trust’s valuation

consultant, the Trust would be required to permanently use a new methodology to calculate the market value of Bitcoin and the Trust may be required to engage a new third-party valuation consultant.

Additional Trust Investment Restrictions

The Trust expects to invest substantially all of its assets in Bitcoin. However, the Trust will temporarily hold cash or cash equivalent investments to, for example, pay the Trust's expenses or for similar purposes.

The Sponsor does not currently intend to cause the Trust to incur leverage, employ derivatives, or enter into short sales and the Sponsor will not vary the investment of the Investors (within the meaning of the Treasury Regulations) as described herein.

The Sponsor retains the right to remove any investment restrictions at any time in its sole discretion to the extent consistent with maintaining the status of the Trust as a grantor trust for U.S. federal income tax purposes. The Sponsor will notify the Investors in the Trust prior to modifying any of the investment restrictions described in this section.

Management Fee

All Shareholders will effectively be charged the same management fee. The Sponsor will charge a management fee payable monthly, in arrears, in an amount equal to 0.45% per annum (1/12th of 0.45% per month) of the sum (determined at the end of each month) of each NAV Balance during such month (the "**Management Fee**").

The term "**NAV Balance**" shall mean, with respect to a Determination Date, an amount equal to the product of (1) the net asset value of the Trust's estate as of such Determination Date (excluding any redemptions, distributions payable, or Management Fees which are effective as of such Determination Date) and (2) a ratio, the denominator of which is equal to the number of days in the month in which such Determination Date occurs, and the numerator of which is equal to the number of days from such Determination Date to the immediately preceding Determination Date; (ii) the term "**Determination Date**" shall mean each date on which the Sponsor determines the net asset value of the Trust's estate; and (iii) the term "net asset value" shall mean the value of the assets of the Trust minus the value of the liabilities of the Trust, as determined in good faith by the Sponsor.

Sponsor Expenses

The Sponsor will be responsible for the Sponsor's ordinary administrative and overhead expenses of managing the Trust, including compensation of its employees and payment of rent. (collectively, the "**Sponsor Expenses**").

Trust Expenses

The Trust will continue to pay for all expenses attributable to the Trust's operations, issuances of Shares, and investment activities, including, but not limited to, custody charges ("**Custody Charge**") or flat rate fees for holding the Trust's assets charged by the Bitcoin Custodian and

customary fees and expenses of the Trustee, Administrator and Auditor (all such third parties, as defined below) (including costs incurred for appraisal or valuation expenses associated with the preparation of the Trust's financial statements, tax returns and other similar reports and excluding indemnification and extraordinary costs), fees associated with initial and continued quotation of the Shares on OTC markets, making the Shares DTC eligible, fees associated with retaining and maintaining a transfer agent, brokerage commissions and other transaction costs, Management Fees, fees of any valuation agents and any other third party service providers (other than fees payable to a Placement Agent), clearing and settlement charges, custodial fees (other than the Custody Charge), margin and interest expense and commitment fees on debit balances or borrowings, consulting, expenses associated with the acquisition, holding, and disposition of investments (including legal and other professional fees) whether or not consummated, portfolio tracking software, travel and related expenses, any non-customary costs and expenses (including indemnification and extraordinary costs) of the Administrator and Auditor, costs and expenses of other professionals providing services to the Trust, including legal, audit, custody, accounting, tax and administration excluded from Sponsor Expenses, Organizational Expenses (as defined below), expenses related to the offer and sale of the Shares, including but not limited to reasonable travel expenses related thereto, costs of any liability insurance, including premiums for directors' and officers' and errors and omissions liability insurance, costs of any litigation or investigation involving Trust activities, workout and restructuring and indemnification expenses, regulatory costs, employee compensation and benefit costs for any employees of the Trust, any entity level taxes, regulatory filing fees and compliance costs (including, without limitation, costs incurred in connection with the preparation of Securities Act registration forms, Exchange Act (as defined below) registration and reporting forms, Investment Company Act registration and reporting forms, Form PF, Form CPO-PQR, Form D and other regulatory filings, if any), license fees, costs of reporting and providing information to Investors, and any extraordinary expenses, if any (collectively, "**Trust Expenses**"). For clarity, any expenses relating to the Trust that are not expressly included in the Sponsor Expenses above shall be deemed to be included in the Trust Expenses. Notwithstanding the foregoing, for the 2021 calendar year, the Sponsor has voluntarily agreed to pay for all Trust Expenses to the extent that the sum of Trust Expenses and Management Fees exceed 3% of the net asset value of the Trust's estate as of the date on which the Sponsor determines the net asset value of the Trust's estate in the 2021 calendar year. The Sponsor will later determine whether to extend such voluntary expense limitation beyond calendar year 2021.

Offering and Organizational Expenses

The Trust will continue to bear or reimburse the Sponsor, as the case may be, for the Trust's offering expenses, including legal, accounting, consulting and filing expenses (collectively, "**Organizational Expenses**"). Organizational Expenses are included as Trust Expenses. The Sponsor may (but is not obligated to) reimburse the Trust for Trust Expenses in its discretion. The Sponsor may elect to amortize the Trust's organizational expenses for payments by the Trust for up to a five-year period.

Additional Subscriptions

The minimum initial subscription amount will remain \$25,000 for class A shares. An existing Investor may make additional subscriptions in a minimum amount of \$10,000, subject in all cases to increase, decrease and waiver of such requirements by the Sponsor in its sole discretion.

The Trust generally accepts initial and additional Subscriptions (a) daily on a Trading Day or (b) on such other dates as the Sponsor may determine in its sole discretion. Subscriptions may be paid for in kind subject to acceptance by the Sponsor in its sole discretion. The Sponsor expects that subscriptions will be accepted or rejected on the same Trading Day that the transfer agent receives each completed subscription agreement, on the condition that such subscription agreement is in good order and that wired funds are received, in each case, prior to 10:00 a.m. Eastern Time on the date of receipt, and, if rejected, all funds will be returned to subscribers without interest and without deduction for any expenses within 5 business days from the date the subscription is rejected.

No fractional Shares will be issued, and any fractional Share that an investor would otherwise be entitled to receive shall be rounded down to the nearest whole Share; provided, however, that any such rounding down will not change the price per Share or contribution payable with respect to such Shares as determined in accordance with the Trust Agreement.

Shares in the Trust are sold only to investors who, under U.S. securities laws, are “accredited investors.” All primary offerings of Shares through Subscriptions are private offerings made in reliance on Rule 506 under Regulation D of the Securities Act (as defined below). Investors are required to provide relevant information verifying their eligibility to invest in the Trust. Shares are not registered under the Securities Act or the securities laws of any state or any other jurisdiction, nor are any such registration contemplated.

The Trust may cease the operation of a redemption program for Shares and, therefore, the Shares may not be redeemable by the Trust in the future. In addition, the Trust may halt additional Subscriptions for extended periods of time. As a result, the value of the Shares may not approximate, and the Shares may trade at a substantial premium over, or substantial discount to, the value of the Trust’s Bitcoin Holdings per Share. For a discussion of risks relating to the unavailability of a redemption program, see “*Risk Factors—If we are able to successfully apply for the initiation of quotes of the Shares on OTC markets, we intend to cease all redemptions of Shares in accordance with the Trust Agreement, and as a result, you may be substantially dependent on the existence of an active secondary market on OTC markets in order to sell your Shares.*” and “*Risk Factors—If we are able to successfully apply for the Shares to be quoted on OTC markets, the Shares may trade at a price that is at, above or below the Trust’s Bitcoin Holdings per Share as a result of the non-current trading hours between OTC markets and the Bitcoin Exchange Market.*”

III. DESCRIPTION OF THE TRUST

The Trust will continue as a Delaware statutory trust formed by the filing of the Certificate of Trust with the Delaware Secretary of State in accordance with the provisions of the DSTA and the adoption of the Trust Agreement. The Trust will operate pursuant to the Trust Agreement.

In general, the Trust will hold Bitcoins and, at such times and for such periods as determined by the Sponsor, issue Shares in connection with Subscriptions. The Trust's sole investment objective is to invest in Bitcoin, while seeking to minimize investment analysis-related and administrative costs to each Investor. See "*Activities of the Trust*" for discussion regarding how the Shares (based on the number of Bitcoins per Share) reflect the value of the Bitcoins held by the Trust, less the Trust's expenses and other liabilities. Each Share will, therefore, represent a proportional interest in each of the Trust's assets less the Trust's expenses and other liabilities (which include accrued but unpaid fees and expenses). The Sponsor believes that, for many investors, the Shares will represent a cost-effective, convenient, and professionally managed investment relative to a direct, outright investment in Bitcoin.

The Sponsor expects that the market price of the Shares will fluctuate over time in response to the market price of Bitcoin. In addition, because the Shares reflect the estimated accrued but unpaid expenses of the Trust, the number of Bitcoin represented by a Share will gradually decrease over time as the Trust's Bitcoins are used to pay the Trust's expenses.

Redemption of Shares may be permitted as described under "*Trust Activities—Redemptions*." We may, however, terminate the availability of redemptions in connection with any initiation of quotations of the Shares on OTC markets. Subsequent to the initiation of quotations on OTC markets, the Trust will not offer a redemption program for the Shares unless otherwise determined by the Sponsor in its sole discretion following the Trust's receipt of regulatory approval to conduct redemptions while quoted on OTC markets. The Trust may, but shall not be required to, seek regulatory approval to operate a redemption program. For a discussion of risks relating to the unavailability of a redemption program, see "*Risk Factors—If we are able to successfully apply for the initiation of quotes of the Shares on OTC markets, we intend to cease all redemptions of Shares in accordance with the Trust Agreement, and as a result, you may be substantially dependent on the existence of an active secondary market on OTC markets in order to sell your Shares*." and "*Risk Factors—If we are able to successfully apply for the Shares to be quoted on OTC markets, the Shares may trade at a price that is at, above or below the Trust's Bitcoin Holdings per Share as a result of the non-current trading hours between OTC markets and the Bitcoin Exchange Market*."

The Trust's Bitcoin will be held by the Bitcoin Custodian on behalf of the Trust. The Trust's Bitcoin will be transferred only in the following circumstances: (i) sales to pay the Management Fee and/or any Organizational Expenses and (ii) sales on behalf of the Trust in the event the Trust terminates and liquidates its assets or as otherwise required by law or regulation. Each sale of Bitcoin by the Trust to pay the Management Fee and/or any Organizational Expenses will be a taxable event for Investors. See "*Certain U.S. Federal Income Tax Consequences—Taxation of Operations*."

The Trust is not registered as an investment company under the Investment Company Act and the Sponsor believes that the Trust is not required to register under the Investment Company Act. See *“Risk Factors—Regulatory and Compliance Related Risks”* and *“Certain Legal, Regulatory and Tax Considerations—Investment Company Act of 1940”* for additional information. In addition, the Trust will not hold or trade in commodity futures contracts or other derivative contracts regulated by the CEA, as administered by the CFTC. The Sponsor believes that the Trust is not a commodity pool for purposes of the CEA, and that neither the Sponsor nor the Trustee is subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the operation of the Trust.

The Trust has no fixed termination date.

The Shares

The Shares will represent units of fractional undivided beneficial interest in and ownership of the Trust.

Redemptions

Subject to the Minimum Redemption Size (as defined below), each investor in the Trust (each, an **“Investor”**) may tender all or a portion of its shares for redemption on any Trading Day. In order to redeem all or a portion of its Shares, an Investor must provide written notice to the Administrator with a copy to the Sponsor (a **“Redemption Order”**). A Redemption Order will be effective, if it is in good order, on the Trading Day that it is received by the Administrator and approved by the Sponsor (a **“Redemption Date”**). Redemption Orders must be received by the Administrator no later than 10:00 a.m. Eastern Time on a given Trading Day in order to be deemed to be received on such Trading Day. Any Redemption Orders received after such time will be deemed to be received on the following Trading Day. A Redemption Order delivered by an Investor will be irrevocable unless otherwise agreed by the Sponsor. The **“Minimum Redemption Size”** is shares equal to \$10,000 for Class A shares or the Investor’s entire investment on the Redemption Date. The Trust reserves the right to redeem the Shares in its sole discretion if an Investor’s entire investment is less than \$10,000.

Redemptions may be made for cash only. The cash amount delivered in satisfaction of a redemption will be based on the NAV of the Shares tendered for redemption on the applicable Redemption Date, except that Class A Shares that have been outstanding for less than three months will be redeemed at 97% of the NAV of such shares on the Redemption Date (such reduction, an **“Early Redemption Deduction”**). An Early Redemption Deduction may be waived in certain circumstances by the Sponsor, in its sole discretion, in certain circumstances, including the death or qualified disability of the Investor.

Redemption Orders may be rejected by the Sponsor if the Shares tendered for redemption pursuant to such Redemption Order, when aggregated with shares tendered for redemption under other Redemption Orders received on that Trading Day, would cause the Trust to redeem shares having a value of greater than 25% of the Trust’s NAV on such Trading Day. Redemption Orders will be processed in the order in which they were received.

In addition, the Sponsor may reject any Redemption Order (1) the Administrator or the Sponsor determines not to be in proper form, (2) the fulfillment of which the Sponsor's counsel advises may be illegal under applicable laws and regulations, or (3) if a circumstance exists as a result of which delivery, disposal or evaluation of Bitcoin is not reasonably practicable or (4) for such other reason as the Sponsor determines to be necessary for the protection of Investors. In addition, the Sponsor may modify, suspend or terminate the Trust's Share redemption program at any time in its sole discretion.

Unless otherwise agreed in writing between the Sponsor, on behalf of the Trust, and an Investor, redemptions shall be deemed to occur on a "first-in first-out" basis (FIFO) among shares held by a particular Investor.

The Trust shall use commercially reasonable efforts to pay or cause to be paid amounts relating to the redemption of Shares within five (5) Trading Days after the applicable Redemption Date; provided that if the Trust is unable to sell assets as necessary in order to make such payment on the applicable Redemption Date, the Trust shall make such payment as soon as practicable thereafter. The Bitcoin Custodian reserves the right to cancel or reject any trade order, in whole or in part, for any reason, and the Bitcoin Custodian may cancel or reject the Trust's trade orders in the event there is no available liquidity.

While the Trust will continue to offer redemptions on these terms for a period of time immediately subsequent to your investment, the Trust may terminate the availability of redemptions in connection with the commencement of quotations of the Shares on OTC markets. As a result, Investors may no longer be able to request redemption of their Shares subsequent to such investment. See *"Risk Factors—If we are able to successfully apply for the initiation of quotes of the Shares on OTC markets, we intend to cease all redemptions of Shares in accordance with the Trust Agreement, and as a result, you may be substantially dependent on the existence of an active secondary market on OTC markets in order to sell your Shares."* and *"Risk Factors—If we are able to successfully apply for the Shares to be quoted on OTC markets, the Shares may trade at a price that is at, above or below the Trust's Bitcoin Holdings per Share as a result of the non-current trading hours between OTC markets and the Bitcoin Exchange Market."* On and after the date that is six (6) business days prior to the date on which a market maker for the Shares determines the opening quotation price or similar trading price of the Shares on OTC markets or such other date determined in the Sponsor's reasonable discretion to be necessary in order to comply with Regulation M under the Exchange Act, the Trust will not offer a redemption program for the Shares. The Trust may, but shall not be required to, seek regulatory approval to operate a redemption program. If any redemption program is approved, then any redemption authorized by the Sponsor must be conducted in accordance with the provisions of the Trust Agreement.

Distributions

The Trust generally will not make distributions (except for redemptions), as the Trust reinvests substantially all of its income and gain. However, in the event the Trust does make distributions on the Shares, such distributions may be *pro rata* in cash or in kind, in the sole discretion of the Sponsor.

Transfers of Shares

The Shares will initially be subject to substantial restrictions on transfer and resale. The Shares may not be sold or transferred (i) except as permitted under the Trust Agreement of the Trust and (ii) unless they are registered under the Securities Act and under any other applicable securities laws or an exemption from such registration thereunder is available. As provided in the Trust Agreement, until such time as the Shares are listed on OTC markets, no direct or indirect transfers, assignments or hypothecations of Shares may be made other than with the consent of the Sponsor, which consent may be withheld in the sole and absolute discretion of the Sponsor. Any transfer, assignment or hypothecation in violation of the foregoing is null and void.

The Trust Agreement provides that this prohibition will be removed for all Shares held of record by the Depository Trust and Clearing Corporation or its nominee.

Currently, there is no market for the sale or transfer of Shares. While we may apply for the Shares to be quoted on OTC markets, we cannot guarantee that we will be successful in having the Shares quoted on OTC markets or that, even if the Shares are quoted on OTC markets, there will be any interest from market makers or others in buying the Shares.

The transfer of the Shares may also be restricted under federal and state securities laws.

Federal Income Tax Considerations

Assuming the Trust is classified as a grantor trust, holders of Shares of the Trust will be treated, for U.S. federal income tax purposes, as if they owned a proportionate share of the assets of the Trust. They also will directly recognize a proportionate share of any income and expenses of the Trust. Consequently, each sale of Bitcoin by the Trust (which includes under current Internal Revenue Service (“IRS”) guidance using Bitcoin to pay expenses of the Trust) constitutes a taxable event to Investors. See “*Certain U.S. Federal Income Tax Considerations – Entity Classification and Grantor Trust Taxation.*” Regardless of whether proceeds from such a sale (including where Bitcoin is used to pay an expense) are distributed to Shareholders, holders will recognize their shares of any taxable income or gain. Consequently, a holder may be required to satisfy corresponding tax liabilities with proceeds from other sources. Additionally, Non-U.S. Shareholders (as defined below) may be subject to withholding on amounts paid or treated as payable to them in respect of their Shares. Although not anticipated, it is also possible that such a Non-U.S. Shareholder could incur U.S. federal income tax filing and payment obligations in respect of their Shares.

The Sponsor

Arca Investment Management, LLC is the Sponsor of the Trust, and has the sole responsibility for the implementation of the Trust’s investment strategy, in accordance with the Trust’s investment objectives, policies, and restrictions, pursuant to an investment advisory agreement between the Trust and the Sponsor.

The Sponsor is neither an investment adviser registered with the SEC nor a commodity pool operator registered with the CFTC, and will not be acting in either such capacity with respect to

the Trust, and the Sponsor's provision of services to the Trust will not be governed by the Investment Advisers Act or the CEA.

The Sponsor's Role

The Sponsor is generally responsible for the day-to-day administration of the Trust under the provisions of the Trust Agreement. This includes (i) preparing and providing periodic reports and financial statements on behalf of the Trust for investors, (ii) processing orders for subscriptions and coordinating the processing of such orders, with the assistance of the Administrator (as defined below), (iii) selecting and monitoring the Trust's service providers and from time to time engaging additional, successor or replacement service providers, (iv) instructing the Bitcoin Custodian to withdraw the Trust's Bitcoin as needed to pay Trust Expenses or Organizational Expenses, and (v) upon any dissolution of the Trust, distributing the Trust's remaining Bitcoin or the cash proceeds of the sale thereof to the owners of record of the Shares. In addition, upon the occurrence of hard forks or one-off events, the Sponsor will pursue an action intended to be in the interests of the Trust.

The Sponsor does not store, hold, or maintain custody or control of the Trust's portfolio. The Trust has entered into the Bitcoin Custodian Agreement with the Bitcoin Custodian (the "**Bitcoin Custodian Agreement**") to facilitate the security of the Trust's portfolio. See "*—The Bitcoin Custodian*" for additional information.

The Sponsor's Management Fee is paid by the Trust to the Sponsor as compensation for services performed under the Trust Agreement. See "*Activities of the Trust—Trust Expenses.*"

Management of the Sponsor

The Trust does not have any directors, officers or employees. Under the Trust Agreement, all management functions of the Trust have been delegated to and are conducted by the Sponsor, its agents and its affiliates, including without limitation, the Bitcoin Custodian and its agents. As a result, the officers of the Sponsor may take certain actions and execute certain agreements and certifications for the Trust, in their capacity as the principal officers of the Sponsor. The following individuals are the members of the Sponsor responsible for overseeing the business and operations of the Trust:

- **Jeffrey M. Dorman, CFA**, is Portfolio Manager for the Sponsor and its affiliates and has held such position since their inception. Mr. Dorman has over 17 years' experience in trading and asset management, and works closely with other members of the investment committee of the Sponsor to execute the Trust's investment strategy. From November 2013 to April 2018, Mr. Dorman was, successively, Vice President of Business Development and Chief Operating Officer of Harvest Exchange Corp. ("**Harvest**"), an online investment portal and financial technology company focusing on research for institutional investors, in Los Angeles. Prior to Harvest, Mr. Dorman was a trader at Global Credit Advisers, LLC, a New York City trading firm, where he managed the then-newly launched Event Driven strategy and managed outside capital by investing in highly-volatile, thinly-traded securities with a strict discipline approach around position sizing and liquidity. Mr. Dorman was also a trader at Brencourt Advisors ("**Brencourt**"), a multi-strategy registered

investment adviser, where he co-managed a more than \$200 million credit opportunity hedge fund focused on trading illiquid debt and equity securities. Mr. Dorman also created a proprietary risk management system while at Brencourt that helped the fund determine appropriate sizing and rebalancing for each portfolio position using both quantitative factors (such as position liquidity and number of market makers), and qualitative factors (such as upside potential, downside risk and timing of an event) to create an optimal-sized position. While at Brencourt, Mr. Dorman was a member of the firm's investment committee. Mr. Dorman's also experience includes being senior trader with responsibility for trading of over \$100 million in proprietary capital for both Merrill Lynch and Citadel Securities dealing in U.S. and international corporate bonds. Mr. Dorman is a Chartered Financial Analyst and graduated from Washington University in St. Louis with a bachelor's degree in Economics and Finance, and a minor in Biology.

- **J. Rayne Steinberg** is Chief Executive Officer of the Sponsor and its affiliates and has held such position since their inception. As CEO, Mr. Steinberg is responsible for managing the Trust's investor relationships and distribution strategy. Mr. Steinberg also has responsibility in conceptualizing, developing and structuring new product initiatives of the Sponsor and its affiliates. Previously, Mr. Steinberg was Chief Financial Officer at Fremont College, a post-secondary educational institution from May, 2015 to June, 2016. From October, 2012 to April, 2015, Mr. Steinberg was an Analyst with Ramius, LLC ("**Ramius**"), an alternative assets manager in New York City. Prior to Ramius, Mr. Steinberg co-founded WisdomTree Investments, Inc. ("**WisdomTree**"), currently the seventh-largest exchange-traded funds sponsor in the United States. He was at WisdomTree from January, 2002 to September, 2011. Mr. Steinberg co-developed WisdomTree's business plan and intellectual property, co-raised multiple rounds of equity financing, and helped build the sales team responsible for raising over \$15 billion in assets under management. Mr. Steinberg holds a Bachelor of Science from The Wharton School at the University of Pennsylvania.
- **Philip Y. Liu** is Chief Legal Officer for the Sponsor and its affiliates and has held such position since their inception. Mr. Liu has responsibility for conceptualizing, developing and structuring new product initiatives as well as legal and regulatory matters for the Sponsor and its affiliates. From February 2017 to April 2018, Mr. Liu was Counsel at Manatt, Phelps & Phillips, LLP, a national law firm, in Los Angeles. Previously, from October 2009 to September 2016, Mr. Liu was General Counsel at Equinox Funds, an alternative assets managed futures mutual fund company based in Princeton, New Jersey where he was the principal in-house counsel in the development, structuring and launch of the first actively-managed, managed futures mutual fund family in the United States. Mr. Liu has over 20 years' experience in the financial services industry and was previously associated with Shearman & Sterling, LLP, as well as Cadwalader, Wickersham & Taft LLP, both in New York City. Mr. Liu was also Senior Vice President and Structurer at HSBC Bank USA in New York City in the bank's exotic derivatives and structured products group as well as a Chartered Accountant with KPMG in Vancouver, Canada. Mr. Liu is admitted as an attorney in California and New York, and holds Juris Doctor and Bachelor of Commerce degrees, both from the University of British Columbia.

Indemnification

The Sponsor will not be liable to the Trust or any shareholder or other person for any action or omission taken or omitted to be taken in good faith or for errors in judgment, except to the extent such action or omission taken or such error in judgment constitutes willful misconduct, bad faith or gross negligence in the performance of its duties.

The Sponsor and its affiliates, and their respective members, managers, directors, officers, employees, agents and controlling persons, will be indemnified by the Trust and held harmless against any loss, judgment, liability, claim, suit, penalty, tax, cost, amount paid in settlement of any claims sustained by it and expense incurred by it arising out of or in connection with the performance of its obligations under the Trust Agreement and under each other agreement entered into by the Sponsor in furtherance of the administration of the Trust, including any costs and expenses incurred by the Sponsor in defending itself against any claim or liability in its capacity as Sponsor; provided that (i) the party seeking indemnification has determined, in good faith, that the course of conduct which caused the loss or liability was in the Trust's best interests; (ii) the party seeking indemnification was acting on the Trust's behalf or performing services for the Trust; (iii) such loss was not the direct result of negligence or willful misconduct on the part of the party seeking indemnification, and (iv) any such indemnification will be recoverable only from the assets of the Trust. Any indemnifiable amounts payable to such indemnified person may be payable in advance or shall be secured by a lien on the Trust.

The Sponsor may undertake any action that it may deem necessary or desirable in respect of the Trust Agreement and the interests of the shareholders and prosecute, defend, settle or compromise actions or claims at law or in equity that it considers necessary or proper to protect the Trust or the interests of the shareholders, and in each case, the legal expenses and costs of any such actions shall be deemed Trust Expenses for which the Sponsor shall be entitled to be reimbursed by the Trust.

The Trustee

Delaware Trust Company will serve as Delaware trustee of the Trust under the Trust Agreement (the "**Trustee**"). The Trustee has its principal office at 251 Little Falls Drive, Wilmington, Delaware 19808. The Trustee is unaffiliated with the Sponsor.

The Trustee's Role

The Trustee is appointed to serve as the trustee of the Trust in the State of Delaware for the purpose of satisfying the requirement of Section 3807(a) of the DSTA that the Trust have at least one trustee with a principal place of business in the State of Delaware. The duties of the Trustee will be limited to (i) accepting legal process served on the Trust in the State of Delaware, (ii) the execution of any certificates required to be filed with the Delaware Secretary of State which the Delaware Trustee is required to execute under the DSTA. To the extent that, at law or in equity, the Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust or the Investors, such duties and liabilities will be replaced by the duties and liabilities of the Trustee expressly set forth in the Trust Agreement. The Trustee will have no obligation to monitor or

supervise, nor will it be liable for, the acts or omissions of the Sponsor, the Bitcoin Custodian, the Cash Custodian or any other person.

Neither the Trustee, either in its capacity as trustee or in its individual capacity, nor any director, officer or controlling person of the Trustee is, or has any liability as, the issuer, director, officer or controlling person of the issuer of Shares. The Trustee's liability in connection with the issuance and sale of Shares is limited solely to the express obligations of the Trustee as set forth in the Trust Agreement.

The Trustee has not prepared or verified, and will not be responsible or liable for, any information, disclosure or other statement in this Disclosure Statement or in any other document issued or delivered to you. The Trust Agreement provides that the Trustee will not be responsible or liable for the form, character, genuineness, enforceability, collectability, value, validity, sufficiency, location or existence of Bitcoin or other assets of the Trust.

The Trustee is permitted to resign upon at least thirty (30) days' notice to the Sponsor. The Trustee will be compensated by the Sponsor and shall be entitled to be reimbursed by the Sponsor or an Affiliate of the Sponsor (including the Trust) against any expenses it incurs relating to or arising out of the formation, operation or termination of the Trust, or the performance of its duties pursuant to the Trust Agreement except to the extent that such expenses result from gross negligence, willful misconduct or bad faith of the Trustee. The Sponsor has the discretion to replace the Trustee. Fees paid to the Trustee are a Sponsor-paid expense.

Indemnification of the Trustee

The Trustee and any of the officers, directors, employees and agents of the Trustee shall be indemnified by the Trust from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel and fees and expenses incurred in connection with enforcement of its indemnification rights hereunder), taxes and penalties of any kind and nature whatsoever (collectively, "**Expenses**"), to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Indemnified Persons with respect to the performance of this Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated hereby; provided, however, that the Trust shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of an Indemnified Person. If the Trust shall have insufficient assets or improperly refuses to pay an Indemnified Person within sixty (60) days of a request for payment owed hereunder, the Member shall, as secondary obligor, compensate or reimburse the Trustee or indemnify, defend and hold harmless an Indemnified Person as if it were the primary obligor hereunder; provided, however, that the Member shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of an Indemnified Person. To the fullest extent permitted by law and by the requirement for treatment of the Trust as a grantor trust for tax purposes, Expenses to be incurred by an Indemnified Person shall, from time to time, be advanced by, or on behalf of, the Member prior to the final disposition of any matter upon written request therefor and receipt by the Member of an undertaking by, or on behalf of, such Indemnified Person to repay such amounts in full if it shall be determined that the Indemnified Person is not entitled to be indemnified under this Trust Agreement and such undertaking is reasonably sufficient to the

Member. In the event any such action, investigation or proceeding is brought involving an Indemnified Person, the Member may assume the defense thereof, including the employment of counsel, provided that such counsel shall be reasonably acceptable to the Indemnified Person. Such Indemnified Person shall have a right to independent counsel in such case where Indemnified Person reasonably determines that the interests of the Member and that of the Indemnified Person have diverged.

The Bitcoin Custodian

Fidelity Digital Asset Services, LLC is the Trust's custodian (the "**Bitcoin Custodian**") and keeps custody of all of the Trust's crypto assets. The Bitcoin Custodian is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act of 1940, as amended. The Bitcoin Custodian is authorized to serve as the Trust's custodian under the Trust Agreement and pursuant to the terms and provisions of the Bitcoin Custodian Agreement. The Bitcoin Custodian has its principal office at 245 Summer Street, Boston, MA 02210. A copy of the Bitcoin Custodian Agreement is available for inspection at the Sponsor's principal office identified herein.

The Bitcoin Custodian's Role

Under the Bitcoin Custodian Agreement, the Bitcoin Custodian controls and secures the Trust's "**Custodial Account**," a segregated custody account to store private keys, which allow for the transfer of ownership or control of the Trust's Bitcoin, on the Trust's behalf. The Bitcoin Custodian's services (i) allow Bitcoin to be deposited from a public blockchain address to the Trust's Custodial Account and (ii) allow the Trust or Sponsor to withdraw Bitcoin from the Trust's Custodial Account to a public blockchain address (the "**Custodial Services**"). The Custodial Account uses a proprietary Bitcoin custody system that may include offline storage, or "cold" storage, mechanisms to secure the Trust's private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet. Fees paid to the Bitcoin Custodian are a Sponsor-paid expense, and effectively included in the Management Fee.

Under the Bitcoin Custodian Agreement, the Trust has agreed to indemnify and hold harmless the Bitcoin Custodian from any claim or demand (including attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of or related to the Trust's breach of the Bitcoin Custodian Agreement, inaccuracy in any of the Trust's representations or warranties in the Bitcoin Custodian Agreement, or Trust's violation of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of Bitcoin Custodian.

The Bitcoin Custodian and its affiliates may from time-to-time purchase or sell digital assets for their own accounts and as agent for their customers or Shares for their own accounts. The foregoing notwithstanding, Bitcoin in the Custodial Account are not treated as general assets of the Bitcoin Custodian and cannot be commingled with any other digital assets held by the Bitcoin Custodian. The Bitcoin Custodian serves as a fiduciary and custodian on the Trust's behalf, and the Bitcoin in the Custodial Account are considered fiduciary assets that remain the Trust's property at all times.

If the Bitcoin Custodian resigns in its capacity as Bitcoin Custodian, the Sponsor may appoint an additional or replacement custodian and enter into a custodian agreement on behalf of the Trust with such custodian.

The Bitcoin Custodian or the Sponsor may terminate the Bitcoin Custodian Agreement subject to certain notice requirements described in the Bitcoin Custodian Agreement, and the Sponsor may withdraw all balances at any time. The Sponsor periodically evaluates the market for custodial services.

The Cash Custodian

UMB Bank, N.A. will serve as the Trust's Cash Custodian pursuant to the terms and provisions of the Cash Custody Agreement.

The Cash Custodian's Role

Under the Cash Custody Agreement, the Cash Custodian will be responsible for administering and maintaining the Cash Account in which the Cash Custodian will hold U.S. dollars and short-term treasury bonds in the name of the Trust. Under the Cash Custody Agreement, the Cash Custodian will be responsible for administering and maintaining a deposit account maintained at UMB Bank, N.A. (the "**Cash Account**").

Pursuant to the instruction of the Trust, the Cash Custodian deposits U.S. dollars into the Cash Account from amounts received in connection with subscription for purchases of shares and from the sale of Bitcoin. The Cash Account will be insured by the FDIC subject to applicable FDIC insurance limits. The Cash Custodian withdraws U.S. dollars from the Cash Account (i) at the instruction of the Administrator to pay certain fees and expenses of the Trust as well as to pay for any redemption of shares, (ii) at the instruction of the Sponsor to deposit cash into the BTC Cash Account for the purpose of buying Bitcoin through Custodian's trade facilitation services, or (iii) at the instruction of the Sponsor to deposit cash into the account of a digital asset exchange for the purpose of buying Bitcoin outside of Custodian's trade facilitation services.

The Administrator will direct the Cash Custodian to withdraw from the Cash Account on a monthly basis, an amount of U.S. dollars sufficient to pay the Trust's fees and expenses provided for in the Trust Agreement, and pay such amount to the recipients thereof; provided, however, that the Sponsor shall separately instruct the Administrator with respect to the timing for distribution of amounts in respect of redemptions.

Legal and Miscellaneous Terms

Term and Dissolution

The Trust will operate indefinitely and dissolve only at the election of the Sponsor or upon the occurrence of certain events specified in the Trust Agreement.

Reports

Investors will receive annual audited financial statements for the Trust from the Sponsor. Additionally, Investors will receive monthly unaudited account statements from the Sponsor. The Sponsor or the Administrator (as defined below) will make U.S. federal income tax information available directly to Investors that hold Shares or the custodian of such Shares, as applicable, for each taxable year or portion thereof.

Legal Counsel

Morrison & Foerster LLP (“**Morrison Foerster**”) is legal counsel to the Sponsor and the Trust. Morrison Foerster does not represent any current or prospective Investors with respect to an investment in the Trust. No separate counsel has been engaged by the Sponsor, or any of their respective affiliates, to represent any current or prospective Investors with respect to an investment in the Trust.

Administrator

The Trust entered into an agreement (the “**Administration Agreement**”) with UMB Fund Services (the “**Administrator**”) for the provision of administrative services. The services, provided by the Administrator and certain of its affiliates and subject to change at any time by the Sponsor in its sole discretion without advance notice to Investors, include, among others: (i) acceptance and processing of Subscriptions, with the assistance of the Sponsor; (ii) receipt of requests for redemptions and authorization of payments of redemption proceeds; (iii) maintenance of the books and records of the Trust; (iv) coordination of the Trust’s annual audit; (v) calculation of net asset value of the Trust and Share prices; and (vi) other services as agreed on by the parties. The Administrator receives standard fees for its services, and generally will be indemnified by the Trust from and against any third-party claims, liabilities, costs and expenses arising from or relating to the Administrator’s provision of services under the Administration Agreement. The Administrator is subject to change in the sole discretion of the Sponsor.

Auditor

The auditor for the Trust is RSM US, LLP (the “**Auditor**”). The Auditor is subject to change in the sole discretion of the Sponsor.

Placement Agent

The Sponsor may in its sole discretion utilize one or more placement agents to assist with the issuance of Shares in the Trust (a “**Placement Agent**”).

IV. RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST

Potential investors should be aware that an investment in the Trust involves a high degree of risk. There can be no assurance that the Trust's investment objective will be achieved, or that Investors will receive a return of their capital. Investors may lose all of their investment in the Trust. In addition, there will be occasions when the Sponsor and its affiliates may encounter potential conflicts of interest in connection with the Trust. The following considerations should be carefully evaluated before making an investment in the Trust. However, the following does not purport to be a summary of all of the risks associated with an investment in the Trust. Rather, the following describes certain specific risks to which the Trust (and, therefore, the Investors) is subject. Potential investors should carefully consider these risks and consult with their professional advisors, as they deem necessary.

Risks Related to Quotation of the Shares on OTC markets

If we are able to successfully apply for the initiation of quotes of the Shares on OTC markets, we intend to cease all redemptions of Shares in accordance with the Trust Agreement, and as a result, you may be substantially dependent on the existence of an active secondary market on OTC markets in order to sell your Shares.

Currently, each member may request a Redemption. While the Trust intends to continue to offer Redemptions on these terms, if the Sponsor decides to quote the Shares on OTC markets, the Trust intends to terminate the availability of Redemptions before the commencement of quotations of the Shares on OTC markets. We may be required for regulatory reasons to halt these Redemptions a certain amount of time prior to the initiation of quotations on OTC markets, and there may be a significant amount of time between the time the Trust halts Redemptions and the initiation of secondary trading, if any, on OTC markets.

Shareholders may no longer be able to redeem their interests in the future, and there is no guarantee that the Sponsor will seek regulatory approval to operate a redemption program in the future. As a result, you may be substantially dependent on a secondary market on OTC markets in order to be able to sell your Shares. There is, however, no guarantee that there will be substantial interest in purchasing the Shares on OTC markets. Because of the holding period under Rule 144 and the intended ceasing of an ongoing redemption program, there will be no arbitrage mechanism to keep the price of the Shares closely linked to the prices of the underlying Bitcoin Holdings.

Shares or Shares purchased directly from the Trust in sales in private placements are subject to a holding period under Rule 144. In addition, if the Sponsor decides to quote the Shares on OTC markets, the Trust intends to cease the operation of an ongoing redemption program. As a result, the Trust cannot rely on arbitrage opportunities resulting from differences between the price of the Shares and the price of Bitcoin to keep the price of the Shares closely linked to the price of Bitcoin. As a result, the value of the Shares of the Trust may not approximate, and the Shares may trade at a substantial premium over, or substantial discount to, the value of the Trust's Bitcoin Holdings per Share.

If we are able to successfully apply for the Shares to be quoted on OTC markets, the Shares may trade at a price that is at, above or below the Trust's Bitcoin Holdings per Share as a result of the non-current trading hours between OTC markets and the Bitcoin Exchange Market.

The price of the Trust's Bitcoin Holdings per Share will fluctuate with changes in the market value of Bitcoin, and the Sponsor expects the trading price of the Shares to fluctuate in accordance with changes in market supply and demand. However, if the Shares are traded on OTC markets, the Shares may trade at, above or below the Trust's Bitcoin Holdings per Share for a variety of reasons. For example, because OTC markets will be open for trading in the Shares for a limited period each day, but Bitcoin may trade in 24-hour marketplaces. During periods when OTC markets are closed but markets for Bitcoin are open, significant changes in the price of Bitcoin on the markets trading Bitcoin could result in a difference in performance between the value of Bitcoins and the most recent Bitcoin Holdings per Share or closing trading price. Even during periods when OTC markets are open, large marketplaces for Bitcoin (or a substantial number of smaller marketplaces) may be lightly traded or are closed for any number of reasons, which could increase trading spreads and widen any premium or discount on the Shares. If the price of Bitcoin drops significantly during hours OTC markets are closed, Shareholders may not be able to sell their Shares until after the "gap" down has been fully realized, resulting in an inability to mitigate losses in a rapidly negative market. These premiums or discounts may have an adverse effect on an investment in the Shares if a Shareholder sells or acquires its Shares during a period of discount or premium, respectively.

We may not be able to successfully apply to initiate the quotation of the Shares on OTC markets, and if we are unsuccessful, we may not be able to realize any benefits that we believe will accrue as a result of the initiation of quotations on OTC markets.

The Sponsor believes that the quotation on OTC markets may help the Trust capitalize on the market for advisory services in the cryptocurrency investment sector, and the Sponsor believes that, if it decides to, it will be able to successfully apply to begin the quotation of the Shares on OTC markets. The Sponsor cannot, however, guarantee that it will be successful in applying to initiate quotations on OTC markets. Further, the Sponsor cannot guarantee that, even if the Shares are quoted on OTC markets, that a public market for the Shares will exist. To the extent that the Shares are unable to be quoted on OTC markets or, even if the Shares are quoted on OTC markets, there is no active public market for the Shares, the Sponsor and the Trust will be unable to realize any benefits that they believe may accrue as a result of quotation on OTC markets.

The quotations of the Shares on OTC markets, and/or registration of the Shares on the Securities Exchange Act of 1934 may result in substantial expenses incurred by the Sponsor and Trust and significant demands on its executive team's time, which could potentially inhibit its ability to manage the Trust.

If the number of the Trust's shareholders approaches a threshold which would require registration under the Exchange Act, the Sponsor anticipates that the Shares will be registered under the Exchange Act. The quotation on OTC markets and/or registration under the Exchange Act, as well as the Trust's and Sponsor's related activities, would likely be expensive and require significant amounts of the Trust's and Sponsor's resources and executive team's time. For example, we anticipate that the registration of the Shares under the Exchange Act will be expensive and could demand a substantial amount of time and attention from the executive officers of the Sponsor.

These expenses and demands could substantially affect the Sponsor's ability to manage the Trust, which could have a materially negative effect on the value of the Shares. Additionally, the Trust will be responsible for all regulatory filing fees and compliance costs, including the cost of registration under the Exchange Act and related reporting requirements, which could be substantial and could have a materially negative effect on the value of the Shares.

Risks Related to Bitcoin and the Bitcoin Network

Currently, there is limited use of Bitcoin in the retail and commercial marketplace in comparison to relatively extensive use by speculators, thus contributing to price volatility that could adversely affect an investment in the Trust.

As relatively new products and technologies, Bitcoin and the Bitcoin Network have only recently become selectively accepted as a means of payment for goods and services by many commercial outlets, and use of Bitcoin by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for Bitcoin transactions; process wire transfers to or from Bitcoin exchanges, Bitcoin-related companies or service providers; or maintain accounts for persons or entities transacting in Bitcoin. Conversely, a significant portion of Bitcoin demand is generated by speculators and investors seeking to profit from the short- or long-term holding of Bitcoin. Price volatility undermines Bitcoin's role as a medium of exchange as retailers are much less likely to accept it as a form of payment. Market capitalization for Bitcoin as a medium of exchange and payment method may always be low. A lack of expansion by Bitcoin into retail and commercial markets, or a contraction of such use, may result in increased volatility which could adversely impact an investment in the Trust.

Significant Bitcoin Network contributors could propose amendments to the Bitcoin Network's protocols and software that, if accepted and authorized by the Bitcoin Network, could adversely affect an investment in the Trust.

A small group of individuals contribute to the Bitcoin Core project on Github. This group of contributors is currently headed by Wladimir J. van der Laan, the current lead maintainer. These individuals can propose refinements or improvements to the Bitcoin Network's source code through one or more software upgrades that alter the protocols and software that govern the Bitcoin Network and the properties of Bitcoin, including the irreversibility of transactions and limitations on the mining of new Bitcoin. Proposals for upgrades and discussions relating thereto take place on online forums. For example, there is an ongoing debate regarding altering the Blockchain by increasing the size of blocks to accommodate a larger volume of transactions.

Although some proponents support an increase, other market participants oppose an increase to the block size as it may deter miners from confirming transactions and concentrate power into a smaller group of miners. To the extent that a significant majority of the users and miners on the Bitcoin Network install such software upgrade(s), the Bitcoin Network would be subject to new protocols and software that may adversely affect an investment in the Trust. In the event a developer or group of developers proposes a modification to the Bitcoin Network that is not accepted by a majority of miners and users, but that is nonetheless accepted by a substantial plurality of miners and users, two or more competing and incompatible Blockchain implementations could result. This is known as a "hard fork." In such a case, the "hard fork" in

the Blockchain could materially and adversely affect the perceived value of Bitcoin as reflected on one or both incompatible Blockchains, and thus the value of the Trust's Bitcoin.

The open-source structure of the Bitcoin Network protocol means that the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage the Bitcoin Network and an investment in the Trust.

The Bitcoin Network operates based on an open-source protocol maintained by contributors, largely on the Bitcoin Core project on GitHub. As an open source project, Bitcoin is not represented by an official organization or authority. As the Bitcoin Network protocol is not sold and its use does not generate revenues for contributors, contributors are generally not compensated for maintaining and updating the Bitcoin Network protocol. Although the MIT Media Lab's Digital Currency Initiative funds the current maintainer Wladimir J. van der Laan, among others, this type of financial incentive is not typical. The lack of guaranteed financial incentive for contributors to maintain or develop the Bitcoin Network and the lack of guaranteed resources to adequately address emerging issues with the Bitcoin Network may reduce incentives to address the issues adequately or in a timely manner. This may adversely affect an investment in the Trust.

If a malicious actor obtains control in excess of fifty (50) percent of the processing power (or aggregate hashrate) active on the Bitcoin Network, it is possible that such actor could manipulate the Blockchain in a manner that adversely affects an investment in the Trust.

If a malicious actor obtains a majority of the processing power (referred to herein as "aggregate hashrate") dedicated to mining on the Bitcoin Network, it will be able to exert unilateral control over the addition of blocks to the Blockchain. As long as the malicious actor enjoys this majority it may be able to "double-spend" its own Bitcoin (i.e., spend the same Bitcoin in two or more conflicting transactions) as well as prevent the confirmation of other Bitcoin transactions. If such a scenario were to materialize, it could adversely affect an investment in the Trust or the ability of the Trust to operate.

In 2014, a specific mining pool approached and appeared to briefly exceed the threshold of fifty (50) percent of the aggregate hashrate on the Bitcoin Network. Reports about this incident indicate that such threshold was surpassed for only a short period, and there are no reports of any malicious activity by the mining pool. Furthermore, pool participants appear to have redirected their hashrate in the mining pool to other pools on a voluntary basis, which is customary when a mining pool exceeds forty (40) percent of the aggregate hashrate on the Bitcoin Network. Nevertheless, the approach to and possible crossing of the fifty (50) percent threshold indicate a greater risk that a single mining pool could exert authority over the validation of Bitcoin transactions.

To the extent that the Bitcoin ecosystem, contributors and the administrators of mining pools, do not act to ensure greater decentralization of Bitcoin mining aggregate hashrate, the feasibility of a malicious actor obtaining in excess of fifty (50) percent of the aggregate hashrate on the Bitcoin Network (e.g., through control of a large mining pool or through hacking such a mining pool) will increase, which may adversely impact an investment in the Trust. Additionally, there are some academics and market participants who believe the applicable threshold required to exert authority

over the Bitcoin Network could be less than fifty (50) percent, which would increase the chances of a malicious actor exerting authority over the Bitcoin Network.

If the award of Bitcoin for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending hashrate to solve blocks and confirmations of transactions on the Blockchain could be slowed temporarily. A reduction in the hashrate expended by miners on the Bitcoin Network could also increase the likelihood of a malicious actor obtaining control in excess of fifty (50) percent of the aggregate hashrate active on the Bitcoin Network or the Blockchain, potentially permitting such actor to manipulate the Blockchain in a manner that adversely affects an investment in the Trust or the ability of the Trust to operate.

As the amount of new Bitcoin rewarded for solving blocks declines, and if transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. The current fixed reward for solving a new block is six and one quarter (6.25) Bitcoin per block; the reward decreased from twelve and a half (12.5) Bitcoin in May 2020. It is estimated that it will halve again in about four (4) years, and every four years until the year 2140. This recent reduction in rewards, as well as future halvings, may result in a reduction in the aggregate hashrate of the Bitcoin Network as the incentive for miners may decrease. This would adversely affect the confirmation process for transactions (*i.e.*, temporarily decreasing the speed at which blocks are added to the Blockchain until the next scheduled adjustment in difficulty for block solutions) and make the Bitcoin Network more vulnerable to a malicious actor obtaining control in excess of fifty (50) percent of the aggregate hashrate on the Bitcoin Network.

Periodically, the Bitcoin Network has adjusted the difficulty of solving blocks so that transaction processing speeds remain in the vicinity of the expected ten (10) minute confirmation time targeted by the Bitcoin Network protocol. Any reduction in confidence in the confirmation process or aggregate hashrate of the Bitcoin Network may negatively impact the value of Bitcoin, which will adversely impact an investment in the Trust.

As the number of Bitcoin awarded for solving a block in the Blockchain decreases, the incentive for miners to continue to contribute hashrate to the Bitcoin Network will transition from the block reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the Blockchain or a potential change to the Bitcoin Network protocol to increase miner compensation could impede its adoptions for transactions, such as with retail merchants and commercial businesses, resulting in a potential reduction in the price of Bitcoin that could adversely impact an investment in the Trust.

In order to incentivize miners to continue to contribute hashrate to the Bitcoin Network, the Bitcoin Network may either formally or informally increase transaction fees earned upon solving for a block. This transition could be accomplished by miners independently electing to record in the blocks they solve only those transactions that include payment of a transaction fee. However it might come about, if transaction fees required for Bitcoin transactions become too high, the marketplace may be reluctant to accept Bitcoin as a means of payment and existing users may be motivated to switch from Bitcoin to another Digital Asset or back to fiat currency. Decreased use and demand for Bitcoin or viability for processing transactions may adversely affect their value and result in a reduction in the price of the Shares.

To the extent that the profit margins of Bitcoin mining operations are low, operators of Bitcoin mining operations are more likely to immediately sell Bitcoin earned by mining, resulting in a reduction in the price of Bitcoin that could adversely impact an investment in the Trust.

Over the past two several years, Bitcoin Network mining operations have evolved from individual users mining with computer processors, graphics processing units and first-generation application-specific integrated circuit processors (“ASICs”). Currently, new hashrate brought onto the Bitcoin Network is predominantly added by incorporated and unincorporated “professionalized” mining operations. Professionalized mining operations may use proprietary, sophisticated hardware like customized ASICs. Mining requires an investment of significant capital and expertise to acquire this hardware, the leasing of operating space (often in data centers or warehousing facilities), incurring of electricity costs and the employment of technicians to operate the mining farms. As a result, professionalized mining operations are of a greater scale than prior Bitcoin Network miners and have more defined, regular expenses and liabilities. These regular expenses and liabilities may require professionalized mining operations to more immediately sell Bitcoin earned from mining operations on one of the various Bitcoin exchanges (each a “**Bitcoin Exchange**” and collectively, the “**Bitcoin Exchange Market**”), whereas it is believed that individual miners in past years were more likely to hold newly mined Bitcoin for more extended periods. The immediate selling of newly mined Bitcoin may increase the supply of Bitcoin on the Bitcoin Exchange Market in a material way, potentially creating downward pressure on the price of Bitcoin.

The extent to which the value of Bitcoin mined by a professionalized mining operation exceeds the operating costs determines the profit margin of such operation. A professionalized mining operation may be more likely to sell a higher percentage of its newly mined Bitcoin rapidly if it is operating at a low profit margin—and it may partially or completely cease operations if its profit margin is negative. In a low profit margin environment, a higher percentage could be sold into the Bitcoin Exchange Market more rapidly, thereby potentially reducing Bitcoin prices. Lower Bitcoin prices could result in further tightening of profit margins, particularly for professionalized mining operations with higher costs and more limited capital reserves, creating a knock-on effect that may further reduce the price of Bitcoin until mining operations with higher operating costs become unprofitable and remove mining power from the Bitcoin Network. The knock-on effect of reduced profit margins resulting in greater sales of newly mined Bitcoin could result in a reduction in the price of Bitcoin that could adversely impact an investment in the Trust.

The acceptance of Bitcoin Network software patches or upgrades by a significant, but not complete, percentage of the users and miners in the Bitcoin Network could lead to a “hard fork” in the Blockchain, resulting in the operation of two separate and incompatible networks. The temporary or permanent existence of forked Blockchains could adversely impact an investment in the Trust.

Bitcoin is an open source project and, although there is an influential group of contributors in the Bitcoin community, there is no designated developer or group of developers who formally control the Bitcoin Network. Any individual can download the Bitcoin Network software and make any desired modifications, which are proposed to users and miners on the Bitcoin Network through modifications typically posted to the Bitcoin development forum on GitHub. A substantial majority of miners and Bitcoin users must affect those software modifications; otherwise, such miners and Bitcoin users would become substantially less relevant to the overall Bitcoin Network.

A developer or group of developers could potentially propose a modification to the Bitcoin Network that is not accepted by a vast majority of miners and users, but that is nonetheless accepted by a substantial plurality of miners and users. In such a case, and if the modification is not compatible with the dominant implementation of Bitcoin Network software, a deviation or “hard fork” in the Blockchain could develop, and two separate Bitcoin Networks could result, one running the pre-modification software program and the other running the modified version (i.e., a second “Bitcoin network”). A Bitcoin network fork of this kind could materially and adversely affect the perceived value of Bitcoin as reflected on one or both incompatible Blockchains.

In the event of an upcoming modification to the Bitcoin Network that could potentially result in a hard fork with two separate and incompatible Bitcoin Networks, the Sponsor maintains full discretion to elect which Bitcoin Network to support. However, it is anticipated that the Sponsor will elect to support the Bitcoin Network that has the greatest cumulative computational difficulty for the forty-eight (48) hour period following a given hard fork, in order to engage in Bitcoin transactions and the valuation of Bitcoin. Resignations may be halted during this period. The greatest cumulative computational difficulty is defined as the total threshold number of hash attempts required to mine all existing blocks in the respective Blockchain, accounting for potential differences in relative hash difficulty.

If, at or after the time of such election, users’ and miners’ support of the selected Bitcoin Network diminishes, this could adversely affect the value of the Trust’s Bitcoin and the value of an investment in the Trust.

The value of an Investor’s contribution may fluctuate prior to the processing of the Investor’s subscription.

If an investor contributes to the Trust in Bitcoin, the number of Shares the investor ultimately receives will depend on the value of the Bitcoin at the time of admission to the Trust. Investors are admitted periodically. There may be considerable differences in the value of Bitcoin from the time the Bitcoin is contributed by an investor to the Trust (or its agent) and the time the Bitcoin is valued for purposes of determining the amount of Shares received. For the avoidance of doubt, if the value of Bitcoin declines after an investor contributes the cryptocurrency and before the cryptocurrency is valued, the number of Shares the investor receives may decline, potentially significantly. Similarly, resignations are processed periodically and there may be considerable differences in the value of an Investor’s Shares from the time the Investor submits a request to resign some or all of its Shares, and the time the Trust’s assets are valued for purposes of determining the amount of capital the Investor will receive. All Bitcoin will be valued in accordance with the Trust’s valuation policies and procedures at the time of the valuation. The functional currency of the Trust is U.S. dollars.

Transactions in Bitcoin may be irreversible.

Transactions in Bitcoin may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. If there is an error and a transaction occurs with the wrong account, to the extent that the Trust is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Bitcoin through error or theft, the Trust will be unable to revert or otherwise recover incorrectly transferred Bitcoin.

To the extent that the Trust is unable to seek redress for such error or theft, such loss could result in the total loss of an investor's investment in the Trust.

The investor is solely responsible for providing the Trust or its agent with accurate information with respect to its digital wallet and sending contributions to the correct digital wallet address. If an investor's contributions are sent to the wrong wallet address or are not delivered to the Trust, the Trust will have no liability to the investor. If information provided by an Investor proves incorrect, and as a result, cryptocurrencies are not delivered to the Investor, the Trust will have no liability to the Investor for the Trust's good faith reliance on such misinformation.

Risks Related to the Bitcoin Exchange Market

The Value of Shares in the Trust relates directly to the value of the Bitcoin held by the Trust and fluctuations in the price of Bitcoin could adversely affect an investment in the Trust.

The values of the Shares in the Trust are directly related to the value of Bitcoin held by the Trust. The price of Bitcoin has fluctuated widely over the past five (5) years. Several factors may affect Bitcoin price including:

- Total Bitcoin in existence;
- Global Bitcoin demand, which is influenced by the growth of retail merchants' and commercial businesses' acceptance of Bitcoin as payment for goods and services, the security of online Bitcoin Exchanges and public Bitcoin addresses that hold Bitcoin, the perception that the use and holding of Bitcoin is safe and secure, the lack of regulatory restrictions on their use, and the reputation regarding the use of Bitcoin for illicit purposes;
- Global Bitcoin supply, which is influenced by similar factors as global Bitcoin demand, in addition to fiat currency needs by miners and taxpayers who may liquidate Bitcoin Holdings to meet tax obligations;
- Investors' expectations with respect to the rate of inflation of fiat currencies;
- Investors' expectations with respect to Bitcoins' rate of deflation
- Interest rates;
- Currency exchange rates, including the rates at which Bitcoin may be exchange for fiat currencies;
- Fiat currency withdrawal and deposit policies on Bitcoin Exchanges;
- Interruptions in service from or failures of Bitcoin Exchanges;
- Cyber theft, or news of such theft, of Bitcoin from individuals or Bitcoin retail and service providers, including companies that buy, sell, process payments or store Bitcoin;
- Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in Bitcoin;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that restrict the use of Bitcoin as a form of payment or the purchase of Bitcoin in the market;
- The availability and popularity of businesses that provide Bitcoin-related services;
- The maintenance and development of the open-source software protocol of the Bitcoin Network;

- Increased competition from other forms of digital assets or means of payments;
- Global or regional political, economic or financial events and situations;
- Manipulative trading activity on Bitcoin Exchanges, which are largely unregulated;
- The adoption of Bitcoin as a medium of exchange, store-of-value or other consumptive asset and the maintenance and development of the open-source software protocol of the Bitcoin Network;
- Forks in the Bitcoin Network;
- Consumer preferences and perceptions of such cryptocurrency specifically and cryptocurrencies generally;
- An active derivative markets for Bitcoin;
- Expectations among Bitcoin economy participants that the value of Bitcoin will soon change;
- Fees, including miners' fees, associated with processing Bitcoin transactions and the speed at which such transactions are settled; and
- Decreased confidence in Bitcoin Exchanges due to the unregulated nature and lack of transparency surrounding the operations of Bitcoin Exchanges.

If Bitcoin markets continue to be subject to sharp fluctuations, investors may experience losses as the value of the Trust's investments decline. Even if investors are able to hold their Shares in the Trust for the long-term, their Shares may never generate a profit, since Bitcoin markets have historically experienced extended periods of flat or declining prices, in addition to sharp fluctuations. In addition, investors should be aware that there is no assurance that Bitcoin will maintain their long-term value in terms of future purchasing power.

The Bitcoin Exchanges on which Bitcoin trades are relatively new and, in most cases, largely unregulated and, therefore, may be more exposed to fraud and failure than established, regulated exchange for other products. To the extent that the Bitcoin Exchanges representing a substantial portion of the volume in Bitcoin trading are involved in fraud or experience security failures or other operational issues, such Bitcoin Exchanges' failures may result in the reduction in Bitcoin price and can adversely affect an investment in the Trust.

The Bitcoin Exchanges on which Bitcoin trades are new and, in most cases, largely unregulated. Furthermore, many Bitcoin Exchanges (including several of the most prominent U.S. Dollar-denominated Bitcoin Exchanges) do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in or may experience problems relating to Bitcoin Exchanges, including prominent exchanges handling a significant portion of the volume of Bitcoin trading. Bitcoin Exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits, or the Bitcoin Exchanges may suspend withdrawals entirely, rendering the exchange of virtual currency for fiat currency difficult or impossible. Bitcoin Exchanges generally operate outside of the United States. An investor may have difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained in another country. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies. The participation in Bitcoin Exchanges requires users to take on credit risk by transferring Bitcoin from a personal account to a third party's account.

Over the past four (4) years, a number of Bitcoin Exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such Bitcoin Exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Bitcoin Exchanges. While smaller Bitcoin Exchanges are less likely to have the infrastructure and capitalization that make larger Bitcoin Exchanges more stable, larger Bitcoin Exchanges are more likely to be appealing targets for hackers and “malware” (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems). Further, the collapse of the largest Bitcoin Exchange in 2014 suggests that the failure of one component of the overall Bitcoin ecosystem can have consequences for both users of a Bitcoin Exchange and the Bitcoin industry as a whole.

A lack of stability in the Bitcoin Exchange Market and the closure or temporary shutdown of Bitcoin Exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the Bitcoin Network and result in greater volatility in the pricing of Bitcoin. These potential consequences of a Bitcoin Exchange’s failure could adversely affect an investment in Shares.

Risks Related to Cryptocurrencies

Cryptocurrency regulation is in its infancy and future regulatory change is unpredictable.

As cryptocurrencies have grown in popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies have begun to develop regulations governing the cryptocurrency industry. Regulators are concerned such a large unregulated person to person global economy could potentially enable criminals to evade taxes and launder money. To the extent that future regulatory actions or policies limit the ability to exchange cryptocurrencies or utilize them for payments, the demand for cryptocurrencies will be reduced. Furthermore, regulatory actions may limit the ability of end-users to convert cryptocurrencies into fiat currency (e.g., USD) or use cryptocurrencies to pay for goods and services. Such regulatory actions or policies would result in a reduction of demand, and in turn, a decline in the underlying cryptocurrency unit prices. Several state and federal regulators in the U.S. have asserted jurisdiction over the regulation of cryptocurrencies.

The SEC and its Chairman have issued several public statements on cryptocurrencies and initial coin offerings. Among other things, the SEC indicated many cryptocurrencies will be deemed securities and subject to the federal securities laws.¹ Other agencies and their respective heads, have also issued statements asserting jurisdiction over cryptocurrencies including the Commodities Futures Trading Commission,² the Financial Crimes Enforcement Network,³ various state regulators,⁴ and private exchanges and self-regulatory organizations.⁵ There is

¹ *Chairman’s Testimony on Virtual Currencies: The Roles of the SEC and the CFTC*, SEC Chairman Jay Clayton before the U.S. Senate Committee on Banking, Housing, and Urban Affairs (Feb. 6, 2018).

² *Chairman’s Testimony on Virtual Currencies*, CFTC Chairman J. Christopher Giancarlo before the U.S. Senate Committee on Banking, Housing, and Urban Affairs (Feb. 6, 2018).

³ *Application of FinCEN’s Regulations to Persons Administering, Exchanging, or Using Virtual Currencies*, Financial Crimes Enforcement Network (Mar. 18, 2013).

⁴ *DFS Grants Virtual Currency License to Coinbase, Inc.*, N.Y. Department of Financial Services (Jan. 17, 2017).

⁵ *Japan Tries Light Touch in Bringing Cryptoassets out of Regulatory Limbo*, NIKKEI (Sept. 30, 2017).

substantial uncertainty regarding the classification of certain cryptocurrencies and how they will be treated by regulators and the courts.

Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect cryptocurrencies, and their users. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of cryptocurrencies by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the cryptocurrency economy in the European Union, China, Japan, Russia and the United States and globally, or otherwise negatively affect the value of cryptocurrencies. For example, on October 10, 2017, Russia's President Vladimir Putin denounced cryptocurrency as risky and used by criminals, and Russia's central bank stated that it would support regulation of cryptocurrencies. South Korea announced the ban of all initial coin offerings on October 2, 2017 citing consumer fraud as one reason. On September 4, 2017, China's central bank banned initial coin offerings and subsequently, banned all cryptocurrency exchanges from operating within the country.

The effect of any future regulatory change on the Trust or cryptocurrencies in general is impossible to predict, but such change could be substantial and adverse to the Trust and the value of the Trust's investments in cryptocurrencies.

The long-term viability of cryptocurrencies is unknown.

Cryptocurrencies are a new and relatively untested product. There is considerable uncertainty about their long-term viability, which could be affected by a variety of factors, including many market-based factors such as economic growth, inflation, and others. In addition, the success of cryptocurrencies will depend on the long-term utility and economic viability of blockchain and other new technologies related to cryptocurrencies. Due in part to these uncertainties, the price of cryptocurrencies is volatile and cryptocurrencies may be hard to sell. The Trust and the Sponsor do not control any of these factors, and therefore may not be able to control the ability of any cryptocurrency to maintain its value.

The growth of this industry in general, and the use of cryptocurrencies in particular, are subject to a high degree of uncertainty. The factors affecting the further development of this industry, as well as the Trust, include:

- continued worldwide growth in the adoption and use of cryptocurrencies;
- general economic conditions, as well as government and quasi-government regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of cryptocurrency trading systems;
- changes in consumer demographics and public preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using government-issued currencies; and
- negative consumer sentiment and perception of cryptocurrencies.

Recently, cryptocurrencies and their infrastructure and markets have been subject to increased regulation and negative public attention. For example, various media social media and internet service providers have limited the availability to market cryptocurrency related advertising.

The cryptocurrency market could be in a bubble.

The market prices of Bitcoin, Ether, and certain other broad-based cryptocurrencies have been subject to extreme fluctuations and recently have appreciated and declined in value rapidly. Some market participants believe that there is a cryptocurrency speculative bubble that could burst, leading to a dramatic fall in prices. If such a collapse occurs, the Net Asset Value of the Trust would fall accordingly and the resultant loss of confidence could lead to a lack of interest in, and eventual dissolution of, the Trust.

Security threats could result in a loss of the Trust's digital assets.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the digital asset exchange markets. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the Trust's operations or result in loss of the Trust's digital assets. Any breach of the Sponsor's infrastructure could result in damage to its reputation which could adversely affect an investment in the Trust. Furthermore, as the Trust's assets grow, it may become a more appealing target for security threats such as hackers and malware.

The security system and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of the Sponsor, or otherwise, and, as a result, an unauthorized party may obtain access to the Sponsor's, private keys, data or Bitcoins. Additionally, outside parties may attempt to fraudulently induce employees of the Sponsor to disclose sensitive information in order to gain access to the Sponsor'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 Sponsor may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of the Sponsor's security system occurs, the market perception of the effectiveness of the Sponsor's security system could be harmed, which could adversely affect an investment in the Trust.

In the event of a security breach, the Sponsor or the Trust may be forced to cease operations, or suffer a reduction in assets, the occurrence of each of which could adversely affect an investment in the Trust.

There exists shallow trade volume, extreme hoarding, low liquidity and high bankruptcy risk in the market for cryptocurrencies.

By some comparisons, the market for cryptocurrencies, by trade volume, is very shallow. Many coins may also be hoarded by a few owners. Ownership concentration can be high which creates greater market liquidity risk as large blocks of cryptocurrencies are difficult to sell in a timely and market efficient manner and well-connected customers can gain preferential treatment in order execution. The daily trade volume of cryptocurrencies is a fraction of total cryptocurrencies mined. The lack of a robust and regulated derivatives market for most cryptocurrencies means that market participants do not have a broad basket of tools at their disposal, making hedging difficult.

Cryptocurrencies can be subject to permanent loss due to unsecure local storage sites, malware and data loss.

Similar to fiat currencies, cryptocurrencies are susceptible to theft, loss and destruction. Destruction of the physical media housing a cryptocurrency can result in a total and permanent loss of the cryptocurrency from the market. While traditional financial products have strong consumer protections, there is no intermediary that can limit consumer loss in connection with cryptocurrencies.

Cryptocurrencies held by the Trust may be negatively affected by technological advances that undermine the cryptographic consensus mechanism underpinning blockchain and distributed ledger protocols.

Advances in cryptography or technical advances such as the development of quantum computing could present risks to the viability of cryptocurrencies and the Trust by undermining or vitiating the cryptographic consensus mechanism that underpins blockchain and distributed ledger protocols. Similarly, legislatures and regulatory agencies could prohibit the use of current and/or future cryptographic protocols which could limit the use of cryptocurrencies, resulting in a significant loss of value of the Shares.

The value of cryptocurrencies may be subject to momentum pricing and therefore, an inaccurate valuation.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. The price of a cryptocurrency is determined primarily using data from various currency exchanges, over-the-counter markets, and derivative platforms. Momentum pricing of cryptocurrencies has resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making more volatile the price of such cryptocurrencies. Cryptocurrencies that lead the market are subject to even more speculation. The Trust invests in exclusively in Bitcoin and therefore invests in the largest cryptocurrency market and therefore is susceptible to increased price fluctuations in part from momentum pricing.

The Sponsor is solely responsible for determining the value of Bitcoin Holdings and Shares in accordance with the Trust Agreement, and any errors, discontinuance or changes in such valuation calculations may have an adverse effect on the value of the Shares.

The Sponsor will determine the value of the Trust's assets and Share price in accordance with the terms of the Trust Agreement. To the extent that these calculations are not made correctly, the Sponsor may not be liable for any error and such misreporting of valuation data could adversely affect the value of the Shares.

Competition from the emergence or growth of other cryptocurrencies or methods of investing in Bitcoin could have a negative impact on the price of Bitcoin and adversely affect the value of the Shares.

Bitcoin was the first cryptocurrency to gain global adoption and critical mass, and as a result, it has a "first to market" advantage over other cryptocurrencies. As of December 19, 2020, Bitcoin

was the largest digital asset by market capitalization and had the largest user base and largest combined mining power. Despite this first to market advantage, as of December 19, 2020, there were over 8,000 alternative digital assets tracked by CoinMarketCap.com, having a total market-capitalization of approximately \$672 billion (including the approximately \$441 billion market cap of Bitcoin), as calculated using market prices and total available supply of each digital asset. In addition, many consortiums and financial institutions are also researching and investing resources into private or permissioned blockchain platforms rather than open platforms like the Bitcoin Network. Competition from the emergence or growth of alternative digital assets could have a negative impact on the demand for, and price of, Bitcoin and thereby adversely affect the value of the Shares.

Investors may invest in Bitcoin through means other than the Shares, including through direct investments in Bitcoin and other potential financial vehicles, possibly including securities backed by or linked to Bitcoin and cryptocurrency financial vehicles similar to the Trust. Market and financial conditions, and other conditions beyond the Sponsor's control, may make it more attractive to invest in other financial vehicles or to invest in Bitcoin directly, which could limit the market for, and reduce the liquidity of, the Shares. In addition, to the extent digital asset financial vehicles other than the Trust tracking the price of Bitcoin are formed and represent a significant proportion of the demand for Bitcoin, large purchases or redemptions of the securities of these digital asset financial vehicles, or private funds holding Bitcoin, could negatively affect the Bitcoin Holdings, the price of the Shares, the NAV and the NAV per Share.

Failure of funds that hold cryptocurrencies or that have exposure to cryptocurrencies through derivatives to receive SEC approval to list their shares on exchanges could adversely affect the value of the Shares.

There have been a growing number of attempts to list on national securities exchanges the shares of funds that hold cryptocurrencies or that have exposures to cryptocurrencies through derivatives. These investment vehicles attempt to provide institutional and retail investors exposure to markets for cryptocurrencies and related products. The SEC has repeatedly denied such requests, including a request submitted in connection with a fund operated by the Sponsor. The exchange listing of shares of cryptocurrency funds would create more opportunities for institutional and retail investors to invest in the cryptocurrency market. If exchange-listing requests are not ultimately approved by the SEC, increased investment interest by institutional or retail investors could fail to materialize, which could reduce the demand for cryptocurrencies generally and therefore adversely affect the value of the Shares.

A temporary or permanent “fork” could adversely affect the value of the Shares.

Many cryptocurrency networks operate using open-source protocols, meaning that any user can download the software, modify it and then propose that the users and miners of the cryptocurrency 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 remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “hard fork” of the network, with one group running the pre-modified software and the other running the modified software. The effect

of such a fork would be the existence of two versions of the cryptocurrency running in parallel, yet lacking interchangeability.

Forks may also occur as a network community's response to a significant security breach. A fork may also occur as a result of an unintentional or unanticipated software flaw in the various versions of otherwise compatible software that users run. Such a fork could lead to users and miners abandoning the digital asset with the flawed software. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the digital asset while resisting community-led efforts to merge the two chains. This could result in a permanent fork.

Furthermore, a hard fork can lead to new security concerns, as a result of, for example, inherent decrease in the level of security due to significant amounts of mining power remaining on one network or migrating instead to the new forked network. After a hard fork, it may become easier for an individual miner or mining pool's hashing power to exceed 50% of the processing power of the cryptocurrency network that retained or attracted less mining power, thereby making cryptocurrencies that rely on proof-of-work more susceptible to attack. A future fork in the Bitcoin Network could adversely affect the value of the Shares or the ability of the Trust to operate.

Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment.

The inability or difficulty of securing banking services could damage the public perception of cryptocurrencies and the utility of cryptocurrencies as a payment system. It could also decrease the price of cryptocurrencies and adversely affect an investment in the Trust.

A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. If the Sponsor or the Trust is unable to secure bank accounts or banking services, it could have a material adverse effect on the Sponsor's ability to manage the Trust and the ability of the Trust to continue operations.

The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain.

As an alternative to fiat currencies that are backed by central governments, digital assets such as cryptocurrencies, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in the value of cryptocurrencies and adversely affect an investment in the Trust.

The further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies, which represents a new and rapidly changing industry, is subject to a variety of factors that are difficult to evaluate.

The use of cryptocurrencies to, among other things, buy and sell goods and services, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, are subject to a high degree of uncertainty. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and other digital assets and their use, or restrictions on or regulation of access to and operation of cryptocurrency exchanges or similar digital asset trading venues;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of cryptocurrency exchanges;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of cryptocurrencies generally.

The slowing or stopping of the development or acceptance of these protocols may adversely affect an investment in the Trust.

Trust and Portfolio Investment Risks

The Trust Invests solely in Bitcoin.

Other than cash temporarily held for example, to pay the Trust's expenses or for similar purposes, the Trust intends to invest solely in Bitcoin, which is a new and highly speculative asset. The Bitcoin held by the Trust is commingled and investors have no specific rights to any specific Bitcoin. In the event of the Trust's insolvency, its assets may be inadequate to satisfy a claim by an investor. No guarantee or representation is made that this investment program will be successful. Bitcoin is volatile and investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

Security Threats to the Bitcoin Custodian's proprietary Bitcoin custody system, including "cold storage," could result in the halting of Trust operations, the suspension of resignations, a loss

of Trust assets, or damage to the reputation and brand of the Trust, each of which could result in a reduction in the price of Shares.

Security breaches, “cyber-attacks,” computer malware and computer hacking attacks have been a prevalent concern in the Bitcoin Exchange Market since the launch of the Bitcoin Network. Any cyber security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the Trust’s business operations or result in loss of the Trust’s assets. Any breach of the Trust’s or Bitcoin Custodian’s infrastructure could result in damage to the Trust’s reputation. Furthermore, the Sponsor believes that, as the Trust’s assets grow, it, along with the Bitcoin Custodian, may become a more appealing target for cyber security threats such as hackers and malware.

The Sponsor believes that the Bitcoin Custodian’s proprietary Bitcoin custody system utilizing proprietary hardware equipment and redundancy, segregation and offline data storage (*i.e.*, air-gapped and not internet-connected) protocols is reasonably designed to safeguard the Trust’s Bitcoin from theft, loss, destruction or other issues relating to hackers and technological attack. Nevertheless, the Bitcoin Custodian’s proprietary Bitcoin custody system is not impenetrable and may not be free from defect or immune to acts of God, and any loss due to a security breach, software defect or act of God generally will be borne by the Trust.

The Bitcoin Custodian’s proprietary Bitcoin custody system and operational infrastructure may be breached due to the actions of outside parties, error or insider malfeasance of an employee of the Sponsor or Bitcoin Custodian, or otherwise, and, as a result, an unauthorized party may obtain access to the Bitcoin Custodian’s proprietary Bitcoin custody system, private keys, data or Bitcoin. Additionally, outside parties may attempt to fraudulently induce employees of the Bitcoin Custodian or the Sponsor to disclose sensitive information in order to gain access to the Trust’s infrastructure. The Sponsor, Bitcoin Custodian or any technological consultant engaged by them will periodically examine and propose modifications to the proprietary Bitcoin custody system, protocols and internal controls to address the use of new devices and technologies to safeguard the Trust’s systems and Bitcoin. 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 Sponsor may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of the Bitcoin Custodian’s proprietary Bitcoin custody system occurs, the market perception of the effectiveness of the Bitcoin Custodian’s proprietary Bitcoin custody system could be harmed.

In the event of a security breach of the Bitcoin Custodian’s proprietary Bitcoin custody system, the Trust may cease operations, suspend redemptions or suffer a reduction in assets, the occurrence of each of which could result in a reduction in the price of the Shares.

The Sponsor may need to find and appoint a replacement custodian quickly, which could pose a challenge to the safekeeping of the Trust’s Bitcoin.

The Sponsor could decide to replace Fidelity Digital Asset Services, LLC as the custodian of the Trust's Bitcoin. Transferring maintenance responsibilities of the Bitcoin Custody Account to another party will likely be complex and could subject the Trust's Bitcoin to the risk of loss during the transfer, which could have a negative impact on the performance of the shares or result in loss of the Trust's assets.

The Sponsor may not be able to find a party willing to serve as the custodian under the same terms as the current Bitcoin Custodian Agreement. To the extent that Sponsor is not able to find a suitable party willing to serve as the Bitcoin custodian, the Sponsor may be required to terminate the Trust and liquidate the Trust's Bitcoin. In addition, to the extent that the Sponsor finds a suitable party but must enter into a modified Bitcoin custodian agreement that is less favorable for the Trust or Sponsor, an investment in the shares could be adversely affected.

Limited operating history of the Trust.

The Trust has limited operating history upon which an Investor may base its investment decision. There can be no assurance that the Trust will be able to successfully implement its business plan. The success of the Trust should be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the inception of a business, operation in a competitive industry, and the continued development of advertising and a corresponding investor base. For these and other unforeseeable factors, there can be no assurance that the Trust will achieve or sustain profitable operations. The performance of prior investment entities and business ventures associated with the Principals is not necessarily indicative of the Trust's future performance.

Dependence on key personnel.

The Trust depends, in part, on the Sponsor's ability to attract and retain key personnel. The Trust's future also depends on the continued contributions of the executive officers and other key Sponsor personnel, each of whom would be difficult to replace. In particular, J. Rayne Steinberg, Philip Y. Liu, and Jeffrey M. Dorman, are critical to the management of the Trust's business and operations and the Trust's strategic direction. The loss of the services of either Messrs. Steinberg, Liu, or Dorman, or other key personnel of the Sponsor, and the process to replace them would involve significant time and expense and may significantly delay or prevent the achievement of the Trust's business objectives.

No key man life insurance on key personnel.

The Trust is dependent on Messrs. Steinberg, Liu, and Dorman in order to manage its investments and operations and execute on the Trust's investment strategy. The Sponsor has not, however, purchased any insurance policies with respect to those individuals in the event of their death or disability. Therefore, if any of Messrs. Steinberg, Liu, and Dorman or become disabled, the Sponsor will not receive any compensation to assist with such person's absence. The loss of such person could negatively affect the Trust and its investments.

Reliance on the Sponsor; Investors do not actively participate in management.

Investors are expected to rely entirely on the Sponsor to conduct and manage the affairs of the Trust. Investors do not participate in the management of the Trust or in the conduct of their business. Moreover, Investors have no right to influence the management of the Trust, whether by voting or otherwise, other than in the limited fashion as set forth in the Trust Agreement. The Sponsor will have exclusive responsibility for the Trust's activities. Other than as may be set forth in the Trust Agreement, Investors will not be able to make investment or any other decisions in the management of the Trust. In general, the Investors will have no opportunity to control or participate in the day-to-day operations, including investment and disposition decisions, of the Trust. As such, the Investors will not have an opportunity to evaluate for themselves the investment decisions made by the Trust and instead will be relying on the ability of the Sponsor to select investments to be made to the Trust's portfolio. Accordingly, the success of the Trust will depend in large part upon the skill and expertise of the Sponsor, and other investment professionals employed by the Sponsor. There can be no assurance that these professionals will continue to be associated with the Sponsor throughout the life of the Trust.

Further, if the Sponsor were to lack funds to continue to manage the Trust and/or other investment-related operations essential to the Trust, it may be difficult or impossible for the Trust to secure other, similarly-skilled management for the Trust. If the Sponsor were to lack such funds or were to discontinue its business for any other reasons, this could have a material adverse effect on the Trust and the value of an investment in the Trust.

Potential for complete loss of investment.

An investment in the Trust is suitable only for certain sophisticated investors for whom such investment does not constitute a complete investment program and that fully understand, are willing to assume, and have the financial resources necessary to withstand, the risks involved in the Trust's investment strategy, and that can bear the potential loss of their entire investment in the Trust. There is no assurance as to whether the Trust will be profitable or meet its expenses & liabilities. Any investment made in the Trust may result in a total loss of the investment.

Limited liquidity.

Because of the limitations on redemptions and the fact that Shares are not tradable, an investment in the Trust is relatively illiquid and involves a high degree of risk. A subscription for Shares should be considered only by sophisticated investors financially able to maintain their investment for an extended period of time and who can afford to lose all or a substantial part of such investment. There is no public market for Shares, and no public market is expected to develop.

Limitations on Share Redemption.

The Shares are subject to a number of restrictions on redemption as described in this disclosure statement and the Trust Agreement. The Sponsor may suspend redemption rights (including the payment of redemption proceeds), in whole or in part, including, among other things, when there exists in the opinion of the Sponsor a state of affairs where the disposal of the Trust's investments, or the determination of the value of the Shares' Capital Accounts, would not be reasonably practicable or would be seriously prejudicial to the Investors whose Shares are not being redeemed.

or would otherwise not be in the best interests of the Trust. See *Section II: Principal Terms of the Trust*. In addition, transfers of Shares will be permitted only in limited circumstances at the discretion of the Sponsor. Accordingly, Shares should only be acquired by investors willing and able to maintain their investment in the Trust for an appreciable period of time.

An Investor may be required to have its Shares redeemed.

Under the Trust Agreement, the Sponsor may, in its discretion at any time, require the redemption of all or a portion of any Investor's Shares from the Trust upon written notice. Such mandatory redemption may create adverse tax and/or economic consequences to the Investor depending on the timing thereof.

The Trust is a passive investment vehicle.

Generally, the Sponsor will not actively manage the cryptocurrencies held by the Trust. Instead, the Trust will hold exclusively Bitcoin, regardless of the current or projected performance of Bitcoin. This is different from an actively managed fund, which would seek to outperform a benchmark index and means that the Trust's net asset value may be adversely affected by losses that, if the Trust had been actively managed, might have been possible to avoid. Accordingly, the Sponsor will not sell cryptocurrencies at times when their price is high, or acquire cryptocurrencies at low prices in the expectation of future price increases, or take any other action that may be available to cryptocurrency investors to attempt to reduce the risk of losses resulting from cryptocurrency price decreases and conversely, maximize gains resulting from cryptocurrency prices increases. Any losses sustained by the Trust will adversely affect an investment in the Trust.

The Trust may not have adequate sources of recovery if its cryptocurrencies are lost, stolen or destroyed.

If the Trust's cryptocurrencies are lost, stolen or destroyed under circumstances rendering a party liable to the Trust, the responsible party may not have the financial resources sufficient to satisfy the Trust's claim.

Privacy and data security laws.

Along with the Trust's and Sponsor's confidential data and information in the normal course of the Trust's activities, the Sponsor, on behalf of the Trust, collects and retains certain types of data, some of which are subject to certain laws and regulations. For example, the data that collected from investors and potential investors includes personally identifiable information. The Trust and Sponsor must comply with applicable federal and state laws and regulations governing the collection, retention, processing, storage, disclosure, access, use, security, and privacy of such information in addition to the Trust's information security and privacy policies and applicable industry standards. The legal, regulatory, and contractual environment surrounding the foregoing continues to evolve, and there has been an increasing amount of focus on privacy and data security issues with the potential to affect the Trust's activities. These privacy and data security laws and regulations, as well as contractual requirements, could increase the Trust's cost of doing business, and failure to comply with these laws, regulations and contractual requirements could result in government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity. In the event of a breach of personal information, the Trust and

Sponsor may be subject to governmental fines, individual and class action claims, remediation expenses, and/or harm to reputation. Further, if the Trust or Sponsor fail to comply with applicable privacy and security laws, regulations, policies and standards, properly protect the integrity and security of facilities and systems and the data located within them, or defend against cybersecurity attacks, or if the Trust's third-party service providers, partners, or vendors fail to do any of the foregoing with respect to data and information assessed, used, stored, or collected on the Trust's behalf, the Trust's activities, reputation, returns, and cash flows could be materially adversely affected.

Cybersecurity risk.

The Trust and Sponsor rely on information technologies and infrastructure to manage the Trust and Index, including digital storage of Trust assets, marketing strategies and investor information. Data maintained in digital form is subject to the risk of intrusion, tampering and theft. The incidence of malicious technology-related events, such as cyberattacks, computer hacking, computer viruses, worms or other destructive or disruptive software, denial of service attacks or other malicious activities is on the rise worldwide. Power outages, equipment failure, natural disasters (including extreme weather), terrorist activities or human error may also affect our systems and result in disruption of our services or loss or improper disclosure of personal data, business information or other confidential information.

Likewise, data privacy breaches, as well as improper use of social media, by employees and others may pose a risk that sensitive data, such as personally identifiable information, strategic plans and trade secrets, could be exposed to third parties or to the general public. The Trust and Sponsor also utilize third parties, including third-party "cloud" computing services, to store, transfer or process data, and system failures or network disruptions or breaches in the systems of such third parties could adversely affect its reputation or business. Any such breaches or breakdowns could expose the Trust to legal liability, be expensive to remedy, result in a loss of investors and damage the Trust's reputation. Efforts to develop, implement and maintain security measures are costly, may not be successful in preventing these events from occurring and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated.

In-kind distributions.

The Trust may distribute in cash or in-kind to satisfy redemption requests in the Sponsor's sole discretion. The risk of loss and delay in liquidating the Trust's portfolio will be borne by the Investor, with the result that such Investor may receive less cash than it would have received as of the redemption date. To the extent the Trust makes a distribution to Investors in the form of cryptocurrencies, neither the Sponsor nor the Trust will be responsible for establishing a "wallet" or storage mechanism for the Investors receiving such cryptocurrencies.

Distributions will be made in-kind at the Sponsor's sole discretion.

If an Investor resides in a jurisdiction where in-kind distributions would impose additional regulatory costs, the Sponsor may, in its sole discretion and subject to applicable law, liquidate an Investor's pro-rata distribution on its behalf. There can be no assurance that the Sponsor will be

able to liquidate assets in a timely manner or that there will be a market available for the disposition of the assets. Accordingly, there may be a delay in the distribution of such proceeds to an Investor. Prior to such distribution, an Investor's interest in any assets that have not yet been disposed of on its behalf will continue to be subject to gains and losses.

The Trust intends to invest in cryptocurrencies that are not considered to be securities under the U.S. securities laws.

Accordingly, investors in the Trust do not have the regulatory protections afforded under the U.S. securities laws regarding the Trust's assets.

Cryptocurrencies held by the Trust will not have FDIC or SIPC protections.

The Trust is not a banking institution or otherwise a member of the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). Accordingly, deposits or assets held by the Trust are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. The undivided interest in the Trust's cryptocurrencies and other assets represented by Shares in the Trust are not insured.

The Trust is not subject to Sarbanes-Oxley regulations and lacks the financial controls and safeguards required of public companies.

The Trust does not have the internal infrastructure necessary, and is not required, to complete an attestation about its financial controls similar to those required under Section 404 of the Sarbanes-Oxley Act of 2002. There can be no assurance that there are no significant deficiencies or material weaknesses in the quality of the Trust's financial controls. The Trust expects to incur additional expenses and diversion of management's time if and when it becomes necessary to perform the system and process evaluation, testing and remediation required in order to comply with the management certification and auditor attestation requirements.

Risks Associated with the Lukka Prime Daily Bitcoin Price

The Trust will depend on Lukka for the calculation of the Lukka Prime Daily Bitcoin Price, and if Lukka is unable to provide the Lukka Prime Daily Bitcoin Price on a particular Trading Day, the Trust will be forced to use another methodology for determining the price of Bitcoin.

Lukka, a third-party digital asset valuation firm, has been retained by the Sponsor to calculate the Lukka Prime Daily Bitcoin Price. The Trust will depend on Lukka to provide the Lukka Prime Daily Bitcoin Price in order to be able to provide an NAV that is reflective of the market value of Bitcoin. If Lukka is unable to provide the Lukka Prime Daily Bitcoin Price on a particular Trading Day, the price of Bitcoin shall be determined in good faith by the Sponsor, in consultation with the Administrator. For example, the Sponsor may determine the price based on the price on observable exchanges or may depend on another third-party digital asset valuation firm (the "Second Valuation Firm") to provide the price of Bitcoin as of 4:00 p.m. Eastern Time on such Trading Day, and, as a result, sales and redemptions of the Trust's Shares will be executed at the NAV per Share based on the price of Bitcoin determined by the Second Valuation Firm. The methodology used by the Second Valuation Firm differs from the methodology used by Lukka, and the price of Bitcoin determined by the Second Valuation Firm may differ from the price that

would have been determined if Lukka's methodology had been used. If the Second Valuation Firm is also unable to provide the price of Bitcoin on such Trading Day, the Sponsor will use its best judgment to determine the price of Bitcoin in good faith by evaluating the price of Bitcoin reported on various Bitcoin exchanges regulated in the U.S. If Lukka cannot provide the Lukka Prime Daily Bitcoin Price on any particular Trading Day, there may be delays in reporting our NAV as a result of having to use a different methodology. Furthermore, if Lukka were no longer to serve as the Trust's valuation consultant, the Trust would be required to permanently use a new methodology to calculate the market value of Bitcoin and the Trust may be required to engage a new third-party valuation consultant.

The Trust has no control over the methodology used by Lukka to calculate the Lukka Prime Daily Bitcoin Price.

In the future, Lukka may determine to change the methodology used to calculate the Lukka Prime Daily Bitcoin Price. Any change to the methodology will be in Lukka's sole discretion, and the Trust will have limited ability to provide input on any change to the methodology. The Trust can provide no assurances that any change to the methodology to calculate the Lukka Prime Daily Bitcoin Price will be more accurate than the current methodology or be reflective of the actual trading price of Bitcoin. If the Trust disagrees with the Lukka Prime Daily Bitcoin Price methodology, its only recourse will be to seek another third party to provide a daily Bitcoin price or to determine its own methodology.

Conflicts of interest.

There are certain actual and potential conflicts of interest that should be considered by Investors before subscribing for Shares, as set forth in more detail below.

Supplementary agreements with Investors.

To the extent permitted by applicable law, in connection with an investor's subscription for Shares, the Sponsor may enter into a side letter or similar agreement (a "**Supplementary Agreement**") with such new investor. A Supplementary Agreement may provide for, among other things, (i) the Sponsor's agreement to exercise its discretionary authority under the Trust Agreement in certain respects for the benefit of an investor (e.g., with respect to lower fees); (ii) the Sponsor's agreement to extend certain information rights or additional reporting to such investor; or (iii) restrictions on, or special rights of the new investor with respect to, the activities of the Sponsor. The entry by the Sponsor into any Supplementary Agreement would not require the vote or consent of any Investor unless such Supplementary Agreement constituted or required an amendment to the Trust Agreement requiring such a vote or consent. In addition, the terms of any such Supplementary Agreement will not be disclosed to other Investors unless the Sponsor, in its discretion, agrees otherwise.

Limitation of liability and indemnification of the Sponsor.

The Trust Agreement provides that the Sponsor, its affiliates and any of their respective officers, directors, principals, partners, managers or employees shall be indemnified and held harmless from and against any loss or expense suffered or sustained in connection with the management and operation of the Trust, so long as such loss or expense did not result from willful misconduct, gross

negligence, or bad faith as finally determined by a court of competent jurisdiction. Therefore, an Investor may have a more limited right of action against the Sponsor than an Investor would have had absent these provisions.

Reserves.

Under certain circumstances, the Trust may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Trust's proceeds at the time of redemption of Shares. If the reserve is subsequently determined to have been excessive, such excess amount shall be returned to the net assets of the Trust, but the amount paid upon a prior redemption will not be adjusted. Conversely, if the reserve is subsequently determined to have been insufficient, the net assets of the Trust will be used to pay such amounts and the Trust shall have no right to recover any excess redemption proceeds from an Investor. As the establishment of a reserve impacts the determination of the Trust's net asset value, an incorrect reserve will impact the subscription prices for Shares purchased by Investors.

No minimum amount of proceeds.

No assurance can be given that all or any specific portion of Shares offered hereby will be sold. To the extent that fewer Shares are sold than anticipated, the Trust may need to adjust its investment strategy to compensate for the reduction in receipt of funds. The Trust does not have a minimum capitalization, and it may use the proceeds from the issuance of the Shares once the corresponding Subscription Agreements are accepted. The Trust may only raise a minimum of capital, which could leave it with insufficient capital to implement its business plan effectively. There can be no assurance that alternative capital or financing would be available.

Arbitrary amount of securities offered.

The amount of the Shares of the Trust offered hereby has been arbitrarily determined and is not based on the Trust's book value, assets, earnings or any other recognizable standard of value. As such, no Investor should infer that the Trust has chosen to offer the amount of Shares described herein because of the Trust's assets or book values. If profitable results are not achieved from the Trust's operations, of which there can be no assurance, the Trust may not have sufficient resources to make distributions to the Investors.

Effect of costs and expenses.

The Trust will bear the economic cost of the Management Fee and will bear all Trust Expenses as set forth in the Trust Agreements and in *Section II: Principal Terms of the Trust*. While administrative costs and expenses are expected to be relatively low due to the Trust's passive investment strategy, the Trust's returns will still be reduced by Trust Expenses and other fees, including, without limitation, Organizational Expenses, operational expenses and the Management Fee. In addition, the Sponsor has the authority to hire employees on behalf of the Trust and such personnel costs would also be borne by the Trust. All of these costs and expenses will reduce actual returns to investors.

Systems risk.

The Trust depends on the Sponsor to develop and implement appropriate systems for the Trust's activities. Accordingly, the Trust relies extensively on the Sponsor and its computer programs and systems to trade, clear and settle cryptocurrency transactions, to evaluate certain cryptocurrencies based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Trust's activities. The ability of their systems to accommodate an increasing volume of transactions could also constrain the Trust's ability to manage the portfolio. In addition, certain of the Trust's and the Sponsor's operations interface with or depend on systems operated by third parties, including public cryptocurrency exchanges, market counterparties and their respective sub-custodians, and other service providers, and the Trust or Sponsor may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Trust. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Trust's ability to monitor its investment portfolio and its risks. The Sponsor is not liable to the Trust for losses caused by systems failures.

Operational risk.

The Trust depends on the Sponsor to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions – from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Trust's operations – may cause the Trust to suffer financial losses, the disruption of their business, liability to third parties, regulatory intervention or damage to their reputation. Human error (including, without limitation, trading errors), system failure or other problems with any of the operational processes could result in material losses or costs, which will generally be borne by the Trust. The Sponsor is not liable to the Trust for losses incurred due to the occurrence of any of the errors described herein (unless such errors were found to constitute willful misconduct or gross negligence on the part of the Sponsor, as finally determined by a court of competent jurisdiction).

Affiliate and third-party risk.

The institutions with which the Trust (directly or indirectly) does business, such as banks and other financial institutions, may encounter financial difficulties that impair the operational capabilities or the capital position of the Trust. The Trust relies heavily on various counterparties to perform many of the functions required to fulfill its investment objective, such as the Bitcoin Custodian and the Administrator. Should any of these counterparties encounter financial, regulatory or other difficulties that affect its operations, the Trust's operational capabilities and financial position would be adversely affected.

No separate counsel.

Morrison Foerster currently represents the Sponsor in connection with the matters described in this disclosure statement. Morrison Foerster does not represent any current or future Investors with respect to an investment in the Trust. No separate counsel has been engaged by the Sponsor or any of its affiliates to represent any current or future Investors with respect to an investment in the Trust. Morrison Foerster may be removed as counsel by the Sponsor at any time without the consent of, or notice to, investors. In addition, Morrison Foerster does not undertake on behalf of or for the benefit of investors to monitor the compliance of the Trust, the Sponsor or their affiliates with (i) the investment program, investment strategies, investment restrictions and other guidelines and terms set forth in this disclosure statement, the Trust Agreement or any other governing documents of the foregoing or (ii) applicable laws.

Risks related to terrorist attack, war or natural disaster.

The operations of the Trust and counterparties with which the Trust does business could be severely disrupted in the event of one or more terrorist attacks or the outbreak, the commencement, continuation or expansion of war or other hostilities. The ongoing U.S. military and related actions in Afghanistan and Iraq, other events in the Middle East, and terrorist actions worldwide could have significant adverse effects on U.S. and world economies and securities markets. Ongoing geopolitical tensions centered on Iraq, Iran, Syria and North Korea, along with global anti-terrorism initiatives and political unrest in the Middle East, Africa and Southeast Asia continue to fuel this concern. Additionally, a serious pandemic, such as Ebola, influenza or other serious illness, or a natural disaster, such as a hurricane or tsunami, could severely disrupt the global economy and securities markets. Uncertainties regarding the current U.S. presidential administration and political environment could have a negative impact on the U.S. economy and securities markets which would in turn lead to a decline in the cryptocurrency market. Any of these events could impact the ability of the Trust to effect cryptocurrency transactions and sell and redeem Shares.

The novel coronavirus (COVID-19) pandemic has resulted in significant financial market volatility, and its impact on the global economy and our operations remains uncertain. A continuation or worsening of the pandemic could have a material adverse impact on our business, results of operations and financial condition and on the market price of our Shares.

On March 12, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, Canada and China, have imposed unprecedented restrictions on travel, and there have been business closures, shelter-in-place orders, and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty in recent weeks. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on market prices of Bitcoin. The Blockchain Network may receive substantially less interest and investment, which could have an adverse effect on the adoption, use, and value of Bitcoin. As a result, the value of the Shares may be adversely affected.

In addition, while our operations have not been materially affected at this point, significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our operations and on the global economy as a whole. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. There may, as a result, be substantial disruption in the investment community. As a result, it is possible that there could be additional negative consequences of COVID-19 on the Trust and our operations that we cannot currently anticipate. Any such consequences could have material negative consequences for the value of the Shares and the Trust.

The Trust Agreement includes provisions that limit Shareholders' voting rights and restrict Shareholders' right to bring a derivative action.

Under the Trust Agreement, Shareholders have limited voting rights and the Trust will not have regular Shareholder meetings. Shareholders take no part in the management or control of the Trust. Accordingly, Shareholders do not have the right to authorize actions, appoint service providers or take other actions as may be taken by Shareholders of other trusts or companies where shares carry such rights. The Shareholders' limited voting rights give almost all control under the Trust Agreement to the Sponsor. The Sponsor may take actions in the operation of the Trust that may be adverse to the interests of Shareholders and may adversely affect the value of the Shares.

Moreover, pursuant to the terms of the Trust Agreement, Shareholders' statutory right under Delaware law to bring a derivative action (i.e., to initiate a lawsuit in the name of the Trust in order to assert a claim belonging to the Trust against a fiduciary of the Trust or against a third-party when the Trust's management has refused to do so) is restricted. Under Delaware law, a beneficial owner of a Delaware statutory trust may bring a derivative action if the beneficial owner is a beneficial owner at the time the action is brought and either (i) was a beneficial owner at the time of the transaction at issue or (ii) acquired the status of beneficial owner by operation of law or the Trust's governing instrument from a person who was a beneficial owner at the time of the transaction at issue. Additionally, Section 3816(e) of the DSTA specifically provides that a "beneficial owner's right to bring a derivative action may be subject to such additional standards and restrictions, if any, as are set forth in the governing instrument of the statutory trust, including, without limitation, the requirement that beneficial owners owning a specified beneficial interest in the statutory trust join in the bringing of the derivative action." In addition to the requirements of applicable law and in accordance with Section 3816(e) of the DSTA, the Trust Agreement provides that no Shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Trust unless two or more Shareholders who (i) are not affiliates of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding.

This provision applies to any derivative actions brought in the name of the Trust other than claims under the federal securities laws and the rules and regulations thereunder.

Due to this additional requirement, a Shareholder attempting to bring or maintain a derivative action in the name of the Trust will be required to locate other Shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding. This may be difficult and may result in increased costs to a Shareholder

attempting to seek redress in the name of the Trust in court. Moreover, if Shareholders bringing a derivative action, suit or proceeding pursuant to this provision of the Trust Agreement do not hold 10.0% of the outstanding Shares on the date such an action, suit or proceeding is brought, or such Shareholders are unable to maintain Share ownership meeting the 10.0% threshold throughout the duration of the action, suit or proceeding, such Shareholders' derivative action may be subject to dismissal. As a result, the Trust Agreement limits the likelihood that a Shareholder will be able to successfully assert a derivative action in the name of the Trust, even if such Shareholder otherwise believes that he or she has a valid derivative action, suit or other proceeding to bring on behalf of the Trust.

Market and Investment Risks

Investment and trading risks.

An investment in the Trust involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Trust's investment program will be successful. The Sponsor will be investing, in accordance with the investment policies of the Trust, substantially all of the Trust's assets in Bitcoin, which may be particularly sensitive to economic, market, industry and other variable conditions. The cryptocurrency market in which the Trust expects to invest has in recent years experienced and continues to be susceptible to significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Trust.

Purchases of substantial amounts of the Trust's Shares may cause you to be deemed to be an "affiliate" of the Trust, thereby subjecting any resales of your Shares to additional restrictions under federal securities laws.

Affiliates of the Trust, such as the Sponsor or persons in a relationship of control with the Trust, are subject to restrictions on resales of Shares of the Trust to the extent such sales are made pursuant to Rule 144 under the Securities Act, including restrictions on the number of Shares that may be resold within any three month period. Control means the power to direct the management and policies of the company in question, whether through the ownership of voting securities, by contract, or otherwise. In general, an individual's status as a director, officer, or 5% or 10% shareholder of an issuer is one fact, though not the only fact, which must be taken into consideration in determining whether a person has such control and, therefore, affiliate status.

General economic and market conditions.

The success of the Trust's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Trust's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of cryptocurrency prices and the availability of certain cryptocurrencies and investments. Volatility or illiquidity could impair the Trust's profitability or result in losses. The Trust's trading positions can be materially adversely affected by the level of volatility in the financial markets—the larger the positions, the greater the potential for loss.

In recent years global markets have experienced unprecedented volatility and illiquidity. The effects thereof may continue and there can be no assurance that the Trust will not be materially adversely affected. Due to these conditions, extensive governmental interventions have in certain cases been implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition—as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action—these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Sponsor’s strategies. Further, it is impossible to predict how the reduction and/or cessation of such governmental restrictions, and other governmental market interventions such as quantitative easing, may affect global markets.

Demand for Trust’s Shares related to general economic conditions.

A substantial portion of the Trust’s subscriptions is derived from discretionary spending by individuals, which typically falls during times of economic instability. Declines in economic conditions in the U.S. or in other countries may adversely impact the Trust’s value.

Limited diversification.

The Trust intends to make investments that are concentrated in Bitcoin. The Sponsor does not currently intend to engage in hedging transactions, engaging in short selling, or investing in non-publicly traded securities. The Trust may experience lower investment returns than if it had engaged in these activities. In the event that the Sponsor determines to engage in these activities, the Trust may face additional risks, not limited to liquidity risk and counterparty risk, which could adversely affect the Trust’s performance.

Investment strategy.

While there is no average period of time in which the Trust expects to hold any of its positions, the investment strategy is focused on the long-term performance of the Bitcoin in which the Trust invests. Investors should expect that the Trust may hold its positions in Bitcoin for a period of years, and for differing time periods than one may potentially expect from other long-only funds.

Transaction execution and costs.

The successful application of the Trust’s investment strategy will depend, in part, upon the quality of execution of transactions. Although the Trust will seek to utilize public exchanges that will afford superior execution capability to the Trust, there is no assurance that all of the Trust’s transactions will be executed with optimal quality. Furthermore, due to the degree of trading, total commission charges and other transaction costs may be expected to be high. As stated above, many of the cryptocurrency exchanges are in their nascent stages and subject to light regulatory oversight. There is no guarantee that the Sponsor will be able to ascertain the accurate price, cost, speed, likelihood of execution and settlement. Cryptocurrency exchanges may also provide a limited selection of market orders, furthering limiting the Sponsor’s ability to obtain the best possible execution. Furthermore, due to the degree of trading, total commission charges and other

transaction costs may be expected to be high. The level of transaction charges, as an expense of the Trust, may therefore be expected to be a factor in determining future profitability of the Trust.

Regulatory and Compliance Related Risks

A determination that Bitcoin or any other cryptocurrency is a “security” may adversely affect the value of Bitcoin and the value of the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Trust.

The SEC has stated that certain digital assets may be considered “securities” under the federal securities laws. Further, public statements by senior officials at the SEC, including a June 2018 speech by the director of the SEC’s division of Corporation Finance, indicate that the SEC does not intend to take the position that Bitcoin or Ether are currently securities. Subsequently in a March 2019 statement, the chairman of the SEC expressed agreement with certain statements from the June 2018 speech by the director of the SEC’s division of Corporation Finance, including the analysis of federal securities laws that the director applied to Bitcoin and Ethereum. Such statements are not official policy statements by the SEC and reflect only the speaker’s views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other digital asset. Similarly, in April 2019, the SEC’s Strategic Hub for Innovation and Financial Technology published a framework for the analysis of digital assets.

If Bitcoin is determined to be a “security” under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for Bitcoin as a cryptocurrency, the Sponsor, the Trust, and the Shares. It may, for example, become more difficult for Bitcoin to be traded, cleared and custodied as compared to other digital assets that are not considered to be securities, which could in turn negatively affect the liquidity and general acceptance of Bitcoin and cause users to migrate to other digital assets. Further, if other digital assets are determined to be “securities” under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for Bitcoin due to negative publicity or a decline in the general acceptance of digital assets. As such, any determination that Bitcoin or any other digital asset is a security under federal or state securities laws may adversely affect the value of Bitcoin and, as a result, the value of the Shares.

In addition, to the extent that Bitcoin is determined to be a security, the Trust, and the Sponsor may also be subject to additional regulatory requirements, including under the Investment Company Act, and the Sponsor may be required to register as an investment adviser under the Investment Advisers Act. See “*Certain Legal, Regulatory and Tax Considerations*” If the Sponsor determines not to comply with such additional regulatory and registration requirements, the Sponsor will terminate the Trust. Any such termination could result in the liquidation of the Trust’s Bitcoin at a time that is disadvantageous to Shareholders.

There are uncertainties related to the regulatory regimes governing blockchain technologies, cryptocurrencies, digital assets, and new regulations, interpretations or policies may materially adversely affect the value of Bitcoin and the Shares.

Regulation of assets like Bitcoin and related technologies and actors (such as blockchains and cryptocurrency exchanges) involves uncertainty as to how existing law will apply; is likely to rapidly evolve as government agencies take greater interest and develop new approaches to regulation of these assets and technologies; and varies significantly among international, federal, state and local jurisdictions.

The technologies underlying cryptocurrencies are novel technologies and relatively untested, and the application of U.S. federal and state securities laws to aspects of these technologies and the cryptocurrencies is unclear in certain respects. Because of the novelty of cryptocurrencies and their underlying blockchain technologies, it is possible that securities regulators may interpret laws in a manner that adversely affects the value of Bitcoin and the Shares. Various legislative and executive bodies in the United States and in other countries may, in the future, adopt laws, regulations, or guidance, or take other actions that could severely or materially impact the permissibility of the operation of the blockchain network underlying Bitcoin and the Trust. It is difficult to predict how or whether regulatory agencies may apply existing or new regulation with respect to this technology and its applications. In addition, self-regulatory bodies may be established that set guidelines regarding cryptocurrencies, which could have similar effects to new policies adopted by government bodies.

Any future regulatory actions applicable to Bitcoin, the Bitcoin Network, the Shares, and our related activities could severely impact us, and the value of Bitcoin and the Shares. It could also result in negative publicity. Regulatory change could even potentially result in certain operations of our operations being viewed as impermissible, which could negatively affect the value of Bitcoin. If the Sponsor determines not to comply with such additional regulatory and registration requirements, the Sponsor may terminate the Trust, and any such termination could result in the liquidation of the Trust's portfolio at a time that is disadvantageous to Shareholders.

Cryptocurrency networks, blockchain technologies, and coin and token offerings also face an uncertain regulatory landscape in many foreign jurisdictions, including (among others) the European Union, China and Russia. Various foreign jurisdictions may, in the future, adopt laws, regulations or directives that affect Bitcoin and the value of the Shares. The effect of any future regulatory change is impossible to predict, but any change could be substantial and materially adverse to the adoption and value of Bitcoin and the Shares.

New or changing laws and regulations or interpretations of existing laws and regulations, in the United States and other jurisdictions, may materially and adversely impact Bitcoin and the Shares, including with respect to their value, their liquidity, the ability to access Bitcoin Exchanges, and the structure, rights and transferability of Bitcoin.

The Trust is not registered as a money transmitter or money services business, and our may be adversely affected if it is required to do so.

The Sponsor and the Trust believe that the Trust is not a money transmitter or money services business. If it is deemed to be money transmitter and/or money services business, the Trust would be subject to significant additional regulation and costs. This could lead to significant changes with respect to operations of the Trust, and suspensions of operations. It could also lead to a decrease in the value of the Shares.

Investors in the Trust do not have the protections associated with ownership of interests in an investment company registered under the Investment Company Act, even while our company is subject to the risk of possibly becoming an investment company under the Investment Company Act.

The Investment Company Act is designed to protect investors by preventing insiders from managing investment companies to their benefit and to the detriment of public investors, such as: the issuance of securities having inequitable or discriminatory provisions; the management of investment companies by irresponsible persons; the use of unsound or misleading methods of computing earnings and asset value; changes in the character of investment companies without the consent of investors; and excessive leveraging. To accomplish these ends, the Investment Company Act requires the safekeeping and proper valuation of fund assets, restricts greatly transactions with affiliates, limits leveraging, and imposes governance requirements as a check on fund management. The Trust is not subject to regulation under the Investment Company Act and therefore is not registered as an investment company under the Investment Company Act. Consequently, investors in the Trust do not have the regulatory protections afforded to investors in registered investment companies.

To the extent that cryptocurrencies are deemed to fall within the definition of a security for U.S. securities laws purposes, the Sponsor and the Trust may be required to register and comply with additional regulation under the Investment Company Act. Such additional regulation may result in extraordinary costs to the Trust and the Sponsor, thereby materially and adversely impacting the value of the Trust. If the Sponsor determines in its sole discretion not to comply with such additional regulatory and registration requirements, it may terminate the Trust. Any such termination could result in the liquidation of the Trust's cryptocurrency portfolio at a time that is disadvantageous to investors in the Trust.

Registration under the Investment Company Act would require the Trust to comply with a variety of substantive requirements that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- restrictions on leverage or senior securities;
- restrictions on unsecured borrowings;

- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase the Trust's operating expenses.

If the Trust was required to register as an investment company but failed to do so, the Trust could be prohibited from engaging in its business, and criminal and civil actions could be brought against the Trust, Sponsor or any of their affiliates. Registration with the SEC as an investment company would be costly, would subject the Trust to a host of complex regulations and would divert attention from the conduct of the Trust's business, which could materially and adversely affect the Trust.

In addition, the Trust will not be subject to the various statutory and SEC regulatory requirements applicable to registered investment companies. For example, the Trust is not required to maintain custody of its securities or place its securities in the custody of a bank or a member of a U.S. securities exchange in the manner required of registered investment companies under rules promulgated by the SEC. The Trust generally will maintain such accounts at brokerage or custodial firms that do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act, the bankruptcy of any such brokerage firms might have a greater adverse effect on the Trust than registered investment companies. It is possible in the future that the regulatory environment for hedge funds and their Sponsors could change. This could result in new laws or regulations that could, for example, impose restrictions on the operation of the Trust and its affiliates; impose disclosure or other obligations on those entities; or restrict the offering, sale or transfer of Shares. Accordingly, any such laws or regulations could adversely affect the investment performance of the Trust or its access to additional capital, create additional costs and expenses for the Trust or otherwise have an adverse impact on the Trust.

Absence of insurance and regulation.

The Shares offered hereby are not insured by any governmental or private agency, and they are not guaranteed by any public or private entity other than the Trust. Likewise, the Trust is not regulated or subject to examination in the same manner as commercial banks and thrift institutions.

The Trust is not a commercial bank or savings/thrift institution. The Trust is dependent upon proceeds from the acquisition and management of the Trust's portfolio to make distributions to the Trust's Investors and to conduct their ongoing operations. The Trust's revenues from operations, including the acquisition, servicing and management of its portfolio and the Trust's working capital represent the sources of funds for distributions to the Trust's Investors.

Compliance with anti-money laundering requirements; public disclosure obligations.

In response to increased regulatory concerns by U.S. and international authorities with respect to the sources of funds used in investments activities, the Sponsor may request Investors to provide additional documentation verifying, among other things, such Investors' identity and source of funds used to purchase Shares. The Sponsor may decline to accept a subscription if this information is not provided or on the basis of such information provided. Requests for documentation and

additional information may be made at any time during which an Investor holds Shares in the Trust. The Sponsor may be required to provide this information, or report the failure to comply with requests for such information, to appropriate governmental authorities, in certain circumstances without notifying the Investors that the information has been provided.

Each of the Sponsor and the Trust will take steps that it determines are necessary to comply with applicable law, regulations, orders, directives or special measures, which may include prohibiting an Investor from making further contributions of capital to the Trust, depositing distributions to which an Investor would otherwise be entitled in an escrow account or causing the redemption of all or any portion of an Investor's Shares.

Further, the Trust may be required to disclose confidential information relating to the Trust, the Trust's investments, the Trust's financial results and the Trust's investors to third parties that may request such information if and to the extent required by federal, state or local law or regulation or the laws or regulations of any other jurisdiction applicable to the Trust or any of the Trust's investors, including any investors that are public agencies or governmental bodies. There can be no assurance that such information will not be disclosed either publicly or to regulators, or otherwise. In addition, in order to comply with regulations and policies to which the Trust, the Sponsor or service providers (including financial institutions) are or may become subject, or to satisfy regulatory or other requirements in connection with transactions, the Trust or the Sponsor may be required to disclose information about the investors, including their identities. Such disclosure obligations may adversely affect certain investors, particularly investors who are not otherwise subject to public disclosure of information relating to the private holdings of funds in which they invest.

If regulatory changes or interpretations of the Trust's or the Sponsor's activities require the regulation of the Trust or the Sponsor as a money service business under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act or as a money transmitter or digital asset business under state regimes for the licensing of such businesses, the Trust or the Sponsor may be required to register and comply with such regulations, which could result in extraordinary, recurring and/or nonrecurring expenses to the Trust or Sponsor, thereby reducing the liquidity of the Shares.

To the extent that the activities of the Trust cause it to be deemed a "money transmitter" under the regulations promulgated by the Financial Crimes Enforcement Network ("FinCEN") under the authority of the U.S. Bank Secrecy Act, the Trust may be required to comply with FinCEN regulations, including those that would mandate the Trust to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records. Such additional regulatory obligations may cause the Trust to incur extraordinary expenses, possibly affecting an investment in the Shares in a material and adverse manner. Additionally, certain states require virtual currency businesses to register on the state level as money transmitters. Similarly, the activities of the Trust or the Sponsor may require it to be licensed as a money transmitter or as a digital asset business, such as under NYDFS' BitLicense scheme.

Such additional regulatory obligations may cause the Trust or the Sponsor to incur extraordinary expenses. If the Trust or the Sponsor decide to seek the required licenses, there is no guarantee that they will timely receive them. The Sponsor may decide to terminate the Trust in response to

the changed regulatory circumstances, and possibly at a time that is disadvantageous to the Shareholders. Additionally, to the extent the Trust or the Sponsor is found to have operated without appropriate state or federal licenses, it may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which would harm the reputation of the Trust or the Sponsor, decrease the liquidity, and have a material adverse effect on the price of, the Shares.

Regulatory changes may impact the manner in which cryptocurrencies are treated for classification and clearing purposes.

There is significant uncertainty regarding the regulatory classification of cryptocurrencies. Several state and federal regulatory agencies have asserted jurisdiction over virtual currencies which may disrupt cryptocurrency trading, and have a negative impact on their value.

Foreign legal risk

We may also be subject to a variety of foreign laws and regulations that involve matters central to our business. These could include, for example, regulations related to privacy, blockchain technology, data protection, and intellectual property, among others. In certain cases, foreign laws may be more restrictive than those in the United States. Although we believe we are operating in compliance with the laws of jurisdictions in which we operate, foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate. As a result, cryptocurrency networks, blockchain technologies, and coin and token offerings such as those we are involved in face an uncertain regulatory landscape in many foreign jurisdictions, including but not limited to the European Union, China and Russia. Other foreign jurisdictions may also, in the near future, adopt laws, regulations or directives that affect Bitcoin and the Shares.

While we believe that we are in compliance with the laws that apply to us as we understand them, the growth of our business and its expansion outside of the United States may increase the potential of violating foreign laws or our own internal policies and procedures. The risk of us being found in potential violation of applicable laws and regulations is further increased by the fact that many of them are open to a variety of interpretations given the absence of formal interpretation by regulatory authorities or the courts.

Any action brought against us by a foreign regulator or in a private action based on foreign law could cause us to incur significant legal expenses and divert our management's attention from the operation of the business. If our operations are found to be in violation of any laws and regulations, we may be subject to penalties associated with the violation, including civil and criminal penalties, damages and fines; we could be required to refund payments received by us; and we could be required to curtail or cease operations. Any of these consequences could seriously harm our business and financial results. In addition, existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase operating costs, require significant management time and attention, and subject us to claims or other remedies, including fines or demands that we modify or cease existing business practices. Any applicable foreign laws, regulations or directives may also conflict with

those of the United States. The effect of any future regulatory change is impossible to predict, but any change could be substantial and materially adverse to the value of Bitcoin and the Shares.

Freedom of Information Act and other similar laws.

The Sponsor may withhold all or any part of the information otherwise to be provided to an investor (pursuant to the Trust Agreements or otherwise) under certain circumstances in order to prevent public disclosure of such information under the U.S. Freedom of Information Act (“FOIA”), any governmental public records access law, any state or other jurisdiction’s laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement. Investors may be adversely impacted by such withholding of information, as they will not be able to monitor their investments in the Trust as closely as if there were no withholding of such information.

Certain ERISA considerations.

Each Investor that is an employee benefit plan or trust (an “**ERISA Plan**”) or a “benefit plan investor” (as defined below) within the meaning of, and subject to the provisions of ERISA, or a plan within the meaning of, and subject to the provisions of, Section 4975 of the Code (the “**Code**”), such as an individual retirement account (a “**Code Plan**”), should consider the matters described in this section in determining whether to invest in the Trust. The Sponsor intends to operate the Trust such that less than 25% of the total interests are held by “benefit plan investors.” The provisions of ERISA are complex and their application to an investment in the Trust should be reviewed by the appropriate representatives of any Investor that is an ERISA Plan or a Code Plan. In particular, each such Investor should consult with legal counsel concerning the issues described below.

Fiduciary Matters and Prohibited Transactions Generally

In considering an investment in the Trust of a portion of the assets of any ERISA Plan, any Code Plan and any entity whose underlying assets include plan assets by reason of an investment in such entity by an ERISA Plan or a Code Plan (a “**benefit plan investor**”), a fiduciary should consider, among other factors, (i) whether the investment is allowed by the documents governing the underlying plan; (ii) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA, if applicable; (iii) whether the investment provides sufficient liquidity to permit benefit payments to be made as they become due; (iv) whether the investment can meet any requirement that the fiduciary annually value the assets of the underlying plan; (v) whether the investment is prudent, since there is a high degree of risk in purchasing interests in the Trust and it is not expected that there will be any public market in which the interests may be sold or otherwise disposed of; and (vi) whether the investment is being made for the exclusive purpose of providing benefits to participants and their beneficiaries.

ERISA and the Code prohibit benefit plan fiduciaries from engaging in various transactions (“**prohibited transactions**”) involving plan assets with persons who have certain relationships with respect to the plan, such as other plan fiduciaries (a “**party in interest**”). Thus, for example, absent an exemption, the fiduciaries of a plan should not purchase interests in the Trust with assets of any plan if the Sponsor or any of its affiliates (i) has investment discretion with respect to such

assets; or (ii) gives individualized investment advice where there is an understanding that it will serve as the primary basis for the investment decisions made with respect to such assets.

Plan Assets

If the underlying assets of the Trust (as opposed to interests in the Trust alone) were deemed to be “plan assets” under ERISA, (i) the prudence and other fiduciary responsibility standards of Title I of ERISA would extend to investments made by the Trust; and (ii) certain transactions in which the Trust might seek to engage could constitute prohibited transactions.

Under a regulation (the “**Plan Assets Regulation**”) issued by the U.S. Department of Labor (“**DOL**”), the assets and properties of certain entities in which a plan makes an equity investment (other than an investment in a publicly offered security or a security issued by an investment company registered under the Investment Company Act) would be deemed to be assets of the investing plan unless, among other exceptions, equity participation by “benefit plan investors” is less than 25% of any class of equity of the entity. Shares in the Trust will be neither publicly offered nor securities issued by an investment company registered under the Investment Company Act, within the meaning of the Plan Assets Regulation, and, although the Sponsor intends that less than 25% of the total interests are held by benefit plan investors, it is possible that benefit plan investors may purchase 25% or more of the interests in the Trust.

Plan Asset Consequences – Prohibited Transaction Exemptions

If the Trust’s assets were deemed to constitute “plan assets” subject to Title I of ERISA or Section 4975 of the Code and a non-exempt prohibited transaction were to occur, then the Sponsor, as a fiduciary and “party in interest,” and any other “party in interest” that engaged in the prohibited transaction could be required (i) to restore to the benefit plan any profit realized on the transaction and (ii) to reimburse the benefit plan for any losses suffered by the benefit plan as a result of such transaction. In addition, each “party in interest” involved could be subject to an excise tax equal to 15% of the amount involved in the prohibited transaction for each year such transaction continues and, unless such transaction were corrected within statutorily required periods, to an additional tax of 100%. Benefit plan fiduciaries who make the decision to invest in an interest in the Trust could, under certain circumstances, be liable as co-fiduciaries for actions taken by the Trust or the Sponsor.

Furthermore, unless appropriate administrative exemptions were available or were obtained, the Trust could be restricted from acquiring an otherwise desirable investment or from entering into an otherwise favorable transaction, if such acquisition or transaction would constitute a “prohibited transaction.”

U.S. Federal Income Tax Risks.

It is anticipated that the Trust will be classified as a grantor trust for U.S. federal income tax purposes. Assuming such classification applies, each Investor will be treated as if they owned a proportionate share of the assets of the Trust. They also will directly recognize a proportionate share of any income and expenses of the Trust. The Trust is subject to a risk of audit by the IRS. Any adjustments made to the Trust’s information returns produced by such an audit might result in adjustments to the Investor’s tax returns, with respect not only to items related to the Trust, but

also to unrelated items. Furthermore, federal, state and local tax laws are subject to change, and Investors could incur substantial tax liabilities as a result of changes thereto. Finally, various aspects of income taxation, including federal, state and local taxation and the alternative minimum tax, produce tax effects that can vary based on each taxpayer's particular circumstances. See "*Certain U.S. Federal Income Tax Considerations.*"

Investors should consult their own tax advisors to determine the tax effects of an investment in the Trust, especially in light of their particular financial situations.

Distributions. As described elsewhere in this Disclosure Statement, the Trust may, but is not required to, make distributions to Investors. Therefore, an Investor should not rely on distributions from the Trust to cover the Investor's tax liability associated therewith, if any. Instead, an Investor will generally be required to have its Shares redeemed to realize the value of its investment in the Trust or, subsequent to the initiation of quotations on OTC markets and the halting of redemptions in accordance with the Trust Agreement, the resale of any freely tradeable Shares. In the case of Non-U.S. Shareholders (as defined below), no assurance can be provided that distributions by the Trust will not be subject to tax withholding.

Certain Deductions and Allocations. The IRS could challenge the deductibility of expenses the Trust (directly or indirectly) incurs, including the Management Fee, for several reasons, including that those expenses constitute capital expenditures that, among other things, should be added to the Trust's cost of acquiring its investments and amortized over a period of time or held in suspense until the Trust liquidates or dissolves.

Possible legislative or other actions affecting tax aspects.

The present U.S. federal income tax treatment of an investment in the Trust may be modified by legislative, judicial or administrative action at any time and any such action may affect investments and commitments previously made. The overall impact of recent major changes to the Code enacted by the US Congress remain uncertain. The U.S. federal income tax rules are constantly under review by persons involved in the legislative process and by the IRS and the Treasury Department, resulting from time to time in the adoption of new Treasury regulations or changes to the existing regulations, revised interpretations of established concepts, as well as statutory changes. The IRS currently treats virtual currencies as property for U.S. federal income tax purposes, but such treatment may be subject to modification or changes. In addition, the IRS has released guidance to the effect that hard forks, airdrops and similar occurrences with respect to digital currencies will under certain circumstances be treated as taxable events giving rise to ordinary income; however, there continues to be uncertainty with respect to the timing and amount of the income inclusions. Any changes in the

U.S. federal tax laws or interpretations thereof could adversely affect the tax treatment of an investment in the Trust. Congress constantly scrutinizes the U.S. federal income tax treatment of private investment funds and hedge funds, and there can be no assurance that legislation will not be enacted that has an unfavorable effect on an investor's investment in the Trust.

A “fork” of the Bitcoin Blockchain could result in Investors incurring a tax liability.

If a fork occurs in the Bitcoin Blockchain, the Trust would hold both the original Bitcoin and the alternative new asset. The Trust Agreement requires that, if such a transaction occurs, the Trust will, as soon as possible, (i) sell or exchange the alternative new asset and use the proceeds solely to acquire Bitcoin or (ii) distribute the alternative new asset in-kind to the Sponsor, as agent for the Investors, and the Sponsor will either (A) sell the alternative new asset and distribute the proceeds to the Investors or (B) distribute the alternative new asset to the Investors. The receipt, distribution and/or sale of the alternative new asset may cause Investors to incur a United States federal, state, local, or foreign tax liability. Any tax liability could adversely impact an investment in the Shares and may require Investors to prepare and file tax returns. See “*Certain U.S. Federal Income Tax Considerations.*”

Adverse tax consequences.

While the Trust is advised in tax matters by its accountants, the IRS may not accept the tax positions taken by the Trust.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THE OFFERING. POTENTIAL INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR INTERESTS.

Potential Conflicts of Interest

The Trust depends on the Sponsor for certain operations of the Trust, and the Sponsor believes that it will continue to have sufficient staff personnel and resources to perform all of its duties with respect to managing the Trust. The Sponsor and its officers, directors and employees will devote as much of its time to the activities of the Trust as the Sponsor deems necessary and appropriate.

Nonetheless, there are certain actual and potential conflicts of interest that should be considered by Investors before subscribing for Shares.

Outside investment-related activities.

The Sponsor and its officers, directors, managers, employees and affiliates may engage in activities outside of their roles with respect to the Trust, including providing management and investment advisory services to other unaffiliated funds or companies (such as in their capacities as a board member), and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Trust and their affairs.

These activities may create conflicts between the best interest of the Trust, on the one hand, and the best interests of the other unaffiliated funds or companies, on the other. For example, an officer of the Sponsor may serve on the board of directors of an unaffiliated company and may provide counsel related to Bitcoin that may be purchased, sold or held by the Trust, and such unaffiliated funds or companies may relate to Bitcoin that the Trust may purchase, sell or hold. At times, these

activities may cause the provision of advice to unaffiliated funds or companies that may cause these unaffiliated funds or companies to take actions adverse to the interest of the Trust.

In addition, the Sponsor's involvement in the other investment-related activities could be viewed as creating a conflict of interest in that the time and effort of the personnel of the Sponsor may not be devoted exclusively to the business of the Trust, but may instead be allocated among the Trust and the other investment-related activities. The Sponsor and its affiliates are required to devote to the Trust only so much of their time as is necessary or appropriate in connection with the activities of the Trust in a manner consistent with the objectives of the Trust.

Further, the Sponsor and its officers, directors, managers, employees and affiliates may act in a proprietary capacity with long or short positions, in instruments of all types, including the cryptocurrencies that may be purchased, sold or held by the Trust and may generally trade in cryptocurrencies for their own accounts, subject to restrictions and reporting requirements as may be required by law. In the event that the Sponsor, its partners, employees, associates and affiliates or any of them now or hereafter carry on activities competitive with those of the Trust or buy, sell or trade in assets and portfolio securities of the Trust or of other investment funds, none of them will be under any liability to the Trust or to the shareholders for so acting. Every Investor, by virtue of having purchased or acquired the shares, will be deemed to have consented to such conflicts of interest.

As a result of differing trading and investment strategies or constraints, positions may be taken by officers, directors, employees, and affiliates of the Sponsor that are the same as, different from, or made at a different time than positions taken for the Trust.

The aforementioned activities could affect the prices and availability of the cryptocurrencies, if any, that the Sponsor seeks to buy or sell for the Trust's account, which could adversely impact the financial returns of the Trust.

Additional funds and the use of master-feeder structure.

The Sponsor may, in the future, form additional investment vehicles that invest in the Trust alongside the Trust, such as an investment vehicle for non-U.S. investors and/or U.S. tax-exempt investors (an "**Additional Trust**"). If an Additional Trust is formed, the use of a master-feeder structure may also create a conflict of interest in that different tax considerations for the Trust and any Additional Trust may cause the Trust to structure or dispose of an investment in a manner that is more advantageous to the Additional Trust.

Future funds.

In addition to forming Additional Trusts, the Sponsor or its affiliates may in the future form or advise one or more additional investment funds or separate accounts that may have similar investment policies as the Trust ("**Future Trusts**") that do not invest in the Trust. In the event such a Future Trust is formed, if an investment opportunity would be appropriate for both the Trust and any Future Trust, the Sponsor will generally seek to allocate such opportunity on a *pro rata* basis.

In addition, the Sponsor may have a conflict of interest in advising the Trust and any Future Trust because the financial benefit from managing some Future Trusts may be greater (*e.g.*, such Future Trust generates higher fees or allocations tied to either higher percentages earned or larger amounts of capital investment by the Sponsor or its affiliates), which may provide an incentive to favor the Future Trust when allocating investment opportunities.

Allocation of investment opportunities among the Trust and any Future Trusts will be made in the Sponsor's judgment based upon the investment objectives and investment portfolio of the Trust and such other Future Trusts; provided, that all allocations will be made in compliance with the Sponsor's fiduciary duties. When the purchase and sale of cryptocurrencies is considered to be in the best interest of both the Trust and a Future Trust, cryptocurrencies to be purchased or sold may be aggregated in order to obtain superior execution and/or lower transactions expenses. Execution prices for identical cryptocurrencies purchased or sold on behalf of multiple accounts in any one business day may be averaged. In such events, allocation of prices, as well as expenses incurred in the transaction, shall be made in a manner the Sponsor considers to be equally as favorable to the Trust as to any other party.

Affiliate transactions.

The Sponsor may engage in transactions with persons with whom some or all of its affiliates have financial or other relationships. Subject to the Sponsor's approval, which may be withheld for any reason, affiliates may own Shares in the Trust.

Related-party transactions.

The Trust may transact with parties who are affiliated with the Sponsor or its affiliates. The parties may include other subsidiaries/related entities of the Sponsor or its affiliates, or Additional Trusts or Future Trusts. In any such transaction the price used will be based upon the Sponsor's best judgment utilizing the criteria it believes will best represent the fair value of a transaction. The Sponsor will not purchase Bitcoin from the Sponsor or any of its affiliates at a price greater than the Lukka Prime Daily Bitcoin price. Additionally, the Sponsor will not sell Bitcoin to the Sponsor or any of its affiliates at a price lower than the Lukka Prime Daily Bitcoin price.

Investments by affiliates.

One or more affiliates of the Sponsor may have or may make in the future investments in the Trust. Such investments may represent a significant portion of the net asset value of the Trust. Affiliates of the Sponsor may make similar investments in any future feeder funds formed to invest in the Trust.

THE FOREGOING IS NOT A COMPLETE DESCRIPTION OF ALL ACTUAL AND POTENTIAL CONFLICTS OF INTEREST IN CONNECTION WITH THE TRUST.

V. CERTAIN LEGAL, REGULATORY AND TAX CONSIDERATIONS

Securities Act of 1933

The Shares have not been registered under the Securities Act or the securities laws of any U.S. state or the securities laws of any other jurisdiction, and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or unless an exemption from registration is available. It is not contemplated that registration of the offer of the Shares under the Securities Act will ever be effected. Shares in the Trust are sold only to investors who, under U.S. securities laws, are “accredited investors.” All offerings of Shares pursuant to this private placement memorandum are private offerings made in reliance on Rule 506 under Regulation D of the Securities Act. Investors are required to provide relevant information verifying their eligibility to invest in the Trust. The Shares are not registered under the Securities Act or the securities laws of any state or any other jurisdiction, nor are any such registration contemplated. As a result, we expect that (i) any Shares issued to investors in such offerings will be “restricted securities” under Rule 144, and (ii) the Shares issued to such an investor will be “unrestricted” under Rule 144 one year and a day subsequent to the date that the investor acquired the Shares. Shares held by affiliates and insiders will be subject to additional restrictions on resales, including restrictions on the number of Shares that may be resold within any three month period.

Further, while we anticipate that we may seek to apply for the Shares to be quoted on OTC markets and register the Shares under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), there is no public market for the Shares currently, and we do not expect one to develop unless the Shares begin to be quoted on OTC markets. Further we cannot guarantee that a public market for the Shares will develop once the Shares are quoted on OTC markets. As a result, even to the extent that Shares are not “restricted securities” as that term is defined in Rule 144, you may not be able to resell your Shares. In addition, Section 12(g) of the Exchange Act requires issuers to register under the Exchange Act if a class of its equity securities (other than exempted securities) is held of record by either (i) 2,000 persons, or (ii) 500 persons who are not accredited investors and, on the last day of the issuer’s fiscal year, its total assets exceed \$10 million. If the number of the Trust’s shareholders approaches either of these thresholds, we anticipate that the Sponsor will register the Shares under the Exchange Act.

Securities Exchange Act of 1934

The Trust does not currently contemplate investing in any cryptocurrencies that constitute securities under the U.S. securities laws. In the event the Trust does invest in assets that are deemed securities, however, the Sponsor may also be subject to additional regulatory requirements, including under the Exchange Act. For example, the Trust may be required to make certain filings with the SEC in connection with any acquisition or beneficial ownership of more than 5% of any class of the equity securities of a company registered under the Exchange Act. Generally, these filings require disclosure of the identity and background of the purchaser, the source and amount of funds used to acquire the securities, the purpose of the transaction, the purchaser’s interest in the securities, and any contracts, arrangements or undertakings regarding the securities. In certain circumstances, the Trust may be required to aggregate its investment position in a given company with the beneficial ownership of that company’s securities by or on behalf of the Sponsor or its

affiliates, which could require the Trust, together with such other parties, to make certain disclosure filings or otherwise restrict the Trust's activities with respect to such securities.

Also, if the Trust becomes the beneficial owner of more than 10% of any class of the equity securities of a company registered under the Exchange Act, the Trust may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act.

Investment Company Act of 1940

The Investment Company Act regulates certain companies that invest in, hold or trade securities. In general, a company with more than 40% of the value of its non-cash assets held in investment securities is an "investment company." We believe that the Trust will not be subject to the provisions of the Investment Company Act since it does not intend to invest in assets that constitute securities under the U.S. securities laws. Accordingly, Investors will not be afforded the protections of the Investment Company Act. See "*Risk Factors--A determination that Bitcoin or any other cryptocurrency is a "security" may adversely affect the value of Bitcoin and the value of the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Trust*" for additional information.

In the event the Trust does invest in assets that are deemed securities, however, the Trust may be subject to additional regulatory requirements, including under the Investment Company Act of 1940. For example, the Trust may be required to register as an investment company. Registered investment companies are subject to extensive, restrictive and potentially adverse regulations relating to, among other things, operating methods, leverage, management, capital structure, dividends and transactions with affiliates. Registered investment companies may not be permitted to operate their business in the manner in which we operate our businesses, nor are registered investment companies permitted to have many of the relationships that we have with our affiliated companies.

Investment Advisers Act of 1940

The Investment Advisers Act regulates persons who for compensation are engaged in the business of providing advice, making recommendations, issuing reports, or furnishing analyses on securities, either directly or through publications, to others. We believe that, because the assets of the Trust do not constitute securities under the U.S. securities laws, the Sponsor is not subject to investment adviser regulation under the Advisers Act. See "*Risk Factors--A determination that Bitcoin or any other cryptocurrency is a "security" may adversely affect the value of Bitcoin and the value of the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Trust*" for additional information.

In the event the Trust does invest in assets that are deemed securities, however, the Trust may be subject to additional regulatory requirements, including under the Investment Advisers Act of 1940. For example, the Sponsor may be required to register as an investment adviser. Registered investment advisers are subject to extensive, restrictive and potentially adverse regulations relating to, among other things, operating methods, disclosure, advertising, and fees. Registered investment advisers may not be permitted to operate their business in the manner in which the Sponsor

operates its businesses. However, the Sponsor seeks to operate in a manner that would be expected of an investment advisor, including the administration of a rigorous internal compliance policy.

Anti-Money Laundering Requirements

In order to comply with applicable anti-money laundering requirements, each investor must represent, among other things, in its Subscription Agreement with the Trust that neither the investor, nor any person having a direct or indirect beneficial interest in the limited liability company interest being acquired by the investor, appears on the Specifically Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control in the United States Department of the Treasury or in Annex I to United States Executive Order 13224--Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, and that the investor does not know or have any reason to suspect that (i) the monies used to fund the investor's investment in the Trust have been or will be derived from or related to any illegal activities or (ii) the proceeds from the investor's investment in the Trust will be used to finance any illegal activities. Each investor must also agree to provide any information to the Trust and its agents as the Trust may require in order to determine the investor's and any of its beneficial owners' identity and source and use of funds and to comply with any anti-money laundering laws and regulations applicable to the Trust.

The Trust may decline to accept a subscription on the basis of the information that is provided or if certain information is not provided. The Sponsor may be required to provide this information, or report the failure to comply with requests for such information, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. Each of the Sponsor and the Trust will take such steps as it determines in its sole discretion are necessary to comply with applicable law, regulations, orders, directives or special measures. These steps may include prohibiting an investor from making further contributions of capital to the Trust, depositing distributions or other funds or assets to which an investor would otherwise be entitled to in an escrow account or causing the exclusion of an investor from the Trust. The Trust will not admit an investor without obtaining all know-your-client information that the Trust determines is required. By subscribing for the Shares, investors consent to the disclosure by the Trust and the Sponsor of any information about them to regulators and others upon request in connection with money laundering and similar matters in relevant jurisdictions.

Commodity Exchange Act

The Trust will not hold or trade in commodity futures contracts or other derivative contracts regulated by the CEA, as administered by the CFTC. The Sponsor believes that the Trust is not a commodity pool for purposes of the CEA, and that neither the Sponsor nor the Trustee is subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the operation of the Trust.

Foreign Considerations

Our primary place of business and market of operation is the United States. We may, however, also be subject to a variety of foreign laws and regulations that involve matters central to our business. These could include, for example, regulations related to privacy, blockchain technology,

data protection, and intellectual property, among others. In certain cases, foreign laws may be more restrictive than those in the United States. Although we believe we are operating in compliance with the laws of jurisdictions in which we operate, foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate. As a result, cryptocurrency networks, blockchain technologies, and coin and token offerings such as those we are involved in face an uncertain regulatory landscape in many foreign jurisdictions, including but not limited to the European Union, China and Russia. Other foreign jurisdictions may also, in the near future, adopt laws, regulations or directives that affect Bitcoin and the Shares. See “*Risk Factors—Regulatory and Compliance Related Risks.*”

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary discusses certain material U.S. federal income tax consequences that generally will apply to the purchase, ownership and disposition of Shares. This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations promulgated thereunder and judicial and administrative interpretations of the Code, all as in effect on the date of this memorandum and all of which are subject to change either prospectively or retroactively. The tax treatment of shareholders may vary depending upon their own particular circumstances. Certain shareholders (including but not limited to banks, financial institutions, insurance companies, regulated investment companies, tax-exempt organizations, tax-exempt or tax-advantaged retirement plans or accounts, brokers or dealers, traders, partnerships for U.S. federal income tax purposes, persons holding shares as a position in a “hedging,” “straddle,” “conversion,” “constructive sale” or other integrated transaction for U.S. federal income tax purposes, persons whose “functional currency” is not the U.S. dollar, and other investors with special circumstances) may be subject to special rules not discussed below. In addition, this summary applies only to investors who will hold shares as “capital assets” within the meaning of Section 1221 of the Code. Moreover, the summary does not address the effect of any state, local or non-U.S. tax law consequences that may apply to an investment in shares. Purchasers of shares are urged to consult their own tax advisers with respect to all federal, state, local and non-U.S. tax law considerations potentially applicable to their investment in shares.

For purposes of this discussion, a “U.S. Shareholder” is a shareholder that is:

- An individual who is treated as a citizen or resident of the United States for U.S. federal income tax purposes;
- A corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- An estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- A trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all

substantial decisions of the trust, or a trust that has made a valid election under applicable Treasury Regulations to be treated as a domestic trust.

A shareholder that is not a U.S. shareholder as defined above is considered a “Non-U.S. Shareholder” for purposes of this discussion. If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares, the tax treatment of a partner generally depends upon the status of the partner and the activities of the partnership. If a prospective shareholder is a partner of a partnership holding shares, the discussion below may not be applicable and the Sponsor urges you to consult your own tax adviser for the U.S. federal income tax implications of the purchase, ownership and disposition of such shares.

Taxation of the Trust

The Sponsor will treat the Trust as a “grantor trust” for U.S. federal income tax purposes. If the Trust is so classified, the Trust itself should not be subject to U.S. federal income tax. Instead, the Trust’s income and expenses should “flow through” to the shareholders, and the Sponsor will report the Trust’s income, gains, losses and deductions to the Internal Revenue Service (the “IRS”) on that basis. Although the Sponsor believe that the Trust is appropriately treated as a grantor trust for U.S. federal income tax purposes, there can be no assurance that the IRS will agree with such conclusion and it is possible that the IRS or another tax authority could successfully challenge such classification.

As of the date of this memorandum, the Sponsor do not intend to seek an opinion of counsel or a ruling from the IRS with respect to the classification of the Trust for U.S. federal income tax purposes or with respect to any other matter. If the IRS were to assert successfully that the Trust is not classified as a “grantor trust,” the Trust would likely be classified as a partnership for U.S. federal income tax purposes, which may affect the timing and other tax consequences to the shareholders (including, in the case of Non-U.S. shareholders, the potential obligation to make U.S. federal income tax filings), as well as the administrative costs and expenses of the Trust. If classified as a partnership, the Trust could be further classified as a “publicly traded partnership” that would be taxable as a corporation for U.S. federal income tax purposes unless it satisfied an income-based test (or certain other requirements relating to the actual trading of shares, which the Trust does not expect to satisfy). The Trust has not determined whether it could or would satisfy that test if it were classified as a publicly traded partnership. If the Trust could not satisfy the income test and were treated as a publicly traded partnership, the Trust would be taxed in the same manner as a regular corporation on its taxable income, which could substantially reduce a shareholder’s returns from the Trust. Proceeds received as distributions from the Trust or upon a sale of shares would generally be treated as amounts realized from a distribution on, or sale of, corporate share.

Notwithstanding the foregoing, the remainder of this summary assumes that the Trust is properly classified as a grantor trust for U.S. federal income tax purposes.

Taxation of U.S. Shareholders

Shareholders will be treated, for U.S. federal income tax purposes, as if they directly owned a pro rata share of the underlying assets held in the Trust, which are expected to include Bitcoin and

U.S. Treasuries. Shareholders also will be treated as if they directly received their respective pro rata shares of the Trust's income, if any, and as if they directly incurred their respective pro rata shares of the Trust's expenses. For purposes of this discussion, and unless stated otherwise, it is assumed that all of a shareholder's Shares are acquired on the same date and at the same price per share. Shareholders that hold multiple lots of Shares, or that are contemplating acquiring multiple lots of shares, should consult their own tax advisers as to the determination of the tax basis and holding period for the underlying assets related to such Shares.

On March 25, 2014, the IRS released guidance on the treatment of convertible virtual currencies (such as Bitcoin) for federal income tax purposes. The guidance classified Bitcoin as "property" that is not currency for federal income tax purposes and clarified that Bitcoin could be held as a capital asset, but it does not resolve all federal income tax considerations relating to Bitcoin. Because Bitcoin is a new technological innovation, the federal income tax treatment of Bitcoin or transaction relating to investments in Bitcoin may evolve and change from those discussed below, possibly with retroactive effect. Notably, the IRS indicated in May 2019 that it has made it a priority to issue additional guidance related to the taxation of virtual currency transactions, such as transactions involving Bitcoin, and as further discussed below, issued related guidance in October 2019. Whether any additional guidance will adversely affect the U.S. federal income tax treatment of an investment in Bitcoin or in transactions relating to investments in Bitcoin is unknown.

Although the Trust does not intend to sell Bitcoin, it will use Bitcoin to pay certain expenses of the Trust, which under current IRS guidance will be treated as a sale of such Bitcoin. If the Trust sells Bitcoin (for example to generate cash to pay fees or expenses) or is treated as selling Bitcoin (for example by using Bitcoin to pay fees or expenses), a shareholder will recognize gain or loss in an amount equal to the difference between (a) the shareholder's pro rata share of the amount realized by the Trust upon the sale and (b) the shareholder's tax basis for its pro rata share of the Bitcoin that was sold. A shareholder's tax basis for its share of any Bitcoin sold by the Trust should generally be determined by multiplying the shareholder's total basis for its share of all of the Bitcoin held in the Trust immediately prior to the sale, by a fraction the numerator of which is the amount of Bitcoin sold, and the denominator of which is the total amount of the Bitcoin held in the Trust immediately prior to the sale. After any such sale, a shareholder's tax basis for its pro rata share of the Bitcoin remaining in the Trust should be equal to its tax basis for its share of the total amount of the Bitcoin held in the Trust immediately prior to the sale, less the portion of such basis allocable to its share of the Bitcoin that was sold. In general, the same consequences as just described will apply if the Trust sells a U.S. Treasury, except that a portion of corresponding income or gain may be treated as interest income. The Trust's holding of U.S. Treasuries will give rise to interest income for shareholders based on their pro rata shares of such interest income, regardless of whether any sale of shares occurs.

Upon a shareholder's sale of some or all of its Shares, the shareholder will be treated as having sold the portion or all, respectively, of its pro rata share of the underlying assets held in the Trust at the time of the sale that is attributable to the shares sold. Accordingly, the shareholder generally will recognize gain or loss on the sale in an amount equal to the difference between (a) the amount realized pursuant to the sale of the Shares, and (b) the shareholder's tax basis for the portion of its pro rata share of the assets held in the Trust at the time of sale that is attributable to the shares sold, as determined in the manner described in the preceding paragraph (but applied to all assets of the

Trust, rather than just Bitcoin held by the Trust). Based on current IRS guidance, such gain or loss (as well as any gain or loss realized by a shareholder on account of the Trust selling assets) will generally be long- term or short-term capital gain or loss, depending upon whether the shareholder has a holding period in its pro rata share of the Bitcoin that was sold of more than one year. Notwithstanding the foregoing, a disposition of shares may also result in ordinary income to a shareholder attributable to U.S. Treasuries held by the Trust.

A redemption of some or all of a shareholder's Shares in exchange for a proportionate share of Trust assets represented by the shares redeemed generally will not be a taxable event to the shareholder. The shareholder's tax basis for assets received in the redemption generally will be the same as the shareholder's tax basis for the portion of its pro rata share of the assets held in the Trust immediately prior to the redemption that is attributable to the Shares redeemed. The shareholder's holding period with respect to the assets received should include the period during which the shareholder held the Shares redeemed. A subsequent sale of the assets received by the shareholder will be a taxable event, unless a nonrecognition provision of the Code applies to such sale.

After any sale or redemption of less than all of a shareholder's Shares, the shareholder's tax basis for its pro rata share of the assets held in the Trust immediately after such sale or redemption generally will equal its tax basis for its share of the total amount of the assets held in the Trust immediately prior to the sale or redemption, less the portion of such basis which is taken into account in determining the amount of gain or loss recognized by the shareholder upon such sale or, in the case of a redemption, that is treated as the basis of the assets received by the shareholder in the redemption.

Hard Forks and Airdrops

Under IRS guidance released in October 2019, shareholders could be treated as recognizing ordinary income upon Bitcoin experiencing a hard fork and a corresponding airdrop of new cryptocurrency or similar asset were made. The receipt of such new cryptocurrency would be taxable as of the time that the Trust were treated for U.S. federal income tax purposes as having dominion and control of such property, which time could occur before, simultaneously with, or after nominal delivery of such property to the Trust. The Trust has informed the Bitcoin Custodian that it is prospectively and irrevocably abandoning, any assets entitled to the Trust as a result of a hard fork or an airdrop and with respect to which it has not taken any other action on or prior to such date. However, the Trust may determine to undertake other actions with respect to any such assets to the extent that such undertaking would not adversely affect the Trust's classification as a grantor trust for U.S. federal income tax purposes. Further, there can be no assurance that any prospective abandonment will be effective for U.S. federal income tax purposes and prevent the Trust from recognizing income based on such a hard fork or airdrop. Further, if the Trust were treated as owning any asset other than Bitcoin (along with U.S. Treasuries or cash), it could cease to qualify as a grantor trust for U.S. federal income tax purposes. Because of the evolving nature

of digital currencies, it is not possible to predict potential future tax developments that may arise with respect to digital currencies, including forks, airdrops and other similar events.

3.8% Tax on Net Investment Income

Certain U.S. shareholders who are individuals are required to pay a 3.8% tax on the lesser of the excess of their modified adjusted gross income over a threshold amount (\$250,000 for married persons filing jointly and \$200,000 for single taxpayers) or their “net investment income,” which generally includes capital gains from the disposition of property. This tax is in addition to any capital gains taxes due on such investment income. A similar tax applies to estates and trusts. U.S. shareholders should consult their own tax advisers regarding the effect, if any, this tax may have on their investment in the Shares.

Brokerage Fees and Trust Expenses

Any brokerage or other transaction fee incurred by a shareholder in purchasing Shares will be treated as part of the shareholder’s tax basis in the underlying assets of the Trust. Similarly, any brokerage fee incurred by a shareholder in selling Shares will reduce the amount realized by the shareholder with respect to the sale.

Shareholders will be required to recognize the full amount of gain or loss upon a sale or deemed sale of Bitcoin by the Trust (as discussed above), even though some or all of the proceeds of such sale are used by the Sponsor to pay Trust expenses. Shareholders may deduct their respective pro rata shares of each expense incurred by the Trust to the same extent as if they directly incurred the expense. Shareholders who are individuals, estates or trusts, however, may be required to treat some or all of the expenses of the Trust as miscellaneous itemized deductions. An individual may not deduct miscellaneous itemized deductions for tax years beginning after December 31, 2017 and before January 1, 2026. For tax years beginning after December 31, 2025, individuals may deduct certain miscellaneous itemized deductions only to the extent they exceed in the aggregate 2% of the individual’s adjusted gross income. Similar rules apply to certain miscellaneous itemized deductions of estates and trusts. In addition, such deductions may be subject to phase outs and other limitations under applicable provisions of the Code.

Other Limitations on the Deductibility of Losses and Expenses

In addition to the foregoing limitations on the deductibility of miscellaneous itemized deductions, a shareholder may be unable to offset income from the Trust with deductions or losses from other sources (or, conversely, to offset income or gain from other sources with losses or expenses from the Trust) because of a number of other U.S. federal income tax rules. In particular, each of the “passive activity,” “at risk,” and (for taxable years beginning after 2020 and before 2026) “excess business loss” rules may impose substantial restrictions on noncorporate U.S. shareholders and certain closely held corporate U.S. shareholders.

Investment by Certain Retirement Plans

Individual retirement accounts (“IRAs”) and participant-directed accounts under tax-qualified retirement plans are limited in the types of investments they may make under the Code. Potential

purchasers of shares that are IRAs or participant-directed accounts under a Code section 401(a) plan should consult with their own tax advisors as to the tax consequences of a purchase of shares.

Taxation of Non-U.S. Shareholders

A Non-U.S. Shareholder generally should not be subject to U.S. federal income tax or withholding with respect to gain recognized upon the sale or other disposition of Shares, or upon the sale of Bitcoin by the Trust. Similarly, interest and gains attributable to U.S. Treasuries held or disposed of by the Trust similarly should not be subject to U.S. federal income tax or withholding. Finally, a Non-U.S. Shareholder is not anticipated to become obligated to file U.S. federal income tax returns solely as a result of holding Shares. Notwithstanding the foregoing, such U.S. federal income tax filing and payment obligations, in addition to U.S. federal income tax withholding, may apply if (1) the Non-U.S. Shareholder is an individual and is present in the United States for 183 days or more during the taxable year of the applicable income or gain; or (2) the gain is effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business in the United States and certain other conditions are met

United States Information Reporting and Backup Withholding

The Sponsor will file certain information returns with the IRS, and provide certain tax-related information to shareholders, in connection with the Trust. To the extent required by applicable regulations, each shareholder will be provided with information regarding its allocable portion of the Trust's annual income, expenses, gains and losses (if any). A U.S. shareholder may be subject to United States backup withholding tax, at a rate of 24%, in certain circumstances unless it provides its taxpayer identification number and complies with certain certification procedures. Non-U.S. shareholders may have to comply with certification procedures to establish that they are not a United States person, and some Non-U.S. shareholders may be required to meet certain information reporting or certification requirements imposed by the Foreign Account Tax Compliance Act, in order to avoid certain information reporting and withholding tax requirements.

The amount of any backup withholding will be allowed as a credit against a shareholder's U.S. federal income tax liability and may entitle the shareholder to a refund, provided that the required information is furnished to the IRS in a timely manner.

Taxation in Jurisdictions Other Than the United States

Prospective purchasers of Shares that are based in or acting out of a jurisdiction other than the United States are advised to consult their own tax advisers as to the tax consequences under the laws of such jurisdiction (or any other jurisdiction other than the United States to which they are subject) of their purchase, holding, sale and redemption of or any other dealing in Shares and, in particular, as to whether any value added tax, other consumption tax or transfer tax is payable in relation to such purchase, holding, sale, redemption or other dealing.

PROSPECTIVE SHAREHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISERS BEFORE DECIDING WHETHER TO INVEST IN THE SHARES OF THE TRUST. Important Notices

Unregistered Shares; No Public Market

The offer and sale of the Shares have not been registered with or approved or disapproved by the Securities and Exchange Commission (the “SEC”) or the securities commission or regulatory authority of any state or foreign jurisdiction, nor has the SEC or any such state or foreign securities commission or regulatory authority passed upon the accuracy or adequacy of this disclosure statement. Any representation to the contrary is a criminal offense.

There is no public market for the Shares. In addition, while we may seek the quotation of the Shares on OTC markets, there can be no guarantee that we will be successful or that the Shares will remain eligible for quotation on OTC markets. As a result, there may not be a market for the Shares in the future.

In addition, the Shares will be subject to substantial restrictions on transfer and resale. The Shares may not be sold or transferred (i) except as permitted under the Trust Agreement and (ii) unless they are registered under the Securities Act and under any other applicable securities laws or an exemption from such registration thereunder is available. See “*Trust Activities—Transfers of Shares*” for additional information. The Trust Agreement provides that this prohibition will be removed for all Shares that are held of record by the Depository Trust and Clearing Corporation or its nominee.

Risk Considerations to an Investment in The Trust

The Shares are speculative and involve a significant degree of risk. Investment in the Trust is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risks and limited liquidity inherent in the Shares. There can be no assurance that the Trust will be successful or that losses will not be incurred by the Trust. Each Investor must have the ability to bear the risk of loss of his, her or its entire investment. Investors in the Trust must be prepared to bear such risks for an extended period of time. No assurance can be given that the Trust’s investment objectives will be achieved or that investors will receive a return of their capital. **Please refer to the more specific information contained herein, particularly *Section IV: Risk Factors and Potential Conflicts of Interest*.**

Engage Own Advisors

In making an investment decision, investors must rely on their own examination of the Trust and the Trust Agreement, including the merits and risks involved. Investors should not construe the contents of this disclosure statement as legal, tax, investment or accounting advice, and Investors are urged to consult with their own advisors with respect to the legal, tax, regulatory, financial, accounting and other consequences of their investment in the Trust.

By accepting delivery of this disclosure statement, Investors recognize and accept the need to conduct their own thorough investigation, including consulting their own legal and tax advisors, and to exercise their own due diligence before considering an investment in the Trust. This

disclosure statement and related documents, as well as the nature of the investments, should be reviewed by each Investor's investment advisor, accountant and/or legal counsel.

Each Investor and his, her or its agents are invited to meet with representatives of the Trust and to discuss with, ask questions of, and receive answers from, such representatives concerning the terms and conditions of the offering of Shares, and to obtain any additional information, necessary to verify the information contained herein, to the extent that such representatives possess such information or can acquire it without unreasonable effort or expense. Investors should not invest in the Trust unless they are satisfied that they or their representatives have asked for and received all information that would enable them to evaluate the merits and risks of the investment.

Modification of Offering Terms

The Trust, the Sponsor, and their respective affiliates reserve the right to modify any of the terms of the offering and the Shares described herein'.

Statements in this disclosure statement are made as of the date hereof (and with respect to historical investment performance, as of the specified date) unless stated otherwise and neither the delivery of this disclosure statement at any time, nor any sale hereunder, will under any circumstances create an implication that the information contained herein is correct, complete or timely as of any time subsequent to its date. No person has been authorized to give any information or to make any representation other than those contained in this disclosure statement, and, if given or made, such information or representations should not be relied upon as having been authorized by the Sponsor. Except as required by law, the Sponsor is under no obligation to update this disclosure statement.

Summaries of Documents

This disclosure statement contains summaries of certain terms of the Trust Agreement and certain other documents referred to herein. These summaries do not purport to be complete, and they are subject to and qualified in their entirety by reference to the Trust Agreement and such other documents, copies of which will be provided to each Investor and which should be reviewed for complete information concerning the rights, privileges and obligations of investors in the Trust. If the descriptions in or terms of this disclosure statement are inconsistent with or contrary to the descriptions in or terms of the Trust Agreement or such other documents, the Trust Agreement and such other documents will control.

Forward-Looking Statements

This disclosure statement includes forward-looking statements. All statements other than statements of historical information provided herein are forward-looking and may contain information about financial results, economic conditions, trends and known uncertainties. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans, intentions or unrealized investment results.

These statements involve risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this disclosure statement, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. Forward-looking statements in this disclosure statement include, but are not limited to, statements about our quotation of the Shares on OTC markets; our expectations regarding regulatory developments affecting the Trust; our future financial performance; and the performance of the Index.

Such forward-looking statements are subject to numerous risks and are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and may not be realized. The Sponsor cautions the reader that actual results could differ materially from those expected by the Sponsor depending on the outcome of certain factors, including without limitation, changes in the U.S. economy, changes in the regulation of cryptocurrencies, and other important factors described in this disclosure statement under the caption “*Risk Factors and Conflicts of Interest.*” Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Industry experts may disagree with such analyses, forecasts and targets, the estimations and assumptions used in preparing the analyses, forecasts and targets or the Trust’s, or Sponsor’s view or understanding of current or future events. No assurance, representation or warranty is made by any person that any of such analyses, forecasts and targets will be achieved and no investor should rely on such analyses, forecasts and targets. None of the Trust, the Sponsor or any of their affiliates or any of their respective directors, managers, officers, employees, partners, shareholders, advisors or agents makes any assurance, representation or warranty as to the accuracy of any of such analyses, forecasts and targets. Nothing contained in this document may be relied upon as a guarantee, promise, assurance or a representation as to the future. The Sponsor undertakes no obligation to release the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof, including without limitation, changes in the Trust’s business strategy or planned expenditures, or to reflect the occurrence of unanticipated events.

Legal Counsel to The Trust and The Sponsor

By accepting this disclosure statement, each Investor acknowledges and gives its informed consent that in connection with the formation of the Trust and the issuance of the Shares: (i) Morrison Foerster represents the Sponsor and the Trust; (ii) Morrison Foerster does not represent any Investor in the Trust and owes no duties to any Investor; and (iii) the investor waives any actual or potential conflict arising with respect to the foregoing.

Electronic Delivery of Information and Reports

Each Investor will consent to the electronic delivery (including via email and through PDF file format) of information, including, without limitation, any information required to be delivered pursuant to applicable securities laws. In addition, each Investor will (i) consent to the electronic delivery of reports, including without limitation, any applicable tax information or reports, (ii) agree that such reports may be delivered by the Trust making them available for viewing,

downloading and/or saving on an Internet website or portal, and (iii) agree to monitor that website on a regular basis in order to ensure timely receipt of such information.

Jurisdictional Offering Legends

The distribution of this disclosure statement and the offer and sale of the Shares in certain jurisdictions may be restricted by law. This disclosure statement does not constitute an offer to sell or the solicitation of an offer to buy in any state or other U.S. or non-U.S. jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such state or jurisdiction. It is the responsibility of Investors to satisfy themselves as to the full compliance of the applicable laws and regulations of any relevant territory, including obtaining any governmental or other consent and observing any other formality prescribed in such territory. The Shares may not be offered or sold, directly or indirectly, and this disclosure statement may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of the Shares, and any foreign exchange restrictions that may be relevant thereto. This offering does not constitute an offer of the Shares to the public, and no action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose.

As used in this disclosure statement, “\$” or “dollars” means U.S. dollars.

Notice to Residents of Florida

The Shares have not been registered under the Florida Securities Act. If sales are made to five or more investors in Florida, any Florida investor may, at his or her option, void any purchase hereunder within a period of three days after he or she (a) first tenders or pays to the Trust, an agent of the Trust, or an escrow agent the consideration required hereunder or (b) delivers his or her executed subscription agreement, whichever occurs later. To accomplish this, it is sufficient for a Florida investor to send a letter or telegram to the Trust within such three day period, stating that he or she is voiding and rescinding the purchase. If any investor sends a letter, it is prudent to do so by certified mail, return receipt requested, to ensure that the letter is received and to evidence the time of mailing.

Notice to Residents of Georgia

These securities may not be sold or transferred except in a transaction that is exempt under such act or pursuant to an effective registration under the Georgia Securities Act.

Notice to Residents of New Hampshire

Neither the fact that a registration statement or an application for a license has been filed with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the New Hampshire Secretary of State that any document filed under New Hampshire RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the New Hampshire Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or

transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

Notice to Residents in Other States in The United States

In making an investment decision, investors must rely on their own examination of the Trust and the terms of the offering, including the merits and risks involved. The Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this disclosure statement. Any representation to the contrary is a criminal offense.

The Shares are subject to substantial restrictions on transferability and resale and may not be transferred or resold except as permitted under the Trust Agreement and the Securities Act and the applicable state securities laws, or pursuant to registration or exemption therefrom. See “*Transfer of Shares*” for additional information. Investors should be aware that they may be required to bear the financial risks of their investment for an indefinite period of time.

Notice to Non-U.S. Residents

The distribution of this disclosure statement and the offer and sale of the Shares in certain jurisdictions outside the United States may be restricted by law. This disclosure statement does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Prospective Non-U.S. investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of the Shares, and any foreign exchange restrictions that may be relevant thereto.

ANNEX A

Trust Agreement

**FIRST AMENDED AND RESTATED
DECLARATION OF TRUST
AND
TRUST AGREEMENT
OF
ARCA ACCREDITED INVESTOR BITCOIN TRUST
Dated as of February 18, 2021**

By and Among

ARCA INVESTMENT MANAGEMENT, LLC

DELAWARE TRUST COMPANY

and

**THE SHAREHOLDERS
FROM TIME TO TIME HEREUNDER**

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This FIRST AMENDED **DECLARATION OF TRUST AND TRUST AGREEMENT** of **ARCA ACCREDITED INVESTOR BITCOIN TRUST** is made and entered into as of the 18th day of February, 2021, by and among **ARCA INVESTMENT MANAGEMENT, LLC**, a Delaware limited liability company (the “**Sponsor**”), **DELAWARE TRUST COMPANY**, a Delaware corporation, as trustee, and the **SHAREHOLDERS** from time to time hereunder.

RECITALS

WHEREAS, the Sponsor and the Trustee entered into the Declaration of Trust and Trust Agreement dated as of January 6, 2021 (the “**Existing Agreement**”); and

WHEREAS, the Sponsor and the Trustee wish to amend the Existing Agreement pursuant to Section 8 thereof, with such amendment to be effective as of the date hereof;

NOW, THEREFORE, pursuant to Section 8 of the Existing Agreement, the Trustee and the Sponsor hereby amend and restate the Existing Agreement in its entirety as set forth below.

ARTICLE I

DEFINITIONS; THE TRUST

SECTION 1.1 *Definitions.*

As used in this Trust Agreement, the following terms shall have the following meanings unless the context otherwise requires:

“**Actual Exchange Rate**” means, with respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Trust is able to sell such asset for U.S. Dollars (or other applicable fiat currency) at such time to enable the payment of certain expenses and Trust-paid Expenses.

“**Administrator**” means UMB Fund Services or any other Person from time to time engaged by the Sponsor to assist in the administration of the Shares.

“**Administrator Fee**” means the fee payable to the Administrator for services it provides to the Trust, which the Trust shall pay the Administrator as a Trust-paid Expense.

“**Affiliate**” means (i) any Person directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of such Person, (ii) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by such Person, (iii) any Person, directly or indirectly, controlling, controlled by or under common control of such Person, (iv) any employee, officer, director, member, manager or partner of such Person, or (v) if such Person is an employee, officer, director, member, manager or partner, any Person for which such Person acts in any such capacity.

“Annual Report” means the annual report of the Trust, including, but not limited to, annual audited financial statements (including a statement of income and statement of financial condition), prepared in accordance with GAAP and accompanied by a report of the independent registered public accounting firm that audited such statements.

“Bitcoin Custodian” means Fidelity Digital Asset Services, LLC or any other Person from time to time engaged to provide Bitcoin custodian services or related services to the Trust pursuant to authority delegated by the Sponsor.

“Buy Order” has the meaning assigned thereto in Section 3.2(a)(ii).

“Cash Custodian” means UMB Bank, N.A. or any other Person from time to time engaged to provide cash custodian services or related services to the Trust pursuant to authority delegated by the Sponsor.

“Certificate of Trust” means the Certificate of Trust of the Trust, including all amendments thereto, in the form attached hereto as Exhibit A, filed with the Secretary of State of the State of Delaware pursuant to Section 3810 of the Delaware Trust Statute.

“CFTC” means the Commodity Futures Trading Commission.

“Code” means the Internal Revenue Code of 1986, as amended.

“Corporate Trust Office” means the principal office at which at any particular time the corporate trust business of the Trustee is administered, which office at the date hereof is located at 251 Little Falls Drive, Wilmington, DE 19808.

“Covered Person” means the Sponsor and its Affiliates and their respective members, managers, directors, officers, employees, agents and controlling persons.

“Custodian” means the Cash Custodian and Bitcoin Custodian.

“Custodian Fee” means the fee payable to each Custodian for the services it provides to the Trust, which the Trust shall pay to each Custodian as a Trust-paid Expense.

“Cycle Deposit Period Cut-off Time” has the meaning set forth in Section 3.2(a)(i).

“Delaware Trust Statute” means the Delaware Statutory Trust Act, Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. § 3801 et seq., as the same may be amended from time-to-time.

“Distribution Amount” has the meaning assigned thereto in Section 5.1(a)(ii).

“Distribution Order” has the meaning assigned thereto in Section 5.1(a)(i).

“Distribution Order Cut-off Time” has the meaning assigned thereto in Section 5.1(a)(i).

“Distributor” means the Sponsor or any other Person from time to time engaged to provide distribution services or related services to the Trust pursuant to authority delegated by the Sponsor.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Event of Withdrawal” has the meaning set forth in Section 12.1(a)(vi) hereof.

“Execution Period” has the meaning set forth in Section 3.2(a)(i).

“Expenses” has the meaning set forth in Section 2.4.

“FinCEN” means the Financial Crimes Enforcement Network, a bureau of the U.S. Department of Treasury.

“Fiscal Year” has the meaning set forth in Article IX hereof.

“GAAP” means U.S. generally accepted accounting principles.

“Indemnified Persons” has the meaning assigned to such term in Section 2.4(a).

“IRS” means the U.S. Internal Revenue Service or any successor thereto.

“Limited Owner” means any Shareholder other than the Sponsor.

“Liquidating Trustee” has the meaning assigned thereto in Section 12.2.

“Management Fee” has the meaning set forth in Section 6.8(a)(i).

“Management Fee Exchange Rate” has the meaning set forth in Section 6.8(a)(ii).

“NAV” has the meaning set forth in Section 8.4.

“Order” has the meaning set forth in Section 3.2(a).

“Order Deposit Amount” has the meaning set forth in Section 3.2(a)(ii).

“Order Execution Confirmation” has the meaning set forth in Section 3.2(a)(iv).

“Order Reception Period” has the meaning set forth in Section 3.2(a)(i).

“Percentage Interest” shall be a fraction, the numerator of which is the number of any Shareholder’s Shares and the denominator of which is the total number of Shares of the Trust outstanding as of the date of determination.

“Permitted Transfer” is a transfer of Shares with the consent of the Sponsor.

“Person” means any natural person and any partnership, limited liability company, statutory trust, corporation, association, or other legal entity.

“PPM” means the Confidential Private Placement Memorandum dated January 2021.

“Purchased Share Quantity” has the meaning set forth in Section 3.2(a)(iv).

“SEC” means the Securities and Exchange Commission.

“Shareholder” means any Person that owns at least one Share.

“Shareholder Self-Administered Digital Asset Wallet” means with respect to any Shareholder, a digital asset wallet for which such Shareholder has the keys to execute transactions and is the sole beneficiary.

“Shares” means the common units of fractional undivided beneficial interest in the profits, losses, distributions, capital and assets of, and ownership of, the Trust. Shares may be owned by the Sponsor or a Limited Owner.

“Sponsor” means Arca Investment Management, LLC or any substitute therefor as provided herein, or any successor thereto by merger or operation of law.

“Subscription Agreement” means an agreement among the Trust, the Sponsor and a Beneficial Owner, substantially in the form of Exhibit B hereto, as it may be amended or supplemented from time to time in accordance with its terms.

“Subscription Cycle” has the meaning set forth in Section 3.2(a).

“Subscription Cycle Cut-off Time” has the meaning set forth in Section 3.2(a)(i).

“Subscription Cycle Opening Time” has the meaning set forth in Section 3.2(a)(i).

“Subscription Type” has the meaning set forth in Section 3.2(a)(ii).

“Trading Day” means each trading day of the New York Stock Exchange.

“Treasury Regulations” means regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

“Trust” means Arca Accredited Investor Bitcoin Trust, a Delaware statutory trust formed pursuant to the Certificate of Trust, the business and affairs of which are governed by this Trust Agreement.

“Trust Agreement” means this First Amended and Restated Declaration of Trust and Trust Agreement, as it may at any time or from time-to-time be amended.

“Trust Estate” means the all the digital assets and all proceeds from the sale of digital assets pending use of such cash for payment of Trust-paid Expenses or distribution to the Shareholders, as well as any rights of the Trust pursuant to any agreements, other than this Trust Agreement, to which the Trust is a party.

“**Trustee**” means Delaware Trust Company, its successors and assigns, or any substitute therefor as provided herein, acting not in its individual capacity but solely as trustee of the Trust.

“**Trust-paid Expense**” and “**Trust-paid Expenses**” have the meaning set forth in Section 6.8(b)(i).

“**U.S. Dollar**” means United States dollars.

SECTION 1.2 *Name.*

The name of the Trust is “Arca Accredited Investor Bitcoin Trust” in which name the Trustee and the Sponsor cause the Trust to carry out its purposes as set forth in Section 1.5, make and execute contracts and other instruments in the name and on behalf of the Trust and sue and be sued in the name and on behalf of the Trust.

SECTION 1.3 *Delaware Trustee; Offices.*

(a) The sole Trustee of the Trust is Delaware Trust Company, which is located at the Corporate Trust Office or at such other address in the State of Delaware as the Trustee may designate in writing to the Shareholders. The Trustee shall receive service of process on the Trust in the State of Delaware at the foregoing address.

(b) The principal office of the Trust, and such additional offices as the Sponsor may establish, shall be located at such place or places inside or outside the State of Delaware as the Sponsor may designate from time to time in writing to the Trustee and the Shareholders. Initially, the principal office of the Trust shall be at c/o Arca Investment Management, LLC, 4151 Redwood Avenue, Suite 206, Los Angeles, CA 90066.

SECTION 1.4 *Declaration of Trust.*

The Trust Estate shall be held in trust for the Shareholders. It is the intention of the parties hereto that the Trust shall be a statutory trust, under the Delaware Trust Statute and that this Trust Agreement shall constitute the governing instrument of the Trust. It is not the intention of the parties hereto to create a general partnership, limited partnership, limited liability company, joint stock association, corporation, bailment or any form of legal relationship other than a Delaware statutory trust that is treated as a grantor trust for U.S. federal income tax purposes and for purposes of applicable state and local tax laws. Nothing in this Trust Agreement shall be construed to make the Shareholders partners or members of a joint stock association. Effective as of the date hereof, the Trustee and the Sponsor shall have all of the rights, powers and duties set forth herein and in the Delaware Trust Statute with respect to accomplishing the purposes of the Trust. The Trustee has filed the certificate of trust required by Section 3810 of the Delaware Trust Statute in connection with the formation of the Trust under the Delaware Trust Statute.

SECTION 1.5 *Purposes and Powers.*

The purposes of the Trust shall be to accept subscriptions for Shares in digital assets or U.S. Dollars in accordance with Article III hereof, to distribute Bitcoin or U.S. Dollars upon redemptions of Shares in accordance with Article VI hereof, and to enter into any lawful transaction and engage in any lawful activities in furtherance of or incidental to the foregoing. The Trust shall not engage in any business activity and shall not acquire or own any assets other than digital assets, U.S. treasury securities, or cash from the sale of digital assets pending use of such cash for payment distribution to the Shareholders, as provided in this Trust Agreement, or take any of the actions set forth in Section 6.4. The Trust shall conduct no business other than as specifically set forth in this Section 1.5. The Trust shall have all of the powers specified in Section 3.1 hereof as powers that may be exercised by a Sponsor on behalf of the Trust under this Trust Agreement. Notwithstanding the foregoing, the Trust shall not take any action that could cause the Trust to be treated other than as a grantor trust for U.S. federal income tax purposes. Without limiting the generality of the foregoing, nothing in this Trust Agreement (including, for the avoidance of doubt, the preceding sentences in this Section) shall be construed to give the Trustee or the Sponsor, or any agent of the foregoing or the Trust (including any manager of the Trust) the power to vary the investment of the Shareholders within the meaning of Section 301.7701-4(c) or similar provisions of the Treasury Regulations, nor shall the Trustee, the Sponsor, or any agent of the foregoing or the Trust (including any manager of the Trust) take any action that would vary the investment of the Shareholders.

SECTION 1.6 *Tax Treatment.*

Each of the parties hereto, by entering into this Trust Agreement, (i) expresses its intention that the Shares will qualify under applicable tax law as interests in a grantor trust which holds the Trust Estate, (ii) agrees that it will file its own U.S. federal, state and local income, franchise and other tax returns in a manner that is consistent with clause (i) of this Section 1.6 and with the classification of the Trust as a grantor trust, and (iii) agrees to use reasonable efforts to notify the Sponsor promptly upon a receipt of any notice from any taxing authority having jurisdiction over such holders of Shares with respect to the treatment of the Shares as anything other than interests in a grantor trust.

SECTION 1.7 *Legal Title.*

Legal title to all of the Trust Estate shall be vested in the Trust as a separate legal entity; provided, however, that if applicable law in any jurisdiction requires legal title to any portion of the Trust Estate to be vested otherwise, the Sponsor may cause legal title to such portion of the Trust Estate to be held by or in the name of the Sponsor or any other Person (other than a Shareholder or the Trustee) as nominee.

ARTICLE II

THE TRUSTEE

SECTION 2.1 *Term; Resignation; Removal.*

(a) Delaware Trust Company has been appointed and hereby agrees to serve as the Trustee of the Trust. The Trust shall have only one Trustee unless otherwise determined by the Sponsor. The Trustee shall serve until such time as the Trust is terminated or if the Sponsor removes the Trustee or the Trustee resigns. The Trustee is appointed to serve as the trustee of the Trust in the State of Delaware and shall at all times satisfy the requirements of Section 3807(a) of the Delaware Trust Statute and be authorized to exercise corporate trust powers under the laws of Delaware, having a combined capital, surplus and undivided profits of at least \$50,000,000 and subject to supervision or examination by federal or state authorities. If the Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Article II the combined capital, surplus and undivided profits of the Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible to serve as trustee of the Trust in accordance with the provisions of this Section 2.1, the Trustee shall resign promptly in the manner and with the effect specified in this Article II. The Trustee may have normal banking and trust relationships with the Sponsor and their respective affiliates; provided that none of (i) the Sponsor, (ii) any Person involved in the organization or operation of the Sponsor or the Trust or (iii) any affiliate of any of them may be the Trustee hereunder. The Trust shall have at least one trustee with a principal place of business in Delaware. It is understood and agreed by the parties hereto that the Trustee shall have none of the duties or liabilities of the Sponsor and shall have no obligation to supervise or monitor the Sponsor or otherwise manage the Trust.

(b) The Trustee is permitted to resign upon at least thirty (30) days' notice to the Sponsor upon which date such resignation shall be effective.

(c) If at any time the Trustee shall cease to be eligible to serve as trustee of the Trust in accordance with the provisions of this Trust Agreement, or if at any time the Trustee shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Sponsor may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, which instrument shall be delivered to the Trustee so removed and the successor trustee. The Sponsor may at any time, upon sixty (60) days' prior notice to the Trustee, remove the Trustee and appoint a successor trustee by written instrument or instruments, in triplicate, signed by the Sponsor or its attorney-in-fact duly authorized, one complete set of which instruments shall be delivered to the Trustee so removed and one complete set to the successor so appointed.

SECTION 2.2 *Powers.*

Except to the extent expressly set forth in Section 1.3 and this Article, the duty and authority to manage the affairs of the Trust is vested in the Sponsor, which duty and authority the Sponsor may further delegate as provided herein, all pursuant to Section 3806(b)(7) of the Delaware Trust Statute. The duties of the Trustee shall be limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) the execution of any certificates required to be filed with the Secretary of State of the State of Delaware which the Trustee is required to execute under Section 3811 of the Delaware Trust Statute. The Trustee shall provide prompt notice to the Sponsor of its performance of any of the foregoing. The Sponsor shall reasonably

keep the Trustee informed of any actions taken by the Sponsor with respect to the Trust that would reasonably be expected to affect the rights, obligations or liabilities of the Trustee hereunder or under the Delaware Trust Statute. The Sponsor agrees not to instruct the Trustee to take any action that is contrary to the terms of this Trust Agreement or of any document contemplated hereby to which the Trust or the Trustee is or becomes party or is otherwise contrary to law.

SECTION 2.3 *Compensation and Expenses of the Trustee.*¹

The Trustee shall be entitled to receive from the Trust or the Sponsor, as a Trust-paid Expense, reasonable compensation for its services hereunder as set forth in a separate fee agreement and shall be entitled to be reimbursed by the Trust for reasonable out-of-pocket expenses incurred by it in the performance of its duties hereunder, including without limitation, the reasonable compensation, out-of-pocket expenses and disbursements of counsel, any experts and such other agents as the Trustee may employ in connection with the exercise and performance of its rights and duties hereunder (together, the “**Trust Expenses**”).

SECTION 2.4 *Indemnification.*²

(a) The Trust hereby agrees to be primary obligor and shall indemnify, defend and hold harmless the Trustee and any of the officers, directors, employees and agents of the Trustee (the “**Indemnified Persons**”) from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel and fees and expenses incurred in connection with enforcement of its indemnification rights hereunder), taxes and penalties of any kind and nature whatsoever (collectively, “**Expenses**”), to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Indemnified Persons with respect to the performance of this Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated hereby; provided, however, that the Trust shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of an Indemnified Person. If the Trust shall have insufficient assets or improperly refuses to pay an Indemnified Person within sixty (60) days of a request for payment owed hereunder, the Member shall, as secondary obligor, compensate or reimburse the Trustee or indemnify, defend and hold harmless an Indemnified Person as if it were the primary obligor hereunder; provided, however, that the Member shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of an Indemnified Person. To the fullest extent permitted by law and by the requirement for treatment of the Trust as a grantor trust for tax purposes, Expenses to be incurred by an Indemnified Person shall, from time to time, be advanced by, or on behalf of, the Member prior to the final disposition of any matter upon written request therefor and receipt by the Member of an undertaking by, or on behalf of, such Indemnified Person to repay such amounts in full if it shall be determined that the Indemnified

¹ NTD – Whether the Sponsor is responsible for the Trustee’s fees/expenses is a business point, but Delaware Trust Company always asks for this in their agreements.

² NTD – Given the de minimis role of the Trustee, it is common for the Trust to indemnify the Trustee as in this section.

Person is not entitled to be indemnified under this Trust Agreement and such undertaking is reasonably sufficient to the Member. In the event any such action, investigation or proceeding is brought involving an Indemnified Person, the Member may assume the defense thereof, including the employment of counsel, provided that such counsel shall be reasonably acceptable to the Indemnified Person. Such Indemnified Person shall have a right to independent counsel in such case where Indemnified Person reasonably determines that the interests of the Member and that of the Indemnified Person have diverged.

(b) As security for any amounts owing to the Trustee hereunder, the Trustee shall have a lien against the Trust property, which lien shall be prior to the rights of the Sponsor or any other Shareholder. The obligations of the Member and the Trust to indemnify the Indemnified Persons under this Section 2 shall survive the termination of this Trust Agreement.

SECTION 2.5 *Successor Trustee.*

Upon the resignation or removal of the Trustee, the Sponsor shall appoint a successor Trustee within 60 days by delivering a written instrument to the outgoing Trustee. Any successor Trustee must satisfy the requirements of Section 3807 of the Delaware Trust Statute. The successor Trustee shall become fully vested with all of the rights, powers, duties and obligations of the outgoing Trustee under this Trust Agreement, with like effect as if originally named as Trustee, and the outgoing Trustee shall be discharged of its duties and obligations under this Trust Agreement. If a successor trustee shall not have been appointed within 60 days after giving of such notice, the Trustee or any of the Shareholders may apply to any court of competent jurisdiction in the United States to appoint a successor trustee to act until such time, if any, as a successor shall have been appointed as provided above. Any successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as provided above within one year from the date of the appointment by such court. Any successor, however appointed, shall execute and deliver to its predecessor trustee an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor trustee in the trusts hereunder with like effect as if originally named a Trustee herein; but upon the written request of such successor, such predecessor shall execute and deliver an instrument transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, duties and trusts of such predecessor, and such predecessor shall duly assign, transfer, deliver and pay over to such successor all monies or other property then held by such predecessor upon the trusts herein expressed. Any right of the Shareholders against a predecessor trustee in its individual capacity shall survive the resignation or removal of such predecessor, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement and/or restatement of this Trust Agreement. Any successor trustee, however appointed, shall be bank or trust company satisfying the requirements of Section 3807(a) of the Delaware Trust Statute. Any business entity into which the Trustee may be merged, divided or converted or with which it may be consolidated, or any entity resulting from any merger, division, conversion or consolidation to which the Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, to the fullest extent permitted by law without the execution or filing of any paper or any further act on the part of any of the parties hereto.

SECTION 2.6 *Liability of Trustee.*

Except as otherwise provided in this Article II, in accepting the trust created hereby, Delaware Trust Company acts solely as Trustee hereunder and not in its individual capacity, and all Persons having any claim against Delaware Trust Company by reason of the transactions contemplated by this Trust Agreement and any other agreement to which the Trust is a party shall look only to the Trust Estate for payment or satisfaction thereof. The Trustee shall not be liable or accountable hereunder to the Trust or to any other Person or under any other agreement to which the Trust is a party, except for the Trustee's own fraud, gross negligence, bad faith or willful misconduct. In particular, but not by way of limitation:

- (a) The Trustee shall have no liability or responsibility for the validity or sufficiency of this Trust Agreement or for the form, character, genuineness, sufficiency, enforceability, collectability, location, existence, value or validity of the Trust Estate;
- (b) The Trustee has not prepared or verified, and shall not be responsible or liable for, any information, disclosure or other statement in the PPM or in any other document issued or delivered in connection with the sale or transfer of the Shares;
- (c) The Trustee shall not be liable for any actions taken or omitted to be taken by it in accordance with the instructions of the Sponsor or the Liquidating Trustee;
- (d) The Trustee shall not have any liability for the acts or omissions of the Sponsor, the Custodian or their respective delegates;
- (e) The Trustee shall have no duty or obligation to monitor or supervise the performance of any obligations of the Sponsor, or the Custodian or their respective delegates or any other Person;
- (f) No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its rights or powers hereunder;
- (g) Under no circumstances shall the Trustee be liable for any obligations, representations, warranties, covenants or indebtedness of the Trust arising under this Trust Agreement or any other agreements to which the Trust is a party;
- (h) The Trustee shall be authorized but not obligated to take the actions of the Trust under this Agreement and the related documents and shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement, or to institute, conduct or defend any litigation under this Trust Agreement or any other agreements to which the Trust is a party, at the request, order or direction of the Sponsor unless the Sponsor has offered to the Trustee (in its capacity as Trustee and individually) security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred by Delaware Trust Company (including, without limitation, the reasonable fees and expenses of its counsel) therein or thereby;

(i) Notwithstanding anything contained herein to the contrary, the Trustee shall not be required to take any action in any jurisdiction other than in the State of Delaware if the taking of such action will (i) require the consent or approval or authorization or order of, or the giving of notice to, or the registration with or taking of any action in respect of, any state or other governmental authority or agency of any jurisdiction other than the State of Delaware, (ii) result in any fee, tax or other governmental charge becoming payable by the Trustee under the laws of any jurisdiction or any political subdivision thereof other than the State of Delaware or (iii) subject the Trustee to personal jurisdiction, other than in the State of Delaware, for causes of action arising from personal acts unrelated to the consummation of the actions of the Trustee contemplated by this Trust Agreement;

(j) To the extent that, at law or in equity, the Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust, the Shareholders or any other Person, the Trustee, acting under this Trust Agreement, shall not be liable to the Trust, the Shareholders or any other Person for its good faith reliance on the provisions of this Trust Agreement, and the provisions of this Trust Agreement, to the extent that they restrict or eliminate the duties and liabilities of the Trustee otherwise existing at law or in equity are agreed by the parties hereto to replace such other duties and liabilities of the Trustee; and

(k) The Trustee shall not be liable for special, punitive, exemplary, consequential or similar damages for a breach of the Trust Agreement under any circumstances, including but without limitation, lost profits.

(l) If the Trustee is unsure of the application of any provision of this Agreement or any related agreement, then the Trustee may promptly deliver a notice to the Sponsor requesting written instructions as to the course of action desired by the Sponsor, and if the Trustee does not receive such instructions within ten Business Days after it has delivered such notice, or such shorter period of time set forth in such notice, it may, but shall be under no duty to, take or refrain from taking such action not inconsistent with this Agreement;

(m) The Trustee shall not be required to take any action if the Trustee shall reasonably determine, or shall have been advised by counsel, that such action is likely to result in personal liability, or is contrary to the terms hereof or of any document contemplated hereby to which the Trustee is a party or otherwise contrary to law;

(n) The Trustee shall have no duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Trust Estate, to prepare or file any document or report (including any securities or tax filings or reports, any financing or continuation statement, qualification to do business, licensing, commission filing or other filing for the Trust), or to otherwise perfect or maintain the perfection of any security interest or lien, or otherwise to take or refrain from taking any action under or in connection with this Agreement except as expressly required by the terms of this Agreement, and the right of the Trustee to perform any discretionary act enumerated in this Agreement or in any related document shall not be construed as a duty, and no implied duties (including fiduciary duties) or obligations shall be read into this Agreement or any related agreement against the Trustee;

(o) The Trustee shall not be liable for any action taken, or error of judgment made, in good faith by any officer or employee of the Trustee;

(p) In no event shall the Trustee be liable for forces beyond its control including strikes, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes, epidemics or pandemics, or acts of God and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services ; and

(r) The Trustee may earn compensation in the form of short-term interest (“float”) on items like uncashed distribution checks (from the date issued until the date cashed), funds that the Trustee is directed not to invest and deposits awaiting investment direction or received too late to be invested overnight in previously directed investments.

SECTION 2.7 *Reliance; Advice of Counsel.*

(a) In the absence of bad faith, the Trustee may conclusively rely upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement in determining the truth of the statements and the correctness of the opinions contained therein, and shall incur no liability to anyone in acting or not acting on any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties and need not investigate any fact or matter pertaining to any such document; provided, however, that the Trustee shall have examined any certificates and opinions so as to reasonably determine compliance of such certificates and opinions with the requirements of this Trust Agreement. The Trustee may accept a certified copy of a resolution of the board of directors or other governing body of any corporate party as conclusive evidence that such resolution has been duly adopted by such body and that such resolution is in full force and effect. As to any fact or matter the method of the determination of which is not specifically prescribed in this Trust Agreement, the Trustee may for all purposes hereof rely on a certificate, signed by the president, any vice president, the treasurer or any other authorized officers of the relevant party, as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

(b) In the exercise or administration of the Trust hereunder and in the performance of its duties and obligations under this Trust Agreement, the Trustee, at the expense of the Trust (i) may act directly or through its agents, attorneys, custodians or nominees pursuant to agreements entered into with any of them, and the Trustee shall not be liable for the conduct or misconduct of such agents, attorneys, custodians or nominees if such agents, attorneys, custodians or nominees shall have been selected by the Trustee with reasonable care and (ii) may consult with counsel, accountants and other skilled professionals to be selected with reasonable care by it. The Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the opinion or advice of any such counsel, accountant or other such Persons.

SECTION 2.8 *Payments to the Trustee.*

Any amounts paid to the Trustee pursuant to this Article II shall be deemed not to be a part of the Trust Estate immediately after such payment. Any amounts owing to the Trustee under this Trust Agreement shall constitute a claim against the Trust Estate. Notwithstanding any other provision of this Trust Agreement, all payments to the Trustee, including fees, expenses and any amounts paid in connection with indemnification of the Trustee in accordance with the terms of this Trust Agreement will be payable only in U.S. Dollars.

ARTICLE III

SHARES; CAPITAL CONTRIBUTIONS; CREATIONS AND ISSUANCE OF SHARES

SECTION 3.1 *General.*

The Sponsor shall have the power and authority, without action or approval by the Limited Owners, to cause the Trust to issue Shares from time to time as it deems necessary or desirable. The number of Shares authorized shall be unlimited, and the Shares may be represented in part by fractional Shares. The Shares have no par value. The Sponsor may cause the Trust to divide or combine the Shares into a greater or lesser number without thereby changing the proportionate beneficial interests in the Trust Estate or in any way affecting the rights of the Shareholders, from time to time and without action or approval by the Limited Owners. The Trust shall issue Shares in exchange for U.S. Dollars or digital assets. All Shares when so issued shall be fully paid and non-assessable. Every Shareholder, by virtue of having purchased or otherwise acquired a Share, shall be deemed to have expressly consented and agreed to be bound by the terms of this Trust Agreement.

SECTION 3.2 *Offer of Shares; Subscription Cycle; Procedures for Creation and Issuance of Shares.*

(a) General. The following procedures shall govern the Trust with respect to the creation and issuance of Shares. Subject to the limitations upon, and requirements for, issuance of Shares stated herein, the number of Shares that may be issued by the Trust is unlimited following a daily subscription cycle (the “**Subscription Cycle**”). The Sponsor may issue procedures from time to time relating to the manner of creating or redeeming Shares of the Trust which are not related to the below procedures, and the Shareholder shall comply with such procedures of which it has been notified in accordance with this Agreement.

(i) A Subscription Cycle follows the following sequence: (I) the “**Order Reception Period**”: the period starting each Trading Day at 10:00 a.m. Eastern Time (the “**Subscription Cycle Opening Time**”) and ending the next Trading Day at 9:59 a.m. Eastern time (the “**Subscription Cycle Cut-off Time**”); and (II) the “**Execution Period**”: the period starting immediately after the Subscription Cycle Cut-off Time and lasting until all Orders have been executed.

(ii) During a Subscription Cycle, a Shareholder can place an Order to purchase Shares (the “**Buy Order**”) between the Subscription Cycle Opening Time and the Subscription Cycle Cut-off Time specifying the type of subscription

(e.g., in U.S. Dollars, in-kind, or basket) (the “**Subscription Type**”) and the total deposited amount (the “**Order Deposit Amount**”).

(iii) Following the confirmation of the Buy Order by the Sponsor or the Administrator that is in good order as determined in the sole discretion of the Sponsor or the Administrator, the Shareholder shall deposit the Order Deposit Amount of fiat currency or Bitcoin before the Subscription Cycle Cut-off Time for processing during the same Subscription Cycle. If an Order is placed before the Subscription Cycle Cut-off Time but the Order Deposit Amount is not received by the Sponsor before the Subscription Cycle Cut-off Time then the Order shall be processed during the following Subscription Cycle.

(iv) Promptly after the Subscription Cycle Cut-off Time, and after the calculation of the NAV per Share by the Sponsor or its delegate, the Sponsor shall execute the orders by calculating the number of shares issued for each Buy Order (the “**Purchased Share Quantity**”) by dividing the Order Deposit Amount by the NAV per share and rounding down to the nearest whole Share. The Sponsor will then send an execution confirmation (the “**Order Execution Confirmation**”) to the Shareholder confirming their Purchased Share Quantity. Any partial shares shall be forfeited to the Trust.

(v) After the execution of each Buy Order, the Sponsor or its delegate shall automatically register the transaction within its shareholder ledger. If a successor to a Custodian shall be employed, the Trust and the Sponsor shall establish procedures acceptable to such successor with respect to the matters addressed in this Section 3.2.

(b) Rejection. The Sponsor or its delegate shall have the absolute right to reject an Order, and, if rejected, all funds will be returned to Persons without interest and without deduction for any expenses within 5 business days from the date the Order is rejected. The issuance of Shares may be suspended generally, or refused with respect to a particular Order, during any period when the transfer books of the Administrator or the Sponsor are closed or if circumstances outside the control of the Sponsor or its delegate make it for all practicable purposes not feasible to process Orders. None of the Sponsor, its delegates or the Custodians shall be liable for the suspension or rejection of any Order.

SECTION 3.3 *Assets of the Trust.*

The Trust Estate shall irrevocably belong to the Trust for all purposes, subject only to the rights of creditors of the Trust and shall be so recorded upon the books of account of the Trust.

SECTION 3.4 *Liabilities of the Trust.*

The Trust Estate shall be charged with the liabilities of the Trust and with all expenses, costs, charges and reserves attributable to the Trust. The Sponsor shall have full discretion, to the extent not inconsistent with applicable law, to determine which items shall be treated as income and which items as capital, and each such determination and allocation shall be conclusive and binding upon the Shareholders.

SECTION 3.5 *Voting Rights.*

Notwithstanding any other provision hereof, on each matter submitted to a vote of the Shareholders, each Shareholder shall be entitled to a proportionate vote based upon its Percentage Interest at such time.

SECTION 3.6 *Equality.*

All Shares shall represent an equal proportionate beneficial interest in the Trust Estate subject to the liabilities of the Trust, and each Share's interest in the Trust Estate shall be equal to each other Share.

ARTICLE IV

TRANSFER RESTRICTIONS

SECTION 4.1 *General.*

The Shares may not be resold except in transactions exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”) and state securities laws and any such transaction must be approved by the Sponsor. Shares shall only be permitted to be transferred pursuant to Permitted Transfers. Any attempt to sell Shares without the approval of the Sponsor in its sole discretion or not pursuant to Permitted Transfers shall be void ab initio.

ARTICLE V

DISTRIBUTIONS

SECTION 5.1 *Distributions.*

(a) The Sponsor may, in its absolute discretion, cause the Trust to make distributions to the Shareholders from the Trust Estate at any time in the manner determined by the Sponsor. Any redemption request made by a Shareholder shall be subject to the procedures provided in Section 5.2

(b) Notwithstanding the foregoing, but subject to applicable law, distributions shall be made at such times and in such manner as the Sponsor reasonably determines to be necessary to ensure the Trust's continued classification as a “grantor trust” for U.S. federal income tax purposes.

SECTION 5.2 *Redemption of Shares.*

(a) General. The following procedures, which may be amended from time (provided that any such amendment shall not constitute an amendment of this Trust Agreement), shall govern the Trust with respect to the distribution of Shares.

(i) On or before 10:00 a.m. Eastern time on any Trading Day (the “**Distribution Order Cut-off Time**”), a Shareholder may place an order with the

Sponsor to redeem one or more Shares in exchange for the digital assets underlying such Share(s) or in exchange for U.S. Dollars by specifying the number of Shares that the Shareholder requests to have distributed and confirming the Shareholder's bank account or brokerage account information for distributions in U.S. Dollars (each, a “**Distribution Order**”) in the manner provided herein.

(ii) For each Distribution Order received by the Distribution Order Cut-off Time, the Sponsor or its delegate shall calculate the NAV per Share at 9:59 a.m. Eastern time on such date and determine, in the case of an in-kind distribution, the amount of digital assets to distribute to such Shareholder by dividing the total number of digital assets held by the Trust at such time by the total number of outstanding Shares at such time, and, in the case of a U.S. Dollar distribution, the amount of U.S. Dollars to distribute to such Shareholder equal to the value of the redeemed Shares in U.S. Dollars (in each case, the “**Distribution Amount**”). The Sponsor or its delegate shall have final determination on all issues pertaining to the composition of the digital assets and the amount of U.S. Dollars to be paid out as a Distribution Amount for the Shares subject to a Distribution Order.

(iii) After calculation of the Distribution Amount, the Sponsor or its delegate shall instruct the Cash Custodian to transfer the Distribution Amount to the account specified in the Distribution Order, in the Sponsor's discretion, after giving effect to all unpaid expenses. The distribution of U.S. Dollars pursuant to a Distribution Order will be conducted within five Trading Days, or such additional time as may be reasonably necessary.

(iv) The Distribution Amount shall be subject to the deduction of any applicable tax or other governmental charges that may be due.

(v) After the execution of each Distribution Order, the Sponsor shall automatically register the transaction within its shareholder ledger.

(vi) Notwithstanding the foregoing, the Sponsor and the Trust reserve the right to make changes to the distribution policies set forth in this Section 5.1 at any time without notice to, or the consent of, any Shareholders or any other parties.

(vii) Notwithstanding the foregoing, the cash amount delivered in satisfaction of a Distribution Order will be based on the NAV of the Shares tendered in the Distribution Order, except that Shares that have been outstanding for less than three months will be redeemed at 97% of the NAV of such shares subject to the Distribution Order (such reduction, an “Early Redemption Deduction”). An Early Redemption Deduction may be waived in certain circumstances by the Sponsor, in its sole discretion, in certain circumstances, including the death or qualified disability of the Investor.

(b) Rejection. Distribution Orders may be rejected by the Sponsor if the Shares tendered for redemption pursuant to such Distribution Order, when aggregated with shares tendered for redemption under other Distribution Orders received on that Trading Day, would cause the Trust to redeem shares having a value of greater than 25% of the Trust's NAV on such Trading Day and/or if an individual Distribution Order is less than \$10,000. Distribution Orders will be processed in the order in which they were received. In addition, the Sponsor may reject any Distribution Order (1) the Administrator or the Sponsor determines not to be in proper form, (2) the fulfillment of which the Sponsor's counsel advises may be illegal under applicable laws and regulations, or (3) if a circumstance exists as a result of which delivery, disposal or evaluation of Bitcoin is not reasonably practicable or (4) for such other reason as the Sponsor determines to be necessary for the protection of Investors. In addition, the Sponsor may modify, suspend or terminate the Trust's Share redemption program at any time in its sole discretion.

ARTICLE VI

THE SPONSOR

SECTION 6.1 *Management of the Trust.*

Pursuant to Section 3806(b)(7) of the Delaware Trust Statute, the Trust shall be managed by the Sponsor in accordance with this Trust Agreement. The Sponsor may delegate, as provided herein, the duty and authority to manage the Trust. Any determination as to what is in the interests of the Trust made by the Sponsor in good faith shall be conclusive. In construing the provisions of this Trust Agreement, the presumption shall be in favor of a grant of power to the Sponsor. The enumeration of any specific power in this Trust Agreement shall not be construed as limiting the aforesaid power.

SECTION 6.2 *Authority of Sponsor.*

In addition to, and not in limitation of, any rights and powers conferred by law or other provisions of this Trust Agreement, and except as limited, restricted or prohibited by the express provisions of this Trust Agreement or the Delaware Trust Statute, the Sponsor shall have, and may exercise on behalf of the Trust, all powers and rights necessary, proper, convenient or advisable to effectuate and carry out the purposes of the Trust, which powers and rights shall include, without limitation, the following:

(a) To enter into, execute, accept, deliver and maintain, and to cause the Trust to perform its obligations under, contracts, agreements and any or all other documents and instruments incidental to the Trust's purposes, including, but not limited to, contracts with third parties to provide various services, it being understood that any document or instrument so executed or accepted by the Sponsor in the Sponsor's name shall be deemed executed and accepted on behalf of the Trust by the Sponsor; provided, however, that such services may be performed by an Affiliate or Affiliates of the Sponsor so long as the Sponsor has made a good faith determination that: (A) the Affiliate that it proposes to engage to perform such services is qualified to do so (considering the prior experience of the Affiliate or the individuals employed by the Affiliate); (B) the terms and conditions of the agreement pursuant to which such Affiliate is to perform services for the Trust are no less favorable to the Trust than could be obtained from

equally-qualified unaffiliated third parties; and (C) the maximum period covered by the agreement pursuant to which such Affiliate is to perform services for the Trust shall not exceed one year, ;

(b) To establish, maintain, deposit into, and sign checks and/or otherwise draw upon, accounts on behalf of the Trust with appropriate banking and savings institutions;

(c) To deposit, withdraw, pay, retain and distribute the Trust Estate or any portion thereof in any manner consistent with the provisions of this Trust Agreement;

(d) To supervise the preparation of the PPM and supplements and amendments thereto;

(e) To pay or authorize the payment of distributions to the Shareholders and expenses of the Trust;

(f) In the sole and absolute discretion of the Sponsor, to admit an Affiliate or Affiliates of the Sponsor as additional Sponsors;

(g) Delegate those of its duties hereunder as it shall determine from time to time to one or more Distributors, and add any additional service providers, if needed and as applicable;

(h) Perform such other services as the Sponsor believes that the Trust may from time to time require; and

(i) In general, to do everything necessary, suitable or proper for the accomplishment of any purpose or the attainment of any objective or the furtherance of any power herein set forth, either alone or in association with others, and to do every other act or thing incidental or appurtenant to, or growing out of or connected with, the aforesaid purposes, objects or powers.

SECTION 6.3 *Obligations of the Sponsor.*

In addition to the obligations expressly provided by the Delaware Trust Statute or this Trust Agreement, the Sponsor shall:

(a) Devote such of its time to the business and affairs of the Trust as it shall, in its discretion exercised in good faith, determine to be necessary to carry out the purposes of the Trust, as set forth in Section 1.5, for the benefit of the Shareholders;

(b) Execute, file, record and/or publish all certificates, statements and other documents and do any and all other things as may be appropriate for the formation, qualification and operation of the Trust and for the conduct of its business in all appropriate jurisdictions;

(c) Retain independent public accountants to audit the accounts of the Trust;

(d) Employ attorneys to represent the Sponsor and, as necessary, the Trust;

(e) Select and enter into agreements with the Trustee and any other service provider to the Trust;

(f) Use its best efforts to maintain the status of the Trust as a grantor trust for U.S. federal income tax purposes under Subpart E, Part I of Subchapter J of the Code;

(g) Monitor all fees charged to the Trust, and the services rendered by the service providers to the Trust, to determine whether the fees paid by, and the services rendered to, the Trust are at competitive rates and are the best price and services available under the circumstances, and if necessary, renegotiate the fee structure to obtain such rates and services for the Trust;

(h) Have responsibility for the safekeeping and use of the Trust Estate, whether or not in the Sponsor's immediate possession or control;

(i) Not employ or permit others to employ the Trust Estate in any manner except for the benefit of the Trust, including, among other things, the utilization of any portion of the Trust Estate as compensating balances for the exclusive benefit of the Sponsor;

(j) At all times act with integrity and good faith and exercise due diligence in all activities relating to the Trust and in resolving conflicts of interest;

(k) Receive directly or through its delegates from Shareholders and process properly submitted Orders, as described in Section 3.2(a);

(l) Receive directly or through its delegates from Shareholders and process properly submitted Distribution Orders, as described in Section 5.1;

(m) Interact with the Cash Custodian, Bitcoin Custodian, and any other party as required; and

(n) Take all actions to prepare and, to the extent required by this Trust Agreement or by law, mail to Shareholders any reports, press releases or statements, financial or otherwise, that the Sponsor determines are required to be provided to Shareholders by applicable law or governmental regulation.

The foregoing clauses of Section 6.2 and this Section 6.3 shall be construed both as objects and powers, and the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the Sponsor. Any action by the Sponsor hereunder shall be deemed an action on behalf of the Trust, and not an action in an individual capacity.

SECTION 6.4 *General Prohibitions.*

The Trust shall not:

(a) Hold any property other than digital assets, U.S. treasury securities, or U.S. Dollars and cash equivalents;

(b) Redeem the Shares other than (i) to satisfy a Distribution Order from a Shareholder, (ii) as provided in Section 6.10 or (iii) upon the dissolution of the Trust;

(c) Borrow money from or loan money to any Shareholder (including the Sponsor) or any other Person;

(d) Create, incur, assume or suffer to exist any lien, mortgage, pledge conditional sales or other title retention agreement, charge, security interest or encumbrance on or with respect to the Trust Estate, except liens for taxes not delinquent or being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established;

(e) Commingle the Trust Estate with the assets of any other Person;

(f) Permit rebates to be received by the Sponsor or any Affiliate of the Sponsor, or permit the Sponsor or any Affiliate of the Sponsor to engage in any reciprocal business arrangements which would circumvent the foregoing prohibition;

(g) Enter into any contract with the Sponsor or an Affiliate of the Sponsor (A) that, except for selling agreements for the sale of Shares, has a term of more than one year or (B) for the provision of services, except at rates and terms at least as favorable as those that may be obtained from third parties in arm's length negotiations; or

(h) Cause the Trust to elect to be treated as other than a grantor trust for U.S. federal income tax purposes.

SECTION 6.5 *Liability of Covered Persons.*

A Covered Person shall have no liability to the Trust, any Shareholder or any other Covered Person for any loss suffered by the Trust which arises out of any action or inaction of such Covered Person if such Covered Person, in good faith, determined that such course of conduct was in the best interest of the Trust and such course of conduct did not constitute willful misconduct, gross negligence, or bad faith of such Covered Person as finally determined by a court of competent jurisdiction. Subject to the foregoing, neither the Sponsor nor any other Covered Person shall be personally liable for the return or repayment of all or any portion of the capital or profits of any Limited Owner or assignee thereof, it being expressly agreed that any such return of capital or profits made pursuant to this Trust Agreement shall be made solely from the assets of the Trust without any rights of contribution from the Sponsor or any other Covered Person. A Covered Person shall not be liable for the conduct or misconduct of any delegate selected by the Sponsor with reasonable care.

SECTION 6.6 *Fiduciary Duty.*

(a) The Sponsor shall have no duty or obligation to comply with any directive from any Shareholder with respect to the Trust. The Sponsor shall not have any duty or obligation under or in connection with this Trust Agreement, the Trust or any transaction or document contemplated hereby, except as expressly provided by the terms of this Trust Agreement, and no implied duties or obligations shall be read into this Trust Agreement against

the Sponsor. The right of the Sponsor to perform any discretionary act enumerated herein shall not be construed as a duty. To the fullest extent permitted by applicable law, including without limitation Section 3806 of the Delaware Trust Statute, (i) the Sponsor's duties and liabilities relating thereto to the Trust and the Shareholders shall be restricted to those duties expressly set forth in this Trust Agreement and liabilities relating thereto, and (ii) the Sponsor has no fiduciary duties whatsoever to the Trust or the Shareholders.

(b) Unless otherwise expressly provided herein:

(i) whenever a conflict of interest exists or arises between the Sponsor or any of its Affiliates, on the one hand, and the Trust, any Limited Owner or any other Person, on the other hand; or

(ii) whenever this Trust Agreement or any other agreement contemplated herein provides that the Sponsor shall act in a manner that is, or provides terms that are, fair and reasonable to the Trust, any Limited Owner or any other Person,

the Sponsor shall resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Sponsor, the resolution, action or terms so made, taken or provided by the Sponsor shall not constitute a breach of this Trust Agreement or any other agreement contemplated herein or of any duty or obligation of the Sponsor at law or in equity or otherwise.

(c) The Sponsor and any Affiliate of the Sponsor may engage in or possess an interest in profit-seeking or business ventures of any nature or description, independently or with others, whether or not such ventures are competitive with the Trust and the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to the Sponsor. If the Sponsor acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Trust, it shall have no duty to communicate or offer such opportunity to the Trust, and the Sponsor shall not be liable to the Trust or to the Limited Owners for breach of any fiduciary or other duty by reason of the fact that the Sponsor pursues or acquires for, or directs such opportunity to, another Person or does not communicate such opportunity or information to the Trust. Neither the Trust nor any Shareholder shall have any rights or obligations by virtue of this Trust Agreement or the trust relationship created hereby in or to such independent ventures or the income or profits or losses derived therefrom, and the pursuit of such ventures, even if competitive with the purposes of the Trust, shall not be deemed wrongful or improper. Except to the extent expressly provided herein, the Sponsor may engage or be interested in any financial or other transaction with the Trust, the Limited Owners or any Affiliate of the Trust or the Limited Owners.

(d) To the fullest extent permitted by law and notwithstanding any other provision of this Trust Agreement or in any agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Trust Agreement a Person is permitted

or required to make a decision (a) in its “sole discretion” or “discretion” or under a grant of similar authority or latitude, the Person shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Trust, the Shareholders or any other Person, or (b) in its “good faith” or under another express standard, the Person shall act under such express standard and shall not be subject to any other or different standard. The term “good faith” as used in this Trust Agreement shall mean subjective good faith as such term is understood and interpreted under Delaware law.

SECTION 6.7 *Indemnification of the Sponsor.*

(a) The Sponsor, its shareholders, Affiliates, officers, directors, partners, managers, members, employees, agents and assigns, shall be indemnified and held harmless by the Trust (to the extent of the Trust’s assets) against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with its activities for the Trust, provided that (i) the party seeking indemnification has determined, in good faith, that the course of conduct which caused the loss or liability was in the Trust’s best interests; (ii) the party seeking indemnification was acting on the Trust’s behalf or performing services for the Trust; (iii) such loss was not the direct result of negligence or willful misconduct on the part of the party seeking indemnification, and (iv) any such indemnification will be recoverable only from the assets of the Trust. Any indemnifiable amounts payable to such indemnified person may be payable in advance or shall be secured by a lien on the Trust. All rights to indemnification permitted herein and payment of associated expenses shall not be affected by the dissolution or other cessation of existence of the Sponsor, or the withdrawal, adjudication of bankruptcy or insolvency of the Sponsor, or the filing of a voluntary or involuntary petition in bankruptcy under Title 11 of the Code by or against the Sponsor.

(b) Notwithstanding the provisions of Section 6.7(a) above, the Sponsor and any other Person acting as a broker-dealer for the Trust shall not be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of U.S. federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged U.S. federal or state securities law violations as to the particular indemnitee and the court approves the indemnification of such expenses (including, without limitation, litigation costs), (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves the indemnification of such expenses (including, without limitation, litigation costs) or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

(c) The Trust shall not incur the cost of that portion of any insurance that insures any party against any liability, the indemnification of which is herein prohibited.

(d) Expenses incurred in defending a threatened or pending civil, administrative or criminal action suit or proceeding against the Sponsor shall be paid by the Trust in advance of the final disposition of such action, suit or proceeding if (i) the legal action relates to the performance of duties or services by the Sponsor on behalf of the Trust; (ii) the legal action is initiated by a third party who is not a Limited Owner or the legal action is initiated

by a Limited Owner and a court of competent jurisdiction specifically approves such advance; and (iii) the Sponsor undertakes to repay the advanced funds with interest to the Trust in cases in which it is not entitled to indemnification under this Section 6.7.

(e) The term “Sponsor” as used only in this Section 6.7 shall include, in addition to the Sponsor, any other Covered Person performing services on behalf of the Trust and acting within the scope of the Sponsor’s authority as set forth in this Trust Agreement.

(f) In the event the Trust is made a party to any claim, dispute, demand or litigation or otherwise incurs any loss, liability, damage, cost or expense as a result of or in connection with any Limited Owner’s (or assignee’s) obligations or liabilities unrelated to Trust business, such Limited Owner (or assignees cumulatively) shall indemnify, defend, hold harmless, and reimburse the Trust for all such loss, liability, damage, cost and expense incurred, including attorneys’ and accountants’ fees.

SECTION 6.8 *Expenses and Limitations Thereon.*

(a) *Management Fee.*

(i) The Trust shall pay to the Sponsor a management fee (the “**Management Fee**”) out of the digital assets of the Trust, which shall accrue daily in U.S. Dollars at a maximum annual rate of 0.45% of the aggregate NAV of the Trust. The NAV will be valued as of 4:00 p.m. Eastern time on each day or at such times as determined in the Sponsor’s sole discretion; provided that for a day that is not a Trading Day, the calculation shall be based on the NAV from the most recent Trading Day. The Management Fee is payable to the Sponsor monthly in arrears.

(ii) To cause the Trust to pay the Management Fee, the Sponsor or its delegate shall instruct the relevant Custodian or Custodial Technology Provider to withdraw the number of digital assets equal to the accrued but unpaid Management Fee and transfer such digital assets to an account maintained by the Custodian or the Custodial Technology Provider for the Sponsor at such times as the Sponsor determines in its absolute discretion. The Management Fee will be converted from U.S. Dollars to digital assets in each instance using the NAV at 4:00 p.m. Eastern time on the date of each payment (the “**Management Fee Exchange Rate**”). The Management Fee Exchange Rate does not include fees and expenses for converting U.S. Dollars into digital assets.

(iii) After the payment of the Management Fee to the Sponsor, the Sponsor may elect to convert the Management Fee into U.S. Dollars. The Trust shall not be responsible for any fees and expenses incurred by the Sponsor to convert the Management Fee into U.S. Dollars.

(b) Trust-Paid Expenses.

(i) The Trust will continue to pay for all expenses attributable to the Trust’s operations, issuances of Shares, and investment activities, including, but

not limited to, custody charges (“**Custody Charge**”) or flat rate fees for holding the Trust’s assets charged by the Bitcoin Custodian and customary fees and expenses of the Trustee, Administrator and Auditor (all such third parties, as defined below) (including costs incurred for appraisal or valuation expenses associated with the preparation of the Trust’s financial statements, tax returns and other similar reports and excluding indemnification and extraordinary costs), fees associated with initial and continued quotation of the Shares on OTC markets, making the Shares DTC eligible, fees associated with retaining and maintaining a transfer agent, brokerage commissions and other transaction costs, Management Fees, fees of any valuation agents and any other third party service providers, clearing and settlement charges, custodial fees (other than the Custody Charge), margin and interest expense and commitment fees on debit balances or borrowings, consulting, expenses associated with the acquisition, holding, and disposition of investments (including legal and other professional fees) whether or not consummated, portfolio tracking software, travel and related expenses, any non-customary costs and expenses (including indemnification and extraordinary costs) of the Administrator and Auditor, costs and expenses of other professionals providing services to the Trust, including legal, audit, custody, accounting, tax and administration excluded from Sponsor Expenses, Organizational Expenses (as defined below), expenses related to the offer and sale of the Shares, including but not limited to reasonable travel expenses related thereto, costs of any liability insurance, including premiums for directors’ and officers’ and errors and omissions liability insurance, costs of any litigation or investigation involving Trust activities, workout and restructuring and indemnification expenses, regulatory costs, employee compensation and benefit costs for any employees of the Trust, any entity level taxes, regulatory filing fees and compliance costs (including, without limitation, costs incurred in connection with the preparation of Securities Act registration forms, Securities Exchange Act of 1934 (as amended) registration and reporting forms, Investment Company Act registration and reporting forms, Form PF, Form CPO-PQR, Form D and other regulatory filings, if any), license fees, costs of reporting and providing information to Investors, and any extraordinary expenses, if any (each, a “**Trust-paid Expense**” and together, the “**Trust-paid Expenses**”). Notwithstanding the foregoing, for the 2021 calendar year, the Sponsor has voluntarily agreed to pay for all Trust Expenses to the extent that the sum of Trust Expenses and Management Fees exceed 3% of the net asset value of the Trust’s estate as of the date on which the Sponsor determines the net asset value of the Trust’s estate in the 2021 calendar year. The Sponsor will later determine whether to extend such voluntary expense limitation beyond calendar year 2021.

(c) The Trust will continue to bear or reimburse the Sponsor, as the case may be, for the Trust’s offering expenses, including legal, accounting, consulting and filing expenses (collectively, “**Organizational Expenses**”). Organizational Expenses are included as Trust Expenses. The Sponsor may (but is not obligated to) reimburse the Trust for Trust Expenses in its discretion. The Sponsor may elect to amortize the Trust’s organizational expenses for payments by the Trust for up to a five-year period.

(d) The Sponsor or its delegates shall direct the relevant Custodian to withdraw digital assets and convert them to U.S. dollars to pay the Trust-paid Expenses and Organizational Expenses.

(e) The Sponsor or any Affiliate of the Sponsor may be reimbursed only for the actual cost to the Sponsor or such Affiliate of any expenses that it advances on behalf of the Trust for payment of which the Trust is responsible. In addition, payment to the Sponsor or such Affiliate for indirect expenses incurred in performing services for the Trust in its capacity as the Sponsor (or an Affiliate of the Sponsor) of the Trust, such as salaries and fringe benefits of officers and directors, rent or depreciation, utilities and other administrative items generally falling within the category of the Sponsor's "overhead," is prohibited.

(f) Shareholders do not have the option of choosing to pay their proportionate share of the any Trust expenses in lieu of having their share of expenses paid by the Trust's sale of digital assets.

SECTION 6.9 *Business of Shareholders.*

Except as otherwise specifically provided herein, any of the Shareholders and any shareholder, officer, director, employee or other Person holding a legal or beneficial interest in an entity that is a Shareholder, may engage in or possess an interest in business ventures of every nature and description, independently or with others, and the pursuit of such ventures, even if adverse to the interests of the Trust, shall not be deemed wrongful or improper.

SECTION 6.10 *Voluntary Withdrawal of the Sponsor.*

The Sponsor may withdraw voluntarily as the Sponsor of the Trust only upon one hundred and twenty (120) days' prior written notice to all Limited Owners and the Trustee. Following receipt of such notice and if the withdrawing Sponsor is the last remaining Sponsor, Limited Owners holding Shares equal to at least a majority (over 50%) of the Shares (not including Shares held by the Sponsor) may vote to elect and appoint, effective as of a date on or prior to the withdrawal, a successor Sponsor who shall carry on the business of the Trust. In the event of its withdrawal, the Sponsor shall be entitled to a redemption of its Shares for the Distribution Amount. If the Sponsor withdraws and a successor Sponsor is named, the withdrawing Sponsor shall pay all expenses as a result of its withdrawal.

SECTION 6.11 *Authorization of PPM.*

Each Limited Owner (or any permitted assignee thereof) hereby agrees that the Trust, the Sponsor and the Trustee are authorized to execute, deliver and perform the agreements, acts, transactions and matters contemplated hereby or described in or contemplated by the PPM on behalf of the Trust without any further act, approval or vote of the Limited Owners, notwithstanding any other provision of this Trust Agreement, the Delaware Trust Statute or any applicable law, rule or regulation.

SECTION 6.12 *Litigation.*

The Sponsor is hereby authorized to prosecute, defend, settle or compromise actions or claims at law or in equity as may be necessary or proper to enforce or protect the Trust's interests. The Sponsor shall satisfy any judgment, decree or decision of any court, board or authority having jurisdiction or any settlement of any suit or claim prior to judgment or final decision thereon, first, out of any insurance proceeds available therefor, next, out of the Trust's assets and, thereafter, out of the assets (to the extent that it is permitted to do so under the various other provisions of this Trust Agreement) of the Sponsor.

SECTION 6.13 *Transfer of Sponsor's Shares.*

(a) The Sponsor shall not cease to be a Sponsor of the Trust merely upon the occurrence of its making an assignment for the benefit of creditors, filing a voluntary petition in bankruptcy, filing a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, filing an answer or other pleading admitting or failing to contest material allegations of a petition filed against it in any proceeding of this nature or seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator for itself or of all or any substantial part of its properties.

(b) To the fullest extent permitted by law, and on sixty (60) days' prior written notice to the Limited Owners, of their right to vote thereon if any such transaction is other than with an Affiliated entity, nothing in this Trust Agreement shall be deemed to prevent the merger of the Sponsor with another corporation or other entity, the reorganization of the Sponsor into or with any other corporation or other entity, the transfer of all the capital stock of the Sponsor, the assumption of the rights, duties and liabilities of the Sponsor by, in the case of a merger, reorganization or consolidation, the surviving corporation or other entity by operation of law or the transfer of the Sponsor's Shares to an Affiliate of the Sponsor. Without limiting the foregoing, none of the transactions referenced in the preceding sentence shall be deemed to be a voluntary withdrawal for purposes of Section 6.10.

SECTION 6.14 *Sponsor's Obligations With Respect to Hard Forks.*

Because Bitcoin software is open source, any user can download the software, modify it and then propose that Bitcoin users 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 Bitcoin network 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., a "split") of the Bitcoin network (and the blockchain), with one version running the pre-modified software and the other running the modified software. The effect of such a "hard" fork would be the existence of two (or more) versions of the Bitcoin network running in parallel, but with each version's Bitcoin lacking interchangeability. Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple version of otherwise compatible software users run.

Neither the Trust nor the Sponsor shall have any discretion to take any actions that would impact hard fork transactions or similar transactions, and either the Trust or the Sponsor (or both) shall reject any offer to engage in a hard fork or similar transaction should the ability to engage in such a transaction arise. However, if such a transaction does occur despite a lack of participation or outright opposition by the Trust or the Sponsor (or both) and as a result the Trust ends up holding the original Bitcoin and the new alternative forked asset, the Trust shall as soon as possible (i) sell or exchange the alternative new asset and use the proceeds solely to acquire Bitcoin or (ii) distribute the alternative new asset in-kind to the Sponsor, as agent for the Shareholders, and the Sponsor will either (A) sell the alternative new asset and distribute the proceeds to the Shareholders or (B) distribute the alternative new asset to the Shareholders. Notwithstanding the foregoing, the Trust shall be under no obligation to claim the forked asset if doing so will expose the Trust's original Bitcoin holdings to risk or in the opinion of the Sponsor may cause the Trust to fail to qualify as a grantor trust under the Code or any comparable provision of the laws of any State or other jurisdiction where such treatment is sought.

ARTICLE VII

THE LIMITED OWNERS

SECTION 7.1 *No Management or Control; Limited Liability*

The Limited Owners shall not participate in the management or control of the Trust nor shall they enter into any transaction on behalf of the Trust or have the power to sign for or bind the Trust, said power being vested solely and exclusively in the Sponsor. Except as provided in Section 7.3, no Limited Owner shall be bound by, or be personally liable for, the expenses, liabilities or obligations of the Trust in excess of his Percentage Interest of the Trust Estate. Except as provided in Section 7.3 hereof, each Share owned by a Limited Owner shall be fully paid and no assessment shall be made against any Limited Owner. No salary shall be paid to any Limited Owner in his capacity as a Limited Owner, nor shall any Limited Owner have a drawing account or earn interest on its Percentage Interest of the Trust Estate. By the purchase and acceptance or other lawful delivery and acceptance of Shares, each Limited Owner shall be a beneficiary of the Trust and vested with beneficial undivided interest in the Trust to the extent of the Shares owned beneficially by such Limited Owner, subject to the terms and conditions of this Trust Agreement.

SECTION 7.2 *Rights and Duties.*

The Limited Owners shall have the following rights, powers, privileges, duties and liabilities:

(a) The Limited Owners shall have the right to obtain from the Sponsor information on all things affecting the Trust, provided that such information is for a purpose reasonably related to the Limited Owner's interest as a beneficial owner of the Trust.

(b) The Limited Owners shall receive the share of the distributions provided for in this Trust Agreement in the manner and at the times provided for in this Trust Agreement.

(c) Except for the Limited Owners' distribution rights set forth in Article VI hereof, Limited Owners shall have the right to demand a distribution of their Shares only upon the dissolution and winding up of the Trust and only to the extent of funds available therefor as provided in Section 12.2. In no event shall a Limited Owner be entitled to demand or receive property other than cash upon the dissolution and winding up of the Trust. No Limited Owner shall have priority over any other Limited Owner as to distributions. The Limited Owner shall not have any right to bring an action for partition against the Trust.

(d) Limited Owners holding Shares representing (i) at least a majority (over 50%) of the Shares (not including Shares held by the Sponsor and its Affiliates) may vote to appoint a successor Sponsor as provided in Section 6.10 or to continue the Trust as provided in Section 12.1(f). Except as set forth in this Section 7.2(d), the Limited Owners shall have no voting or other rights with respect to the Trust.

SECTION 7.3 *Limitation of Liability.*

(a) Except as provided in Section 6.7(f) and as otherwise provided under Delaware law, the Limited Owners shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of Delaware and no Limited Owner shall be liable for claims against or debts of the Trust in excess of his Percentage Interest of the Trust Estate. In addition, and subject to the exceptions set forth in the immediately preceding sentence, the Trust shall not make a claim against a Limited Owner with respect to amounts distributed to such Limited Owner or amounts received by such Limited Owner upon distribution of such Limited Owner's Shares unless, under Delaware law, such Limited Owner is liable to repay such amount.

(b) Every written note, bond, contract, instrument, certificate or undertaking made or issued by the Sponsor on behalf of the Trust shall give notice to the effect that the same was executed or made by or on behalf of the Trust and that the obligations of such instrument are not binding upon the Limited Owners individually but are binding only upon the assets and property of the Trust, and no resort shall be had to the Limited Owners' personal property for satisfaction of any obligation or claim thereunder, and appropriate references may be made to this Trust Agreement and may contain any further recital that the Sponsor deems appropriate, but the omission thereof shall not operate to bind the Limited Owners individually or otherwise invalidate any such note, bond, contract, instrument, certificate or undertaking. Nothing contained in this Section 7.3 shall diminish the limitation on the liability of the Trust to the extent set forth in Section 3.4 hereof.

SECTION 7.4 *Derivative Actions.*

In addition to any other requirements of applicable law including Section 3816 of the Delaware Trust Statute, no Shareholder shall have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Trust unless two or more Shareholders who (i) are not Affiliates of one another and (ii) collectively hold at least 10% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding.

ARTICLE VIII

BOOKS OF ACCOUNT AND REPORTS

SECTION 8.1 *Books of Account.*

Proper books of account for the Trust shall be kept and shall be audited annually by an independent certified public accounting firm selected by the Sponsor in its sole discretion, and there shall be entered therein all transactions, matters and things relating to the Trust as are required by the applicable law and regulations and as are usually entered into books of account kept by trusts. To the fullest extent permitted by law, the books of account shall be kept at the principal office of the Trust and no Shareholder shall have any right to inspect any account, book or document of the Trust that is not publicly available, except as conferred by the Sponsor. Such books of account shall be kept, and the Trust shall report its profits and losses on, the accrual method of accounting for financial accounting purposes on a Fiscal Year basis as described in Article IX.

SECTION 8.2 *Annual Reports.*

The Sponsor shall prepare and deliver to the Shareholders the Annual Report within 180 calendar days after the end of the Trust's fiscal year (or as soon as reasonably practicable thereafter).

SECTION 8.3 *Tax Information and Other Tax Matters.*

Appropriate tax information (adequate to enable each Limited Owner to complete and file its U.S. federal tax return) shall be delivered to each Limited Owner as soon as practicable following the end of each Fiscal Year but, to the extent possible, no later than 180 calendar days after the end of the Trust's fiscal year. All such information shall be prepared, and all of the Trust's tax returns shall be filed, in a manner consistent with the treatment of the Trust as a grantor trust. The Trust's taxable year shall be the calendar year. The Trust shall comply with all withholding requirements relating to payments to, or receipts of amounts on behalf of, Shareholders that the Sponsor determines in good faith to be applicable. If any withholding is made on such a payment or amount as a result of any status, classification, action or omission of a specific Shareholder, the Sponsor may in its sole discretion seek to apportion the economic burden of such withholding solely to such Shareholder in such manner as it reasonably determines to be advisable. Each Limited Owner shall, upon the request of the Sponsor and at such other times as are necessary to ensure that no information previously provided by such Limited Owner under this Section 8.3 is inaccurate or misleading in any material respect, promptly provide all Tax Information permitted by applicable law. All Tax Information provided to the Sponsor, the Trust, or any agent of the foregoing (in their capacity as such) may be disclosed in connection with the organization, operation, or termination of the Trust or to any agent of the foregoing, any withholding agent, the Internal Revenue Service, or any other relevant taxing authority, in each case as determined to be necessary or advisable by the Sponsor, and each Limited Owner hereby consents to such disclosure to the maximum extent permitted by applicable law. For purposes of the foregoing, "**Tax Information**" means information, certifications, forms, and documentation (or

verification thereof) that the Sponsor deems necessary or convenient to comply with any requirement imposed by any applicable tax law. Tax Information may include, but shall not be limited to, (a) items regarding the places of residence, domicile, or tax classification of a Shareholder (or beneficial owner thereof), and (b) items that the Sponsor deems necessary or convenient to determine, mitigate, or comply with any reporting, withholding, or other tax payment obligations of or with respect to the Trust, any asset or counterparty of the Trust, the Sponsor, or the Trustee.

SECTION 8.4 *Calculation of NAV.*

The Sponsor or its delegate shall calculate and publish the Trust's NAV each Trading Day as of 4:00 p.m., Eastern Time, or as soon thereafter as practicable. In order to calculate the net asset value (the "NAV") of the Trust, the Sponsor or its delegate shall:

1. Determine the quantity of digital and other assets currently held by the Trust;
2. Multiply the number of remaining units of digital and other assets held by the Trust by their respective price at 4:00 p.m. Eastern time;
3. Add the accrued but unpaid interest, if any and the value of other Trust assets, if any;
4. Subtract the accrued but unpaid Management Fee (and Trust-paid Expenses, if any);
5. Subtract other Trust expenses and liabilities, if any;
6. Add the value of the new in-kind and fiat (U.S. Dollar) subscriptions; and
7. Subtract the number of digital assets required for U.S. Dollar redemptions.

In order to calculate the NAV per share, the Sponsor or its delegate shall:

1. Take the Trust's NAV prior to any adjustments for capital activity (i.e., NAV calculation after item "5." above and prior to items "6." and "7." above); and
2. Divide by the number of Shares calculated on the prior Trading Day to calculate the NAV per Share in USD.

In the event that the Sponsor determines that the methodology used to determine the Bitcoin price is not an appropriate basis for valuation of the Trust's digital assets, the Sponsor shall use an alternative methodology as set forth in the PPM. The Sponsor or its delegate shall publish the NAV and NAV per Share each Trading Day at 4:00 p.m. Eastern time, or as soon thereafter as practicable at the Trust's website.

SECTION 8.5 *Maintenance of Records.*

The Sponsor or its delegate shall maintain for a period of at least six Fiscal Years (a) all books of account required by Section 8.1 hereof; (b) a copy of the Certificate of Trust and all certificates of amendment thereto; (c) copies of the Trust's U.S. federal, state and local income tax returns and reports, if any; (d) copies of any effective written Trust Agreements, including any amendments thereto; and (e) any financial statements of the Trust.

The Sponsor may keep and maintain the books and records of the Trust in paper, magnetic, electronic or other format as the Sponsor may determine in its sole discretion, provided that the Sponsor shall use reasonable care to prevent the loss or destruction of such records.

ARTICLE IX

FISCAL YEAR

SECTION 9.1 *Fiscal Year.*

The fiscal year of the Trust for financial accounting purposes (the “**Fiscal Year**”) shall begin on the 1st day of January and end on the 31st day of December of each year. The Fiscal Year in which the Trust shall terminate shall end on the date of such termination.

ARTICLE X

AMENDMENT OF TRUST AGREEMENT; MEETINGS

SECTION 10.1 *Amendments to the Trust Agreement.*

(a) Except as specifically provided herein, the Sponsor, in its sole discretion and without Shareholder consent, may amend or otherwise supplement this Trust Agreement by making an amendment, an Agreement supplemental hereto, or an amended and restated declaration of trust and trust agreement. Any such restatement, amendment and/or supplement hereto shall be effective on such date as designated by Sponsor in its sole discretion; provided that the Sponsor shall not be permitted to make any such amendment, or otherwise supplement this Trust Agreement, if such amendment or supplement would permit the Sponsor, the Trustee or any other Person to vary the investment of the Shareholders (within the meaning of Treasury Regulations Section 301.7701-4(c)) or would otherwise adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes. Any amendment to this Trust Agreement which materially adversely affects the interests of the Shareholders shall not be effective any earlier than twenty (20) days after receipt by the affected Shareholders of a notice provided by the Sponsor with respect to any such amendment.

(b) Without limitation of the foregoing, the Sponsor may, without the approval of the Shareholders, amend the provisions of this Trust Agreement if the Trust is advised at any time by the Trust's accountants or legal counsel that the amendments made are necessary to ensure that the Trust's status as a grantor trust will be respected for U.S. federal income tax purposes. Further, if a “determination” within the meaning of Section 1313 of the Code results in the Trust no longer being classified as a grantor trust, the Sponsor shall amend this Trust Agreement to reflect the revised tax classification of the Trust in such manner as it determines to be necessary or appropriate. Further, if any Share is treated or is anticipated to

become treated for U.S. federal income tax purposes as held by a person that is not a “United States person” with the meaning of Section 7701 of the Code, the Sponsor may amend this Trust Agreement as it determines in its reasonable discretion to be necessary or advisable to mitigate any adverse consequences to the Trust, the Sponsor, the Trustee, or other Limited Owners as a result of such ownership.

(c) Upon amendment of this Trust Agreement, the Certificate of Trust shall also be amended, if required by the Delaware Trust Statute, to reflect such change. At the expense of the Sponsor, the Trustee shall execute and file any amendment to the Certificate of Trust if so directed by the Sponsor.

(d) No amendment affecting the rights or duties of the Trustee shall be binding upon or effective against the Trustee unless consented to by the Trustee in writing. No amendment shall be made to this Trust Agreement without the consent of the Trustee if the Trustee reasonably believes that such amendment adversely affects any of its rights, duties or liabilities. The Trustee shall be under no obligation to execute any amendment to the Trust Agreement or to any agreement to which the Trust is a party until it has received an instruction letter from the Sponsor, in form and substance reasonably satisfactory to the Trustee, (i) directing the Trustee to execute such amendment, (ii) representing and warranting to the Trustee that such execution is authorized and permitted by the terms of the Trust Agreement and (if applicable) such other agreement to which the Trust is a party and does not conflict with or violate any other agreement to which the Trust is a party and (iii) confirming that such execution and acts related thereto are covered by the indemnity provisions of the Trust Agreement in favor of the Trustee and do not adversely affect the Trustee.

(e) To the fullest extent permitted by law, no provision of this Trust Agreement may be amended, waived or otherwise modified orally but only by a written instrument adopted in accordance with this Section.

SECTION 10.2 *Meetings of the Trust.*

Meetings of the Shareholders may be called by the Sponsor. The Sponsor shall determine the procedures for any meeting, including any notice of any meeting, in its sole discretion.

SECTION 10.3 *Action Without a Meeting.*

Any action required or permitted to be taken by Shareholders by vote may be taken without a meeting by written consent setting forth the actions so taken. Such written consents shall be treated for all purposes as votes at a meeting. If the vote or consent of any Shareholder to any action of the Trust or any Shareholder, as contemplated by this Trust Agreement, is solicited by the Sponsor, the solicitation shall be effected by notice to each Shareholder given in the manner provided in Section 13.5. The vote or consent of each Shareholder so solicited shall be deemed conclusively to have been cast or granted as requested in the notice of solicitation, whether or not the notice of solicitation is actually received by that Shareholder, unless the Shareholder expresses written objection to the vote or consent by notice given in the manner provided in Section 13.5 and actually received by the Trust within twenty (20) days after the notice of solicitation is sent. The Covered Persons dealing with the Trust shall be entitled to act

in reliance on any vote or consent that is deemed cast or granted pursuant to this Section 10.3 and shall be fully indemnified by the Trust in so doing. Any action taken or omitted in reliance on any such deemed vote or consent of one or more Shareholders shall not be void or voidable by reason of any communication made by or on behalf of all or any of such Shareholders in any manner other than as expressly provided in Section 13.5.

ARTICLE XI

TERM

SECTION 11.1 *Term.*

The term for which the Trust is to exist shall be perpetual, unless terminated pursuant to the provisions of Article XII hereof or as otherwise provided by law.

ARTICLE XII

TERMINATION

SECTION 12.1 *Events Requiring Dissolution of the Trust.*

The Trust shall not have perpetual existence and instead shall be dissolved and wound up in accordance with Section 3608 of the Delaware Trust Statute upon an occurrence of any of the events described in this Article XII.

(a) The Trust shall dissolve at any time upon the happening of any of the following events:

(i) a U.S. federal or state regulator requires the Trust to shut down or forces the Trust to liquidate its digital assets or seizes, impounds or otherwise restricts access to the Trust Estate;

(ii) the Trust is determined to be a “money service business” under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act and is required to comply with certain FinCEN regulations thereunder, and the Sponsor has made the determination that dissolution of the Trust is advisable;

(iii) the Trust is required to obtain a license or make a registration under any state law regulating money transmitters, money services businesses, providers of prepaid or stored value or similar entities, or virtual currency businesses, and the Sponsor has made the determination that dissolution of the Trust is advisable;

(iv) any ongoing event exists that either prevents the Trust from making or makes impractical the Trust’s reasonable efforts to make a fair determination of the NAV;

(v) any ongoing event exists that either prevents the Trust from converting or makes impractical the Trust's reasonable efforts to convert digital currencies to U.S. Dollar;

(vi) a certificate of dissolution or revocation of the Sponsor's charter is filed (and ninety (90) days have passed after the date of notice to the Sponsor of revocation without a reinstatement of the Sponsor's charter) or the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Sponsor (each of the foregoing events an "**Event of Withdrawal**") has occurred unless (i) at the time there is at least one remaining Sponsor or (ii) within ninety (90) days of such Event of Withdrawal Shareholders holding at least a majority of the Shares (not including Shares held by the Sponsor and its Affiliates) agree in writing to continue the Trust and to select, effective as of the date of such event, one or more successor Sponsors; or

(vii) Shareholders holding at least 50% of the outstanding Shares, not including affiliated parties of the Sponsor for the purposes of calculation of such percentage, notify the Sponsor that they elect to dissolve the Trust, notice of which is sent to the Sponsor not less than ninety (90) business days prior to the effective date of dissolution.

(b) The Sponsor may dissolve the Trust at any time for any reason in its sole discretion.

Upon dissolution of the Trust and surrender of Shares by the Shareholders, Shareholders will receive a distribution in U.S. Dollars or in digital assets, at the sole discretion of the Sponsor, after the Sponsor has sold the Trust's digital assets and has paid or made provision for the Trust's claims and obligations.

(c) The death, legal disability, bankruptcy, insolvency, dissolution, or withdrawal of any Limited Owner shall not result in the termination of the Trust, and such Limited Owner, his estate, custodian or personal representative shall have no right to a redemption of such Limited Owner's Shares. Each Limited Owner (and any assignee thereof) expressly agrees that in the event of his death, he waives on behalf of himself and his estate, and he directs the legal representative of his estate and any person interested therein to waive, the furnishing of any inventory, accounting or appraisal of the Trust Estate and any right to an audit or examination of the books of the Trust, except for such rights as are set forth in Article VIII hereof relating to the books of account and reports of the Trust.

SECTION 12.2 *Distributions on Dissolution.*

Upon the dissolution of the Trust, the Sponsor (or in the event there is no Sponsor, such person (the "**Liquidating Trustee**") as the majority in interest of the Limited Owners may propose and approve) shall take full charge of the Trust Estate. Any Liquidating Trustee so appointed shall have and may exercise, without further authorization or approval of any of the parties hereto, all of the powers conferred upon the Sponsor under the terms of this Trust Agreement, subject to all of the applicable limitations, contractual and otherwise, upon the

exercise of such powers, and provided that the Liquidating Trustee shall not have general liability for the acts, omissions, obligations and expenses of the Trust. Thereafter, in accordance with Section 3808(e) of the Delaware Trust Statute, the affairs of the Trust shall be wound up and all assets owned by the Trust shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order of priority: (a) to the expenses of liquidation and termination and to creditors, including Shareholders who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Trust (whether by payment or the making of reasonable provision for payment thereof) other than liabilities for distributions to Shareholders, and (b) to the Shareholders pro rata in accordance with their respective Percentage Interests.

SECTION 12.3 *Termination; Certificate of Cancellation.*

Following the dissolution and distribution of the assets of the Trust, the Trust shall terminate and the Sponsor or the Liquidating Trustee, as the case may be, shall instruct the Trustee to execute and cause such certificate of cancellation of the Certificate of Trust to be filed in accordance with the Delaware Trust Statute at the expense of the Sponsor or the Liquidating Trustee, as the case may be. Notwithstanding anything to the contrary contained in this Trust Agreement, the existence of the Trust as a separate legal entity shall continue until the filing of such certificate of cancellation.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1 *Governing Law.*

The validity and construction of this Trust Agreement and all amendments hereto shall be governed by the laws of the State of Delaware, and the rights of all parties hereto and the effect of every provision hereof shall be subject to and construed according to the laws of the State of Delaware without regard to the conflict of laws provisions thereof; provided, however, that causes of action for violations of U.S. federal or state securities laws shall not be governed by this Section 13.1, and provided, further, that the parties hereto intend that the provisions hereof shall control over any contrary or limiting statutory or common law of the State of Delaware (other than the Delaware Trust Statute) and that, to the maximum extent permitted by applicable law, there shall not be applicable to the Trust, the Trustee, the Sponsor, the Shareholders or this Trust Agreement any provision of the laws (statutory or common) of the State of Delaware (other than the Delaware Trust Statute) pertaining to trusts that relate to or regulate in a manner inconsistent with the terms hereof: (a) the filing with any court or governmental body or agency of trustee accounts or schedules of trustee fees and charges, (b) affirmative requirements to post bonds for trustees, officers, agents, or employees of a trust, (c) the necessity for obtaining court or other governmental approval concerning the acquisition, holding or disposition of real or personal property, (d) fees or other sums payable to trustees, officers, agents or employees of a trust, (e) the allocation of receipts and expenditures to income or principal, (f) restrictions or limitations on the permissible nature, amount or concentration of trust investments or requirements relating to the titling, storage or other manner of holding of trust assets, or (g) the establishment of fiduciary or other standards or responsibilities or limitations on the acts or

powers of trustees or managers that are inconsistent with the limitations on liability or authorities and powers of the Trustee or the Sponsor set forth or referenced in this Trust Agreement. Section 3540 of Title 12 of the Delaware Code shall not apply to the Trust. The Trust shall be of the type commonly called a “statutory trust,” and without limiting the provisions hereof, but subject to Sections 1.5 and 1.6, the Trust may exercise all powers that are ordinarily exercised by such a statutory trust under Delaware law. Subject to Sections 1.5 and 1.6, the Trust specifically reserves the right to exercise any of the powers or privileges afforded to statutory trusts and the absence of a specific reference herein to any such power, privilege or action shall not imply that the Trust may not exercise such power or privilege or take such actions.

SECTION 13.2 *Provisions in Conflict With Law or Regulations.*

(a) The provisions of this Trust Agreement are severable, and if the Sponsor shall determine, with the advice of counsel, that any one or more of such provisions (the “**Conflicting Provisions**”) are in conflict with the Code, the Delaware Trust Statute, the Securities Act or other applicable U.S. federal or state laws or the rules and regulations of the SEC or NYSE, the Conflicting Provisions shall be deemed never to have constituted a part of this Trust Agreement, even without any amendment of this Trust Agreement pursuant to this Trust Agreement; provided, however, that such determination by the Sponsor shall not affect or impair any of the remaining provisions of this Trust Agreement or render invalid or improper any action taken or omitted prior to such determination. No Sponsor or Trustee shall be liable for making or failing to make such a determination.

(b) If any provision of this Trust Agreement shall be held invalid or unenforceable in any jurisdiction, such holding shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Trust Agreement in any jurisdiction.

SECTION 13.3 *Merger and Consolidation.*

Subject to the provisions of Section 1.5, the Sponsor may cause (i) the Trust to be merged, divided into or consolidated with, converted to or to sell all or substantially all of its assets to, another trust or entity; (ii) the Shares of the Trust to be converted into beneficial interests in another statutory trust (or series thereof); or (iii) the Shares of the Trust to be exchanged for shares in another trust or company under or pursuant to any U.S. state or federal statute to the extent permitted by law. For the avoidance of doubt, subject to the provisions of Section 1.5, the Sponsor, with written notice to the Shareholders, may approve and effect any of the transactions contemplated under (i), (ii) and (iii) above without any vote or other action of the Shareholders.

SECTION 13.4 *Construction.*

In this Trust Agreement, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of this Trust Agreement.

SECTION 13.5 *Notices.*

All notices or communications under this Trust Agreement (other than notices of pledge or encumbrance of Shares, and reports and notices by the Sponsor to the Limited Owners) shall be in writing and shall be effective upon personal delivery, or if sent by mail, postage prepaid, or if sent electronically, by facsimile or by overnight courier, and addressed, in each such case, to the address set forth in the books and records of the Trust or such other address as may be specified in writing, of the party to whom such notice is to be given, upon the deposit of such notice in the United States mail, upon transmission and electronic confirmation thereof or upon deposit with a representative of an overnight courier, as the case may be. Notices of pledge or encumbrance of Shares shall be effective upon timely receipt by the Sponsor in writing.

All notices that are required to be provided to the Trustee shall be sent to:

Delaware Trust Company
Attention: Corporate Trust Administration
251 Little Falls Drive
Wilmington, DE 19808

All notices that are required to be provided to the Trust shall be sent to:

Arca Investment Management, LLC
Delaware Trust Company
Attention: Corporate Trust Administration
251 Little Falls Drive
Wilmington, DE 19808

All notices that are required to be provided to the Sponsor shall be sent to:

Arca Investment Management, LLC
4151 Redwood Avenue, Suite 206
Los Angeles, CA 90066

SECTION 13.6 *Counterparts.*

This Trust Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all of the parties hereto, notwithstanding that all the parties are not signatory to the original or the same counterpart.

SECTION 13.7 *Binding Nature of Trust Agreement.*

The terms and provisions of this Trust Agreement shall be binding upon and inure to the benefit of the heirs, custodians, executors, estates, administrators, personal representatives, successors and permitted assigns of the respective Shareholders. For purposes of determining the rights of any Shareholder or assignee hereunder, the Trust and the Sponsor may rely upon the Trust records as to who are Shareholders and permitted assignees, and all Shareholders and assignees agree that the Trust and the Sponsor, in determining such rights, shall rely on such records and that Shareholders and their assignees shall be bound by such determination.

SECTION 13.8 *No Legal Title to Trust Estate.*

Subject to the provisions of Section 1.7 in the case of the Sponsor, the Shareholders shall not have legal title to any part of the Trust Estate.

SECTION 13.9 *Creditors.*

No creditors of any Shareholders shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the Trust Estate.

SECTION 13.10 *Integration.*

This Trust Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

SECTION 13.11 *Goodwill; Use of Name.*

No value shall be placed on the name or goodwill of the Trust, which shall belong exclusively to Arca Investment Management, LLC.

IN WITNESS WHEREOF, the undersigned have duly executed this First Amended and Restated Declaration of Trust and Trust Agreement as of the day and year above written.

DELAWARE TRUST COMPANY, as Trustee

By: 

Name: Benjamin Hancock

Title: Assistant Vice President

Arca Investment Management, LLC as Sponsor

By: 

Name: Philip Y. Liu

Title: Authorized Officer

EXHIBIT A
FORM OF CERTIFICATE OF TRUST

**CERTIFICATE OF TRUST
OF
ARCA ACCREDITED INVESTOR BITCOIN TRUST**

This Certificate of Trust of Arca Accredited Investor Bitcoin Trust (the "Trust") is being duly executed and filed on behalf of the Trust by the undersigned, as trustee, to form a statutory trust under the Delaware Statutory Trust Act (12 Del. C. § 3801 et seq.) (the "Act").

1. Name. The name of the statutory trust formed hereby is Arca Accredited Investor Bitcoin Trust.

2. Delaware Trustee. The name and business address of the trustee of the Trust in the State of Delaware are Delaware Trust Company, 251 Little Falls Drive, Wilmington, DE 19808.

3. Effective Date. This Certificate of Trust shall be effective upon filing.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate of Trust in accordance with Section 3811(a)(1) of the Act.

DELAWARE TRUST COMPANY, not in its individual capacity but solely as Trustee of the Trust

By: Benjamin L Hancock

Name: Benjamin Hancock
Title: Assistant Vice President

EXHIBIT B
FORM OF SUBSCRIPTION AGREEMENT

ARCA ACCREDITED INVESTOR BITCOIN TRUST

Subscription Documents

Sponsor:

**Arca Investment Management, LLC
4151 Redwood Avenue, Suite 206
Los Angeles, CA 90066**

Administrator:

**UMB Fund Services, Inc
235 W. Galena Street
Milwaukee, WI 53212**

**Contact: Investor Services
Investor Services Phone: 888.884.2722
Facsimile: 816.860.3179**

INVESTMENT PROCEDURES

Prospective investors should read the Declaration of Trust and Trust Agreement, and the final Confidential Private Placement Memorandum of Arca Accredited Investor Bitcoin Trust (the “**Trust**”) currently in effect and this booklet prior to subscribing to the Trust.

If you are interested in subscribing for Shares (as defined herein), please complete all applicable pages as indicated below and promptly return this booklet to Arca Accredited Investor Bitcoin Trust, c/o UMB Fund Services, 235 W. Galena Street, Milwaukee, WI 53212 to reserve Shares in the Trust:

- ☐ Investor Profile Form (pages 13-17)
- ☐ General Eligibility Representations (pages 18-26)
- ☐ Tax Information, including U.S. Internal Revenue Service Form W-9 (page 22, attachment)
- ☐ Subscription Agreement Signature Pages (pages 27-29)

WIRING INSTRUCTIONS

You must wire the payment from an account in your name. If you are not wiring your payment from a bank located in an Approved FATF Country¹ you must contact UMB Fund Services for further instructions prior to wiring your payment, which may result in a delay in your subscription.

Bank Name: UMB Bank

Bank Address: 1010 Grand Blvd. Kansas City, MO 64106

ABA: 101000695

Account Name: Arca Accredited Investor Bitcoin Trust

Account Number: 9872539869

FCC: The Prospective Investor Name*

IMPORTANT: We recommend that the wiring bank charge its wiring fees separately so that the amount you have elected to invest may be invested

CLEARED FUNDS MUST BE IN THE TRUST’S ACCOUNT BEFORE 10:00 A.M. EASTERN TIME ON THE DATE ON WHICH THE INVESTOR IS ADMITTED TO THE TRUST.

¹ As of the date hereof, approved countries that are members of the Financial Action Task Force on Money Laundering (each, an “**Approved FATF Country**”) are: Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, India, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Kingdom of the Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

SUBSCRIPTION AGREEMENT

Arca Accredited Investor Bitcoin Trust
c/o UMB Fund Services
235 W. Galena Street
Milwaukee, WI 53212

Re: Arca Accredited Investor Bitcoin Trust —Issuance of the Trust’s Shares

The undersigned (the “**Investor**”) wishes to become a shareholder of Arca Accredited Investor Bitcoin Trust (the “**Trust**”), a Delaware statutory trust, and to subscribe for Class A shares (the “**Shares**”) in the Trust upon the terms and conditions set forth herein, in the Declaration of Trust and Trust Agreement of the Trust in effect as of the date hereof, as the same may be amended from time to time (the “**Trust Agreement**”) and the final Confidential Private Placement Memorandum of the Trust dated January 7, 2021 (the “**Memorandum**”). Capitalized terms used herein but not defined herein shall have the meanings assigned to them in the Memorandum.

Accordingly, the Investor agrees as follows:

I. SUBSCRIPTION FOR CLASS A SHARES

- (A) The Investor irrevocably agrees to become a shareholder of the Trust (a “**Shareholder**”) and, in connection therewith, subscribes for and agrees to purchase Shares in and to make a capital contribution (a “**Capital Contribution**”) to the Trust. Payment in cleared funds for Shares must be received prior to the closing date established by the Trust for the subscription (the “**Closing Date**”). Subject to any legal or regulatory restrictions before the Closing Date, the Investor’s payment (the “**Payment**”) will be held by the Trust in a non-interest bearing account. The minimum initial subscription is \$25,000, subject to the discretion of Arca Investment Management, LLC (the “**Manager**”) to accept a lower amount.
- (B) The Investor acknowledges and agrees that the Trust reserves the right to reject this subscription for Shares for any reason or no reason, in whole or in part, and at any time prior to its acceptance. If the subscription is rejected, the Payment will be returned within 10 business days to the Investor and this subscription agreement (together with the Investor Profile Form and the General Eligibility Representations, collectively, the “**Subscription Agreement**”) shall have no force or effect. Upon acceptance of this subscription by the Trust, the Investor shall become a Shareholder.
- (C) The Subscriber agrees that, upon the acceptance of this Subscription Agreement by the Manager, the Subscriber shall become a beneficial owner of the Trust. Accordingly, by execution hereof, the Investor agrees to be bound by all of the terms and conditions of the Trust Agreement, a copy of which previously has been delivered to the Subscriber or is attached as an exhibit to the Memorandum. Moreover, the Investor agrees to be bound by the terms and conditions of all modifications or amendments to the Trust Agreement in accordance with the terms thereof.

II. REPRESENTATIONS AND COVENANTS OF THE INVESTOR

- (A) The Investor agrees that it will not resell, reoffer or otherwise transfer the Shares without registration under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or

an exemption therefrom. The Investor acknowledges that the Shares subscribed for hereunder has not been and will not be registered under the Securities Act or any U.S. state securities laws or the laws of any other jurisdiction and, therefore, cannot be resold, reoffered or otherwise transferred unless it is so registered or an exemption from registration is available. The Investor acknowledges that the Trust is under no obligation to register the Shares on the Investor's behalf or to assist the Investor in complying with any exemption from registration under the Securities Act or any other law. The Investor acknowledges that the Shares can only be transferred in accordance with the Trust Agreement. The Investor acknowledges that the Manager in its sole discretion may cause a compulsory withdrawal of all or any portion of the Investor's Interest in accordance with the Trust Agreement.

- (B) The Investor has received, carefully read and understands the Trust Agreement and the Memorandum. The Investor has been furnished with a copy of, and has reviewed and understands the contents of the Memorandum, and any other documents which may have been made available upon the Investor's request. The Investor acknowledges that it has not received any offering materials with respect to the Shares or the Trust, and that no other such documents have been distributed by the Trust, the Manager or their Affiliates to the Investor. The Investor has had access to the designated representatives of the Manager and the opportunity to ask questions of, and receive answers satisfactory to the Investor from, such designated representatives concerning the offering of interests in the Trust generally. The Investor has obtained all additional information requested by the Investor to verify the accuracy of all information furnished in connection with the offering of interests in the Trust. Certain of the information provided to the Investor by the Trust or its agents may include information that was prepared by third parties and provided to the Trust; neither the Trust nor the Manager can or does give any assurance of the accuracy of such third party information. The Investor has made, either alone or together with its advisors (if any), such independent investigation of the Trust, its management and related matters as the Investor deemed to be, or such advisors (if any) have advised to be, necessary or advisable to enable the Investor to make an informed decision concerning the purchase of the Shares. The Investor and its advisors (if any) have received all information and data that the Investor and such advisors (if any) believe to be necessary in order to reach an informed decision as to the advisability of an investment in the Shares. The Investor is not relying on the Trust, the Manager, or UMB Fund Services, Inc (the "**Administrator**") or any other person or entity with respect to the legal, tax and other economic considerations involved in this investment other than the Investor's own advisers. The Investor's investment in the Shares is consistent with the investment purposes, objectives and cash flow requirements of the Investor and will not adversely affect the Investor's overall need for diversification and liquidity.
- (C) The Investor has not and shall not reproduce, duplicate or deliver the Trust Agreement, the Memorandum or this Subscription Agreement to any other person, except professional advisers to the Investor or as authorized by the Manager. Notwithstanding anything to the contrary herein, the Investor (and each employee, representative or other agent of the Investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of: (i) the Trust; and (ii) any of the Trust's transactions, and all materials of any kind (including, without limitation, opinions or other tax analyses) that are provided to the Investor relating to such tax treatment and tax structure, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of (i) the Trust or (ii) the parties to a transaction.

- (D) The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks, including, without limitation, the risks set forth in the Memorandum of the Investor's investment in the Trust and is able to bear such risks, and has obtained, in the Investor's judgment, sufficient information from the Manager to evaluate the merits and risks of such investment. The Investor has evaluated the risks of investing in the Trust, understands there are substantial risks of loss incidental to the purchase of Shares and has determined that the Shares is a suitable investment for the Investor.
- (E) The Investor has carefully read and understands the sections of the Trust Agreement outlining the limited provisions for transferability and withdrawal from the Trust. The Investor has no need for liquidity in this investment, can afford a complete loss of the investment in the Shares and can afford to hold the investment for an indefinite period of time. The Investor acknowledges that distributions, including, without limitation, the proceeds of withdrawals, may be paid in cash or in kind. The Investor is acquiring the Shares for its own account, for investment purposes only and not with a view toward distributing or reselling the Shares in whole or in part.
- (F) The Investor acknowledges that:
- (1) the Shares have not been approved or disapproved by any securities regulatory authority in any jurisdiction including without limitation any securities regulatory authority of any State of the United States or by the Securities and Exchange Commission (the "SEC"); and
 - (2) the representations, warranties, covenants, undertakings and acknowledgments made by the Investor in this Subscription Agreement will be relied upon by the Trust, the Manager and the Administrator in determining the Investor's suitability as a purchaser of Shares and the Trust's compliance with federal and state securities laws, and shall survive the Investor's admission as a Shareholder.
- (G) The Investor has all requisite power, authority and capacity to acquire and hold the Shares and to execute, deliver and comply with the terms of each of the instruments required to be executed and delivered by the Investor in connection with the Investor's subscription for the Shares, including this Subscription Agreement, and such execution, delivery and compliance does not conflict with, or constitute a default under, any instruments governing the Investor, or violate any law, regulation or order, or any agreement to which the Investor is a party or by which the Investor may be bound. If the Investor is an entity, the person executing and delivering each of such instruments on behalf of the Investor has all requisite power, authority and capacity, and has been duly authorized, to execute and deliver such instruments, and, upon request by the Trust, the Manager or the Administrator, will furnish to the Trust true and correct copies of any instruments governing the Investor, including all amendments to any such instruments and all authorizations. This Subscription Agreement constitutes a legal, valid and binding obligation of the Investor, enforceable in accordance with its terms.
- (H) All information that the Investor has provided to the Trust, the Manager or the Administrator concerning the Investor, the Investor's status, financial position and knowledge and experience of financial, tax and business matters, or, in the case of an investor that is an entity, the knowledge and experience of financial, tax and business

matters of the person making the investment decision on behalf of such entity, is correct and complete as of the date set forth herein.

- (I) The Investor acknowledges that the value of a Shareholder's Shares and withdrawals therefrom under the Trust Agreement, and the performance of the Trust, may be based on unaudited and in some cases, estimated, valuations of the Trust's investments and that valuations provided in an investor's account statement may be an unaudited, estimated value.
- (J) The Investor acknowledges that the Trust will not register as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Company Act**"), nor will it make a public offering of its securities within the United States.
- (K) The Investor acknowledges, or, if the Investor is acting as agent or nominee for a subscriber (a "**Beneficial Owner**"), the Investor has advised the Beneficial Owner, that the Trust/Manager may enter into agreements with placement agents providing for either: (i) a payment from the Investor to the particular placement agent; or (ii) a payment from the Trust/Manager of a one-time or ongoing fee based upon the amount of the capital contribution of any investor introduced to the Trust by the agent.
- (L) The Investor acknowledges that Morrison & Foerster, LLP ("**Mofo**") has been engaged by the Manager to represent it and the Trust in connection with the organization of the Trust and this offering of Interests in the Trust. The Investor also acknowledges that no separate counsel has been engaged to independently represent the Shareholders, including the Investor, in connection with the formation of the Trust, or the offering of the Shares.

The Investor acknowledges that Mofo will represent the Trust on matters for which it is retained to do so by the Manager. The Investor also acknowledges that other counsel may also be retained where the Manager determines that to be appropriate.

The Investor acknowledges that, in advising the Manager, Mofo has relied upon information that has been furnished to it by the Manager and their affiliates, and has not independently investigated or verified the accuracy or completeness of such information. In addition, the Investor acknowledges that Mofo does not monitor the compliance of the Manager or the Trust with the investment guidelines set forth in the Trust Agreement, the Memorandum, the Trust's terms or applicable laws.

The Investor acknowledges and agrees that the Investor has read and understands the section of the Memorandum entitled "**OTHER ACTIVITIES OF MANAGEMENT; POTENTIAL CONFLICTS OF INTEREST**", and related disclosure relating thereto as set forth in the Memorandum, and the Investor acknowledges that there may be situations in which there is a conflict between the interests of the Manager and those of the Trust. The Investor acknowledges that, in these situations, the Manager will determine the appropriate resolution thereof, and may seek advice from Mofo in connection with such determinations. The Manager and the Trust have consented to Mofo's concurrent representation of such parties in such circumstances. The Investor acknowledges that, in general, independent counsel will not be retained to represent the interests of the Trust or the Shareholders.

- (M) If the Investor is a "charitable remainder trust" within the meaning of Section 664 of the Internal Revenue Code, the Investor has advised the Manager in writing of such fact and

the Investor acknowledges that it understands the risks, including specifically the tax risks, if any, associated with its investment in the Trust.

- (N) The Investor acknowledges and agrees that, although the Trust, the Manager and the Administrator will use their reasonable efforts to keep the information provided in the answers to this Subscription Agreement strictly confidential, any of the Trust, the Manager and the Administrator may present this Subscription Agreement and the information provided in answers to it to such parties (e.g., affiliates, attorneys, auditors, administrators, counterparties, including digital asset counterparties and regulators) as it deems necessary or advisable to facilitate the acceptance of the Investor's Capital Contributions and management of the Trust, including, but not limited to, in connection with anti-money laundering and similar laws, if called upon to establish the availability under any applicable law of an exemption from registration of the Shares, the compliance with applicable law and any relevant exemptions thereto by the Trust, the Manager or their affiliates, or if the contents thereof are relevant to any issue in any action, suit or proceeding to which the Trust, the Manager, the Administrator or their affiliates are a party or by which they are or may be bound or if the information is required to facilitate the Trust's investments. The Trust may also release information about the Investor if directed to do so by the Investor, if compelled to do so by law or in connection with any government or self-regulatory organization request or investigation, or if the Manager, in its sole discretion, deems it necessary or advisable to reduce or eliminate withholding or other taxes on the Trust, its partners or the Manager.
- (O) The Investor hereby appoints, as investment manager, the Manager with respect to those assets of the Investor that are invested from time to time as part of the assets of the Trust.
- (P) The Investor acknowledges and understands that the Trust's beneficial owners have no right to amend or terminate the Trust Agreement or to appoint, select, vote for or remove the Delaware Trustee or the Manager (or their agents), or otherwise participate in the business decisions of the Trust or otherwise in connection with Trust property.
- (Q) The Manager intends to follow the investment policy as described in the Trust Agreement and the Memorandum. The Manager from time to time may change the investment policy which it follows with respect to the Trust, provided that the Manager shall give notice to the Investor of any such change which is material. The Manager may, without limitation, manage other accounts or pooled funds in such manner that substantially the same investment decisions are made for those accounts or pooled funds as are made for the Trust.
- (R) As compensation for its services to the Trust, the Manager shall charge a monthly Management fee ("Management Fee") in the amount set forth in the Memorandum. The Management Fee will be accrued daily and payable on a calendar monthly basis, in arrears.

III. ERISA

- (A) If the Investor is a "plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), that is subject to the provisions of Title I of ERISA (an "**ERISA Plan**"), and/or a "plan" that is subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), or an entity whose assets are treated as "plan assets" under Section 3(42) of ERISA and any regulations promulgated thereunder (each, a "**Plan**"), the

person executing this Subscription Agreement on behalf of the Plan (the “**Fiduciary**”) represents and warrants that:

1. such person is a “fiduciary” of such Plan and trust and/or custodial account within the meaning of Section 3(21) of ERISA, and/or Section 4975(e)(3) of the Internal Revenue Code and such person is authorized to execute the Subscription Agreement;
2. unless otherwise indicated in writing to the Trust, the Plan is not a participant-directed defined contribution plan;
3. the Fiduciary has considered a number of factors with respect to the Plan’s investment in the Shares and has determined that, in view of such considerations, the purchase of Shares is consistent with the Fiduciary’s responsibilities under ERISA. Such factors include, but are not limited to:
 - (a) the role such investment or investment course of action plays in that portion of the Plan’s portfolio that the Fiduciary manages;
 - (b) whether the investment or investment course of action is reasonably designed as part of that portion of the portfolio managed by the Fiduciary to further the purposes of the Plan, taking into account both the risk of loss and the opportunity for gain that could result therefrom;
 - (c) the composition of that portion of the portfolio that the Fiduciary manages with regard to diversification;
 - (d) the liquidity and current rate of return of that portion of the portfolio managed by the Fiduciary relative to the anticipated cash flow requirements of the Plan;
 - (e) the projected return of that portion of the portfolio managed by the Fiduciary relative to the Trusting objectives of the Plan; and
 - (f) the risks associated with an investment in the Trust and the fact that the Investor has only limited withdrawal rights.
4. the investment in the Trust has been duly authorized under, and conforms in all respects to, the documents governing the Plan and the Fiduciary;
5. the Fiduciary is: (a) responsible for the decision to invest in the Trust; (b) independent of the Manager and the Trust; and (c) qualified to make such investment decision; and
6. (a) none of the Manager, its employees or affiliates: (i) manages any part of the Investor’s investment portfolio on a discretionary basis; (ii) regularly gives investment advice with respect to the assets of the Investor; (iii) has an agreement or understanding, written or unwritten, with the Investor under which the latter receives information, recommendations or advice concerning investments that are used as a primary basis for the Investor’s investment decisions; or (iv) has an agreement or understanding, written or unwritten, with the Investor under which

the latter receives individualized investment advice concerning the Investor's assets;

OR

(b) (i) the Fiduciary, who is independent of the Manager and its affiliates, has studied the terms of the Trust, the Memorandum and the Trust Agreement and has made an independent decision to purchase Interests solely on the basis of the Trust Agreement and the Memorandum and without reliance on any other information or statements as to the appropriateness of this investment for the Investor; and (ii) the Investor represents and warrants that neither the Manager nor any of its employees or affiliates: (A) has exercised any investment discretion or control with respect to the Investor's purchase of Interests; (B) has authority, responsibility to give, or has given individualized investment advice with respect to the Investor's purchase of the Shares; or (C) is the employer maintaining or contributing to such Plan.

- (B) The Fiduciary agrees, at the request of the Trust, to furnish the Trust with such information as the Trust may reasonably require to establish that the purchase of the Shares by an ERISA Plan and the transactions to be entered into by the Trust do not violate any provision of ERISA or the Internal Revenue Code, including, without limitation, those provisions relating to "prohibited transactions" by "parties in interest" or "disqualified persons" as defined therein.
- (C) The Fiduciary agrees to notify the Manager promptly in writing should the Fiduciary become aware of any change in the information set forth in or required to be provided by this Section III.
- (D) If applicable, the Investor has identified its status as a Benefit Plan Investor (as defined below) to the Trust on page 19. If the Investor has identified to the Trust on page 19 that it is not currently a Benefit Plan Investor, but becomes a Benefit Plan Investor, the Investor shall forthwith disclose to the Manager promptly in writing such fact and also the percentage of the Investor's equity interests held by Benefit Plan Investors. For these purposes, a "**Benefit Plan Investor**", as defined under Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and any regulations promulgated thereunder, includes (a) an "employee benefit plan" that is subject to the provisions of Title I of ERISA; (b) a "plan" that is not subject to the provisions of Title I of ERISA, but that is subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), such as individual retirement accounts and certain retirement plans for self-employed individuals; and (c) a pooled investment fund whose assets are treated as "plan assets" under Section 3(42) of ERISA and any regulations promulgated thereunder because "employee benefit plans" or "plans" hold 25% or more of any class of equity interest in such pooled investment fund. The Investor agrees to notify the Manager promptly in writing if there is any change in the percentage of the Investor's assets that are treated as "plan assets" for the purpose of Section 3(42) of ERISA and any regulations promulgated thereunder as set forth in the General Eligibility Representations section of this Subscription Agreement.
- (E) If the Investor is an insurance company and is investing the assets of its general account (or the assets of a wholly owned subsidiary of its general account) in the Trust, it has identified on page 19 whether the assets underlying the general account constitute "plan

assets” within the meaning of Section 401(c) of ERISA. The Investor agrees to promptly notify the Manager in writing if there is a change in the percentage of the general account’s assets that constitute “plan assets” within the meaning of Section 401(c) of ERISA and shall disclose such new percentage ownership.

IV. ANTI-MONEY LAUNDERING (“PROHIBITED PERSON” STATUS)

You should check the website of the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) at <http://www.treas.gov/offices/enforcement/ofac/> before making the following representations and warranties.

- (A) The Investor represents and warrants that the amounts contributed by it to the Trust were not and are not directly or indirectly derived from activities that may contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations.

United States federal regulations and executive orders administered by OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals.² The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at <http://www.treas.gov/offices/enforcement/ofac/>. In addition, the programs administered by OFAC (“**OFAC Programs**”) prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists.

The Investor represents and warrants that, to the best of its knowledge, none of:

- (1) the Investor;
- (2) any person controlling or controlled by the Investor;
- (3) if the Investor is a privately held entity, any person having a beneficial interest in the Investor; or
- (4) any person for whom the Investor is acting as agent or nominee in connection with this investment

is a country, territory, individual or entity named on an OFAC list, nor is a person or entity prohibited under the OFAC Programs.

Please be advised that the Trust and/or the Administrator may not accept any amounts from a prospective investor if it cannot make the representations and warranties set forth in the preceding paragraph. If an existing shareholder of the Trust cannot make these representations and warranties, the Trust may require the withdrawal of interests.

- (B) The Investor agrees to notify the Trust and the Administrator promptly in writing should the Investor become aware of any change in the information set forth in these representations and warranties. The Investor is advised that, by law, the Trust and/or the Administrator may be obligated to “freeze the account” of the Investor, either by prohibiting additional contributions from the Investor, declining any withdrawal requests

² These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

and/or segregating the assets in the account in compliance with governmental regulations, and the Trust and/or the Administrator may also be required to report such action and to disclose the Investor's identity to OFAC or other applicable governmental and regulatory authorities. The Investor further acknowledges that the Manager may, by written notice to the Investor, suspend the payment of withdrawal proceeds payable to the Investor if the Manager and/or the Administrator reasonably deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Trust, the Manager, the Administrator or any of the Trust's other service providers.

(C) The Investor represents and warrants that, to the best of its knowledge, none of:

- (1) the Investor;
- (2) any person controlling or controlled by the Investor;
- (3) if the Investor is a privately held entity, any person having a beneficial interest in the Investor; or
- (4) any person for whom the Investor is acting as agent or nominee in connection with this investment is a senior foreign political figure,³ or any immediate family member⁴ or close associate⁵ of a senior foreign political figure as such terms are defined in the footnotes below.

(D) If the Investor is a non-U.S. banking institution (a "**Non-U.S. Bank**") or if the Investor receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Non-U.S. Bank, the Investor represents and warrants that:

- (1) the Non-U.S. Bank has a fixed address, other than solely an electronic address, in a country in which the Non-U.S. Bank is authorized to conduct banking activities;
- (2) the Non-U.S. Bank employs one or more individuals on a full-time basis;
- (3) the Non-U.S. Bank maintains operating records related to its banking activities;
- (4) the Non-U.S. Bank is subject to inspection by the banking authority that licensed the Non-U.S. Bank to conduct banking activities; and

³ For these purposes, the term "**senior foreign political figure**" means a current or former senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a current or former senior official of a major non-U.S. political party, or a current or former senior executive of a non-U.S. government-owned commercial enterprise. In addition, a "**senior foreign political figure**" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. For purposes of this definition, the term "**senior official**" or "**senior executive**" means an individual with substantial authority over policy, operations, or the use of government-owned resources.

⁴ For these purposes, an "**immediate family member**" of a senior foreign political figure means spouses, parents, siblings, children and a spouse's parents and siblings.

⁵ For these purposes, a "**close associate**" of a senior foreign political figure means a person who is widely and publicly known (or is actually known) to be a close associate of a senior foreign political figure.

- (5) the Non-U.S. Bank does not provide banking services to any other Non-U.S. Bank that does not have a physical presence in any country and that is not a regulated affiliate.
- (E) The Investor acknowledges and agrees that any withdrawal proceeds paid to it will be paid to the same account from which the Investor's investment in the Trust was originally remitted, unless the Manager, in its sole discretion, agrees otherwise.
- (F) The Investor agrees that, upon the request of the Trust, the Manager or the Administrator, it will provide such information as the Trust, the Manager or the Administrator require to satisfy applicable anti-money laundering laws and regulations, including, without limitation, the Investor's anti-money laundering policies and procedures, background documentation relating to its directors, trustees, settlors and beneficial owners, and audited financial statements, if any.

V. GENERAL

- (A) The Investor agrees to indemnify the Trust, the Manager, the Administrator, each of their affiliates, officers, directors, partners, managers, members, employees, agents and assign, and each other person, if any, who controls, is controlled by, or is under common control with, any of the foregoing, within the meaning of Section 15 of the Securities Act (each, an "**Indemnified Person**"), against any and all loss, liability, claim, damage and expense whatsoever (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) arising out of or based upon: (i) any false representation or warranty made by the Investor, or breach or failure by the Investor to comply with any covenant or agreement made by the Investor, in this Subscription Agreement or in any other document furnished by the Investor to any of the foregoing in connection with this transaction; or (ii) any action for securities law violations instituted by the Investor which is finally resolved by judgment against the Investor. The Investor also agrees to indemnify each Indemnified Person for any and all costs, fees and expenses (including legal fees and disbursements) in connection with any damages resulting from the Investor's assertion of lack of proper authorization from a Beneficial Owner to enter into this Subscription Agreement or perform the obligations hereof.
- (B) The Trust, the Manager and the Administrator shall not be liable for any interception of Account Communications (as defined on page 13).
- (C) This Subscription Agreement, and any and all actions or controversies arising out of this Subscription Agreement, including, without limitation, tort claims, shall be governed by, construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the choice of law principles thereof that would result in the application of the substantive law of any jurisdiction other than the State of Delaware.
- (D) If any provision of this Subscription Agreement is invalid or unenforceable under any applicable law, then such provision shall be deemed inoperative to the extent that it may conflict therewith. Any provision hereof which may be held invalid or unenforceable under any applicable law shall not affect the validity or enforceability of any other provisions hereof, and to this extent the provisions hereof shall be severable.
- (E) If any answer provided or background documentation required under this Subscription Agreement is found to be false, forged or misleading, the Investor acknowledges that the

Manager may require the Investor to fully withdraw from the Trust as permitted under the Trust Agreement.

- (F) This Subscription Agreement may be executed through the use of separate signature pages or in any number of counterparts. The counterparts shall, for all purposes, constitute one agreement binding on all the parties, notwithstanding that all parties do not execute the same counterpart. Each party acknowledges and agrees that any portable document format (PDF) file, facsimile or other reproduction of its signature on any counterpart shall be equal to and enforceable as its original signature and that any such reproduction shall be a counterpart hereof that is fully enforceable in any court or arbitral panel of competent jurisdiction.
- (G) This Subscription Agreement may be signed by any party under hand or by way of an electronic signature or by a signature or a representation of a signature affixed by mechanical means and may be reproduced as an electronic record and delivered to the Administrator by facsimile, by electronic mail or by delivery through a web or other electronic portal. The Trust may take such steps as it deems appropriate to determine the reliability of any electronic signature.

VI. AGENT OR NOMINEE

- (A) If the Investor is acting as agent or nominee for a Beneficial Owner, the Investor acknowledges that the representations, warranties and covenants made herein are made by the Investor: (i) with respect to the Investor; *and* (ii) with respect to the Beneficial Owner. The Investor represents and warrants that it has all requisite power and authority from said Beneficial Owner to execute and perform the obligations under this Subscription Agreement.
- (B) If, contemporaneously with this Subscription Agreement and with the prior written consent of the Manager, the Investor will enter into a swap, structured note or other derivative instrument, the return from which is based in whole or in part on the return of the Trust (the “**Swap**”), with a third party (a “**Third Party**”), the Investor represents and warrants that with respect to a Third Party entering into a Swap: (i) the Third Party is authorized under its constitutional documents (e.g., certificate of incorporation, by-laws, Trust Agreement or trust agreement) and applicable law (including U.S. and non-U.S. anti-money laundering laws and regulations) to enter into the Swap and would also be so authorized to invest directly into the Trust; (ii) the Third Party has received and reviewed a copy of the Trust Agreement, the Memorandum and this Subscription Agreement; (iii) the Third Party acknowledges that the Trust and its affiliates are not responsible for the legality, suitability or tax consequences of the Swap and that the Investor is not an agent of the Trust; and (iv) the Third Party is an “accredited investor” under Regulation D promulgated under the Securities Act. Nothing herein constitutes an agreement or statement by the Trust as to the legality of a Swap or the suitability of a Swap for the Third Party.

VII. ADDITIONAL INFORMATION AND SUBSEQUENT CHANGES IN THE FOREGOING REPRESENTATIONS

- (A) The Trust, the Manager or the Administrator may request from the Investor such additional information as it may deem necessary to evaluate the eligibility of the Investor to acquire Shares, and may request from time to time such information as it may deem necessary to

determine the eligibility of the Investor to hold Shares or to facilitate the Trust's, the Manager's, the Manager's or the Administrator's compliance with applicable legal or regulatory requirements or the Trust's tax status, and the Investor agrees to timely provide such information.

- (B) The Investor agrees to promptly take such action, including providing and periodically updating information (which may include, among other things, the identities of the direct and indirect beneficial owners of the Shares being subscribed for hereunder and the "controlling person(s)" of the Investor), that the Trust, the Manager or the Manager, in its sole discretion, reasonably determines is necessary for the Trust to comply with any legal obligation or to reduce or eliminate withholding taxes, including without limitation under Sections 1471-1474 of the Internal Revenue Code or other similar laws. The Investor acknowledges that if it fails to timely take such action, the Investor may be subject to fines or other penalties, and that the Manager may take any action in relation to the Investor's Interest or withdrawal proceeds to ensure that such penalties and withholding are economically borne by the Investor. The Investor agrees to waive any provision of foreign law that would, absent a waiver, prevent compliance with such requests and acknowledges that, if it fails to provide such waiver, it may be required by the Manager to forfeit or sell its Shares.
- (C) The Investor agrees to notify the Manager promptly in writing if there is any change with respect to any of the information or representations or warranties made herein and to provide the Manager with such further information as the Manager may reasonably require.
- (D) The Investor acknowledges and agrees that any notations, alterations, strike-outs, addenda, inserts or verbiage purporting to amend the terms of this Subscription Agreement shall not be effective unless explicitly agreed to by the Trust or its agents.

VIII. Power of Attorney

- (A) In connection with the Investor's subscription, the undersigned hereby irrevocably constitutes and appoints the Manager with full power of substitution, as the undersigned's true and lawful representative and attorney-in-fact, granting unto such attorney-in-fact full power of substitution and with full power and authority in the undersigned's name, place and stead to make, execute, acknowledge, deliver, swear to, file and record in all necessary or appropriate places: (a) any and all documents, certificates or instruments that the Manager deem appropriate to qualify, continue or terminate the Trust as a statutory trust in the jurisdictions in which the Trust may conduct business; (b) all instruments that the Manager deem appropriate to reflect a change or modification of the Trust in accordance with the terms of the Trust Agreement; (c) all other certificates, documents and instruments with any jurisdiction that the Manager deems appropriate to carry out the business of the Trust; (d) Certificates of Assumed Name; and (e) all conveyances and other instruments that the Manager deem appropriate to effect the dissolution and liquidation of the Trust.
- (B) This Power of Attorney is coupled with an interest, is irrevocable, and shall survive the death, dissolution, incompetence or incapacity of the undersigned or an assignment by the Investor of the Investor's Shares except that where the assignee thereof has been admitted to the Trust as a substituted unitholder, this Power of Attorney shall survive such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any certificate, instrument or document necessary or appropriate to effect such substitution.

- (C) The Investor hereby agrees to be bound by all of the representations of the attorney-in-fact and waives any and all defenses that may be available to the undersigned to contest, negate or disaffirm the actions of the attorney-in-fact or its successors under this Power of Attorney, and hereby ratifies and confirms all acts that said attorney-in-fact may take as attorney-in-fact hereunder in all respects, as though performed by the undersigned.

ARCA ACCREDITED INVESTOR BITCOIN TRUST

INVESTOR PROFILE FORM

ALL INVESTORS MUST COMPLETE THIS FORM.

Name of Investor (Please Print or Type)

\$ _____
Amount of Subscription

Type of Investor—*Please check all that apply:*

- | | | |
|--|--|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Registered Investment Company | <input type="checkbox"/> Foundation |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Joint Tenants (with Rights of Survivorship) | <input type="checkbox"/> Endowment |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Tenants in Common | <input type="checkbox"/> Employee Benefit Plan |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Individual Retirement Plan | <input type="checkbox"/> Keogh Plan |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Charitable Remainder Trust | <input type="checkbox"/> Fund of Funds ⁶ |

Mailing Address and Other Contact Information

Full Mailing Address (*Exactly as it should appear on labels*):

Street Address (*If PO Box, please indicate the residential/street address below.*)

City State ZIP

Daytime Telephone Evening Telephone

E-mail Address Fax Number

Residence (if an individual) or Principal Place of Business (if an entity) if different from above (no PO Box)

Name

Street Address

City State ZIP

⁶ For purposes of this item, the term “**Fund of Funds**” means a fund that invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are private funds or registered investment companies.

ARCA ACCREDITED INVESTOR BITCOIN TRUST

INVESTOR PROFILE FORM

AUTHORIZATION OF REPRESENTATIVE(S)/AGENT(S):

Set forth below are the names of persons authorized by the Investor to give and receive instructions and information between the Trust and the Investor, together with their respective signatures and e-mail addresses. Such persons are the only persons so authorized until further notice to the Trust.

(Please attach additional pages if needed)

Name	Signature	E-mail Address

Address of Authorized Representative/Agent (*No P.O. Boxes Please, if any*):

Street Address

City, State, Zip

Telephone

Banking Instructions

Bank name

Street Address

ABA/SWIFT Code:

Account Name

Account number

For Further Credit to

Sub-Account number

INVESTOR PROFILE FORM

CONSENT TO ELECTRONIC DELIVERY OF ACCOUNT COMMUNICATIONS

_____ The Investor hereby provides its informed consent to the electronic delivery of Account
Initial Communications by the Trust, the Manager and/or the Administrator. If the Investor has not initialed this item, Account Communications will be delivered via facsimile or physical delivery (e.g., first class mail, overnight or express courier service or similar delivery method).

Covered Documents

“**Account Communications**” means all current and future account statements; the Trust Agreement and related documents (including all supplements and amendments thereto); the Memorandum; notices (including privacy notices); letters to investors; annual audited financial statements; regulatory communications and other information, documents, data and records regarding the Investor’s investment in the Trust.

Medium of Delivery

The Trust, the Manager and/or the Administrator may deliver Account Communications electronically via e-mail or any secure Internet site. It is the Investor’s affirmative obligation to notify the Trust in writing if the e-mail address of the Investor or any authorized representative of the Investor changes. If an Internet site is used for electronic delivery, the Investor will receive an e-mail notification when a new document is posted to the site and the Investor will be required to login with its e-mail address and a unique password. In order to access, view, print and save documents, the Investor must have access to the Internet and software that enables it to view a PDF document.

Duration of Consent

This consent will be valid until it is revoked. The Investor may revoke or restrict its consent to electronic delivery of Account Communications at any time upon written notice to the Administrator.

Costs and Risks of Electronic Delivery

The Trust, the Manager and the Administrator will not be liable for any interception of Account Communications. Investors should note that no additional charge for electronic delivery will be assessed, but the Investor may incur charges from its Internet service provider or other Internet access provider. In addition, there are risks, such as systems outages, that are associated with electronic delivery.

INVESTOR PROFILE FORM

ANTI-MONEY LAUNDERING INFORMATION

This Subscription Agreement will not be deemed complete, and the Investor will not be deemed a shareholder of the Trust, regardless of whether it has already wired funds, until all of the required documentation listed below is received by the Manager.

Payment Information

- (a) Name of the Investor: _____
- (b) Name of the bank from which the Investor's payment to the Trust is being wired (the "**Wiring Bank**"): _____
- (c) Is the Wiring Bank located in an Approved FATF Country⁷? **YES** **NO**
 If yes, please answer question (d) below. ☐ ☐
 If no, please provide the additional information described below.
- (d) Is the Investor a customer of the Wiring Bank? ☐ ☐
 If yes, you are not required to provide the additional information described below.
 If no, please provide the additional information described below.

The Investor must wire the payment from an account in its name.

Additional Information

Note: This section applies only to investors who responded "No" to question (c) or (d) above.

The following materials must be provided to the Administrator:

For Individuals

- ☐ A government issued form of picture identification (e.g., passport).
- ☐ Proof of current address (e.g., current utility bill).
- ☐ Source of Wealth _____

For Fund of Funds or Entities that Invest on Behalf of Third Parties that are Not Located in the United States or Other Approved FATF Country

- ☐ A certificate of due formation and organization and continued authorization to conduct business in the jurisdiction of its organization (e.g., certificate of good standing).

⁷ As of the date hereof, approved countries that are members of the Financial Action Task Force on Money Laundering (each, an "**Approved FATF Country**") are: Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, India, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Kingdom of the Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

INVESTOR PROFILE FORM

- ☐ An incumbency certificate attesting to the title of the individual executing this Subscription Agreement on behalf of the Investor (a sample Incumbency Certificate is attached hereto as Exhibit C).
- ☐ A completed copy of Exhibit D certifying that the entity has adequate anti-money laundering policies and procedures in place that are consistent with all applicable anti-money laundering laws and regulations, including the USA PATRIOT Act and OFAC.
- ☐ A letter of reference from a local office of a reputable bank or brokerage firm which is incorporated, or has its principal place of business located, in an Approved FATF Country certifying that the Investor maintains an account at such bank/brokerage firm and containing a statement affirming the Investor's integrity (a sample Letter of Reference is attached hereto as Exhibit E).

For All Other Entity Investors

- ☐ A certificate of due formation and organization and continued authorization to conduct business in the jurisdiction of its organization (e.g., certificate of good standing).
- ☐ An incumbency certificate attesting to the title of the individual executing this Subscription Agreement on behalf of the Investor (a sample Incumbency Certificate is attached hereto as Exhibit C).
- ☐ A letter of reference from a local office of a reputable bank or brokerage firm which is incorporated, or has its principal place of business located, in an Approved FATF Country certifying that the Investor maintains an account at such bank/brokerage firm for a length of time and containing a statement affirming the Investor's integrity (a sample Letter of Reference is attached hereto as Exhibit E).
- ☐ If the Investor is a privately-held entity, a completed copy of Exhibit F listing the name of each person who directly, or indirectly through intermediaries, is the beneficial owner of 25% or more of any voting or non-voting class of equity interests of the Investor.
- ☐ If the Investor is a trust, a completed copy of Exhibit G listing the current beneficiaries of the trust that have, directly or indirectly, 25% or more of any interest in the trust, the settlor of the trust and the trustees.
- ☐ Source of Wealth _____

Information Required by Administrator

All investors must complete Exhibit F and the supporting materials must be provided to the Administrator.

GENERAL ELIGIBILITY REPRESENTATIONS

PLEASE COMPLETE ALL APPROPRIATE ITEMS.

I. GENERAL INVESTOR INFORMATION

(A) The Investor represents and warrants that:

(Please initial one and complete blanks)

- _____ 1. If the Investor is an employee benefit plan, an endowment, a foundation,
Initial a corporation, a partnership, a limited liability company, a trust or other
legal entity, it:
is organized under the laws of: _____
has its principal place of business in: _____
and was formed as of: _____
- _____ 2. If beneficial ownership of the Investor is held by an individual (for
Initial example, through an Individual Retirement Account, Keogh Plan or other
self-directed defined contribution plan), such individual is of legal age and
is a resident of: _____

(B) Was the Investor referred to the Trust by a placement agent? ☐ Yes ☐ No

If yes, please provide name of placement agent:

(C) The Investor _____ (is) _____ (is not) *(please initial one)* a government entity.⁸

(D) If the Investor is acting as agent or nominee for a beneficial owner that is a government
entity, please provide the name of the government entity:

⁸ For these purposes, the term “**government entity**” means any U.S. state (including any U.S. state, the District of Columbia, Puerto Rico, the U.S. Virgin Islands or any other possession of the United States) or political subdivision of a state, including:

- (i) any agency, authority, or instrumentality of the state or political subdivision;
- (ii) a pool of assets sponsored or established by the state or political subdivision or any agency, authority or instrumentality thereof, including, but not limited to a “defined benefit plan”, as defined in section 414(j) of the Internal Revenue Code, or a state general fund;
- (iii) a plan or program of a government entity; and
- (iv) officers, agents, or employees of the state or political subdivision or any agency, authority or instrumentality thereof, acting in their official capacity. (Note that any such officers, agents, or employees will not be considered a government entity if they are making an investment in the Trust not in their official capacity.)

ARCA ACCREDITED INVESTOR BITCOIN TRUST

GENERAL ELIGIBILITY REPRESENTATIONS

- (E) If the Investor is an entity substantially owned by a government entity (e.g., a single investor vehicle) and the investment decisions of such entity are made or directed by such government entity, please provide the name of the government entity:

Please note that, if the Investor enters the name of a government entity in this Item I(E), the Trust will treat the Investor as if it were the government entity for purposes of Rule 206(4)-5 (the “**Pay to Play Rule**”) promulgated under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

- (F) If the Investor is (i) a government entity, (ii) acting as agent or nominee for a beneficial owner that is a government entity, or (iii) an entity described in Item I(E), the Investor certifies that:

_____ other than the Pay to Play Rule, no “pay to play” or other similar compliance obligations would be imposed on the Trust, the Manager or their affiliates in connection with the Investor’s subscription.
Initial

If the Investor cannot make such certification, indicate in the space below all other “pay to play” laws, rules or guidelines, or lobbyist disclosure laws or rules, the Trust, the Manager or their affiliates, employees or third-party placement agents would be subject to in connection with the Investor’s subscription:

- (G) The Investor _____ (is) _____ (is not) (*please initial one*) registered as an investment company under the Company Act (a “**Registered Fund**”).
- (H) The Investor _____ (is) _____ (is not) (*please initial one*) an affiliated person⁹ of a Registered Fund. If the Investor is an affiliated person of a Registered Fund, please provide the name of the Registered Fund: _____.

⁹ For purposes of this item, the term “**affiliated person**” of another person means:

- (i) any person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other person;
- (ii) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person;
- (iii) any person directly or indirectly controlling, controlled by, or under common control with, such other person;
- (iv) any officer, director, partner, copartner, or employee of such other person;
- (v) if such other person is an investment company, any investment adviser thereof or any member of an advisory board thereof; and
- (vi) if such other person is an unincorporated investment company not having a board of directors, the depositor thereof.

For this purpose, “**control**” means the power to exercise a controlling influence over the management or policies of a company, whether by stock ownership, contract or otherwise, unless such power is solely the result of an official position with such company. Any person who owns beneficially, either directly or through one or more

GENERAL ELIGIBILITY REPRESENTATIONS

- (I) The Investor _____ (is) _____ (is not) (*please initial one*) (i) a “bank holding company” (as defined in Section 2(a) of the U.S. Bank Holding Company Act of 1956, as amended (the “BHCA”)), (ii) an entity that is subject to the BHCA pursuant to the U.S. International Banking Act of 1978, as amended, or (iii) an “affiliate” (as defined in Section 2(k) of the BHCA) of either of the foregoing. *The Trust may request information regarding the bank holding company status of the Investor or any affiliate of the Investor.*
- (J) The Investor _____ (is) _____ (is not) (*please initial one*) a “banking entity” (as defined in Regulation VV of the Board of Governors of the U.S. Federal Reserve System (the “Volcker Rule”)).
- (K) The Investor _____ (is) _____ (is not) (*please initial one*) a “covered fund” (as defined in the Volcker Rule).

If the Investor is a “covered fund”, please complete each of the following:

1. The Investor _____ (is) _____ (is not) (*please initial one*) a “covered fund” (i) for which a “banking entity” serves as “sponsor”, investment manager, investment adviser, commodity trading advisor, or (ii) that was otherwise “organized and offered” by a “banking entity” (each as defined in the Volcker Rule).
2. The Investor _____ (is) _____ (is not) (*please initial one*) “controlled” (as defined in the Volcker Rule) by a second “covered fund” described in clause (i) or (ii) of Item (K)(1) above.

controlled companies, more than 25% of the voting securities of a company is presumed to control the company. Entities that may be deemed to be under “common control” are those that (a) are directly or indirectly controlled by the same person or (b) have substantially the same officers and directors or managers or the same investment adviser.

GENERAL ELIGIBILITY REPRESENTATIONS

II. ERISA INFORMATION

(A) The Investor _____ (is) _____ (is not) (*please initial one*) a “Benefit Plan Investor” as defined in Section III(D) of this Subscription Agreement.

(B) If the Investor is a pooled investment fund, the Investor certifies to either 1 or 2 below:

(*Please initial one*)

Initial 1. Less than 25% of the value of each class of equity interests in the Investor (excluding from this computation interests held by (i) any individual or entity (other than a Benefit Plan Investor) having discretionary authority or control over the assets of the Investor, (ii) any individual or entity (other than a Benefit Plan Investor) who provides investment advice for a fee (direct or indirect) with respect to the assets of the Investor and (iii) any affiliate of such individuals or entities other than a Benefit Plan Investor) is held by Benefit Plan Investors.

Initial 2. Twenty-five percent or more of the value of any class of equity interests in the Investor (excluding from this computation interests held by (i) any individual or entity (other than a Benefit Plan Investor) having discretionary authority or control over the assets of the Investor, (ii) any individual or entity (other than a Benefit Plan Investor) who provides investment advice for a fee (direct or indirect) with respect to the assets of the Investor and (iii) any affiliate of such individuals or entities other than a Benefit Plan Investor) is held by Benefit Plan Investors;

and

_____% of the equity interest in the Investor is held by Benefit Plan Investors.

(C) If the Investor is an insurance company, the Investor certifies to either 1 or 2 below:

(*Please initial one*)

Initial 1. The Investor is an insurance company investing the assets of its general account (or the assets of a wholly owned subsidiary of its general account) in the Trust but none of the underlying assets of the Investor’s general account constitutes “plan assets” within the meaning of Section 401(c) of ERISA.

Initial 2. The Investor is an insurance company investing the assets of its general account (or the assets of a wholly owned subsidiary of its general account) in the Trust and a portion of the underlying assets of the Investor’s general account constitutes “plan assets” within the meaning of Section 401(c) of ERISA;

and

_____% of its general account assets constitute “plan assets” within the meaning of Section 401(c) of ERISA.

GENERAL ELIGIBILITY REPRESENTATIONS

III. TAX INFORMATION

- (A) **Tax Forms.** A “U.S. person” for U.S. federal income tax purposes is a citizen or individual resident of the United States, a partnership, corporation, limited liability company, or other entity created or organized in the United States or under the laws of the United States, any U.S. state, or the District of Columbia, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust was in existence on August 20, 1996 and properly elected to be treated as a U.S. person. If an Investor is treated for U.S. federal income tax purposes as an entity disregarded as separate from its owner (a “DRE”), that Investor’s classification as a “U.S. person” is determined by reference to the classification of the Person that is treated as the owner of the Investor for U.S. federal income tax purposes.
- (B) For U.S. Persons. Each Investor (and, if the Investor is a Flow-Through Investor, each Person treated as an owner for U.S. federal income tax purposes of the Investor (a “Beneficial Owner”) that is a “U.S. person” must complete an IRS Form W-9. A “**Flow-Through Investor**” is an Investor that is treated for U.S. federal income tax purposes as a partnership, a grantor trust, or an S corporation. **THE TRUST CURRENTLY IS NOT ACCEPTING SUBSCRIPTIONS FROM (I) ANY INVESTOR THAT IS NOT A U.S. PERSON OR (II) ANY INVESTOR THAT IS A FLOW-THROUGH INVESTOR AND THAT HAS A BENEFICIAL OWNER THAT IS NOT A U.S. PERSON.**
- (C) Tax Residence. The Investor’s U.S. state or country of residence for tax purposes is _____ (specify U.S. state or country).
- (D) Taxpayer ID Number (TIN). _____.

IV. ACCREDITED INVESTOR STATUS

- (A) The Investor certifies that the Investor is an “accredited investor” as defined in Regulation D promulgated under the Securities Act because:

(Please initial as appropriate)

1. **Individuals**

GENERAL ELIGIBILITY REPRESENTATIONS

- _____ (a) The Investor has an individual net worth,¹⁰ or joint net worth¹¹ with his or
Initial her spouse or spousal equivalent¹², in excess of \$1,000,000; or
- _____ (b) The Investor had individual income¹³ (exclusive of any income
Initial attributable to his or her spouse) of more than \$200,000 in each of the past
two years, or joint income with his or her spouse of more than \$300,000
in each of those years, and reasonably expects to reach the same income
level in the current year.
- _____ (c) The Investor is a director, executive officer, or Manager of the issuer of
Initial the shareholder interests being offered or sold, or any director, executive
officer, or Manager of a Manager of that issuer;
- _____ (d) The Investor is a natural person who is a “knowledgeable employee,” as
Initial defined in rule 3c-5(a)(4) under the Investment Company Act of 1940 (the
“Investment Company Act”), of the issuer of the securities being offered
or sold where the issuer would be an investment company, as defined in
section 3 of the Investment Company Act, but for the exclusion provided
by either section 3(c)(1) or section 3(c)(7) of the Investment Company
Act.
- _____ (e) The Investor is a natural person holding in good standing one or more
Initial professional certifications or designations or credentials from an
accredited educational institution that the Securities Exchange
Commission has designated as qualifying an individual for accredited
investor status. In determining whether to designate a professional
certification or designation or credential from an accredited educational

¹⁰ For purposes of this Subscription Agreement, the term “**net worth**” means the excess of total assets at fair market value, including home furnishings and automobiles, over total liabilities; *provided* that, (i) the Investor’s primary residence shall not be included as an asset, (ii) indebtedness that is secured by the Investor’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale of the Shares, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of the Shares exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability), and (iii) indebtedness that is secured by the Investor’s primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of the Shares shall be included as a liability.

¹¹ For purposes of this Subscription Agreement, the term “**joint net worth**” means the aggregate net worth of the Investor and spouse or spousal equivalent; assets need not be held jointly to be included in the calculation. Reliance on the joint net worth standard does not require that the securities be purchased jointly.

¹² For purposes hereof, “spousal equivalent” shall mean a cohabitant occupying a relationship generally equivalent to that of a spouse.

¹³ For purposes of this Subscription Agreement, the term “**individual income**” means adjusted gross income, as reported for federal income tax purposes, less any income attributable to a spouse or to property owned by a spouse, increased by the following amounts (but not including any amounts attributable to a spouse or to property owned by a spouse): (i) the amount of any tax-exempt interest income under Section 103 of the Internal Revenue Code, received; (ii) the amount of losses claimed as a shareholder in a trust as reported on Schedule E of Form 1040; (iii) any deduction claimed for depletion under Section 611 *et seq.* of the Internal Revenue Code; (iv) amounts contributed to an Individual Retirement Account (as defined in the Internal Revenue Code) or Keogh retirement plan; (v) alimony paid; and (vi) any elective contributions to a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code.

GENERAL ELIGIBILITY REPRESENTATIONS

institution for purposes of this paragraph, the Securities Exchange Commission will consider, among others, the following attributes:

(i) the certification, designation, or credential arises out of an examination or series of examinations administered by a self-regulatory organization or other industry body or is issued by an accredited educational institution;

(ii) the examination or series of examinations is designed to reliably and validly demonstrate an individual's comprehension and sophistication in the areas of securities and investing;

(iii) persons obtaining such certification, designation, or credential can reasonably be expected to have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of a prospective investment; and

(iv) an indication that an individual holds the certification or designation is either made publicly available by the relevant self-regulatory organization or other industry body or is otherwise independently verifiable;

2. Corporations, Foundations, Endowments, Partnerships or Limited Liability Companies

- _____ (a) The Investor has total assets in excess of \$5,000,000 and was not formed
Initial for the specific purpose of acquiring the Shares offered; or
- _____ (b) Each of the Investor's equity owners is an accredited investor as described
Initial in this Section IV. *The Manager may request information regarding the basis on which such equity owners are accredited investors.*

GENERAL ELIGIBILITY REPRESENTATIONS

3. Employee Benefit Plans

- _____ (a) The Investor is an employee benefit plan within the meaning of ERISA,
Initial and the decision to invest in the Trust was made by a plan fiduciary (as defined in Section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company or registered investment adviser. The name of such plan fiduciary is: _____; or
- _____ (b) The Investor is an employee benefit plan within the meaning of ERISA
Initial and has total assets in excess of \$5,000,000; or
- _____ (c) The Investor is a plan established and maintained by a state, its political
Initial subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, and has total assets in excess of \$5,000,000.

4. Individual Retirement Accounts, Keogh Plans and Other Self-Directed Defined Contribution Plans

- _____ The Investor is an individual retirement account, Keogh Plan or other self-
Initial directed defined contribution plan in which a participant may exercise control over the investment of assets credited to his or her account and the investing participant is an accredited investor because such participant has an individual net worth, or joint net worth with his or her spouse, in excess of \$1,000,000 or has had an individual income of more than \$200,000 in each of the past two years, or joint income with his or her spouse of more than \$300,000 in each of those years, and reasonably expects to reach the same income level in the current year. *The Manager may request information regarding the basis on which such participants are accredited investors.*

5. Section 501(c)(3) Organizations

- _____ The Investor is an organization described in Section 501(c)(3) of the
Initial Internal Revenue Code, was not formed for the specific purpose of acquiring the Shares offered and has total assets in excess of \$5,000,000.

6. Trusts

- _____ (a) The Investor has total assets in excess of \$5,000,000, was not formed for
Initial the specific purpose of acquiring the Shares offered and its purchase is directed by a sophisticated person. *As used in the foregoing sentence, a "sophisticated person" is one who has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment;* or
- _____ (b) The trustee or a co-trustee of the Investor is: (a) a bank as defined in
Initial Section 3(a)(2) of the Securities Act, a savings and loan association, or other institution as defined in Section 3(a)(5)(A) of the Securities Act; (b) acting in a fiduciary capacity; and (c) subscribing for the purchase of the

GENERAL ELIGIBILITY REPRESENTATIONS

Shares on behalf of the Investor or directing the Investor to purchase the Shares; or

Initial (c) The Investor is a revocable trust that may be amended or revoked at any time by the grantors thereof and all of the grantors are accredited investors as described herein. *The Manager may request information regarding the basis on which such grantors are accredited investors.*

7. Banks, Savings and Loans and Similar Institutions

Initial The Investor is a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association, or other institution as defined in Section 3(a)(5)(A) of the Securities Act acting in its individual capacity.

8. Insurance Companies

Initial The Investor is an insurance company as defined in Section 2(13) of the Securities Act.

9. Broker Dealers

Initial The Investor is a broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934, as amended.

10. Investment Advisers

Initial The Investor is an investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Investment Advisers Act”) or registered pursuant to the laws of a state.

Initial The Investor is an investment adviser relying on the exemption from registering with the Commission under section 203(l) or (m) of the Investment Advisers Act.

11. Family Offices and Clients

Initial The Investor is a “family office,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act:

(i) with assets under management in excess of \$5,000,000;

(ii) that is not formed for the specific purpose of acquiring the Shares; and

(iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters

GENERAL ELIGIBILITY REPRESENTATIONS

that such family office is capable of evaluating the merits and risks of the prospective investment.

Initial

The Investor a “family client,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements in the immediately preceding section of this paragraph (11) and whose prospective investment in the issuer is directed by such family office pursuant to paragraph 11(iii) above.

12. Other Entities

Initial

The Investor is an investment company registered pursuant to section 203 of the Investment Company Act.

Initial

The Investor is a business development company as defined in Section 2(a)(48) of the Investment Company Act.

Initial

The Investor is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958, as amended.

Initial

The Investor is a Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act

Initial

The Investor is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act.

Initial

The Investor is an entity, of a type not otherwise listed in this section, not formed for the specific purpose of acquiring the Shares, with total investments in excess of \$5,000,000.

-
- (B)** If the Investor is (i) an individual or (ii) relying on the accredited investor status of its owners who are individuals, the Investor has provided the following “accredited investor” verification documentation to the Manager:

(The Investor has provided at least one of the items listed below)

- ☐ Form 1040 filed with the Internal Revenue Service by the Investor (and his/her spouse), or each of the Investor’s owners (and his/her spouse), for the two most-recent years demonstrating that the Investor (or each of its owners) had individual income (exclusive of any income attributable to his or her spouse) of more than \$200,000 in each of the past two years, or joint income with his or her spouse of more than \$300,000 in each of those years, and reasonably expects to reach the same income level in the current year.
- ☐ Form 1099 filed with the Internal Revenue Service by the Investor (and his/her spouse), or each of the Investor’s owners (and his/her spouse), for the two most-recent years demonstrating that the Investor (or each of its owners) had individual income (exclusive of any income attributable to his or her spouse) of more than \$200,000 in each of the past two years, or joint income with his or her spouse of more than \$300,000 in each of those years, and reasonably expects to reach the same income level in the current year.

GENERAL ELIGIBILITY REPRESENTATIONS

- ☐ Schedule K-1 of Form 1065 filed with the Internal Revenue Service by the Investor (and his/her spouse), or each of the Investor's owners (and his/her spouse), for the two most-recent years demonstrating that the Investor (or each of its owners) had individual income (exclusive of any income attributable to his or her spouse) of more than \$200,000 in each of the past two years, or joint income with his or her spouse of more than \$300,000 in each of those years, and reasonably expects to reach the same income level in the current year.
- ☐ Form W-2 issued by the Internal Revenue Service to the Investor (and his/her spouse), or each of the Investor's owners (and his/her spouse), for the two most-recent years demonstrating that the Investor (or each of its owners) had individual income (exclusive of any income attributable to his or her spouse) of more than \$200,000 in each of the past two years, or joint income with his or her spouse of more than \$300,000 in each of those years, and reasonably expects to reach the same income level in the current year.
- ☐ Bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments or appraisal reports issued by independent third parties, dated within three months of the date of this Subscription Agreement demonstrating that the Investor (or each of its owners) has an individual net worth, or joint net worth with his or her spouse, in excess of \$1,000,000.
- ☐ A Consumer or credit report from at least one of the nationwide consumer reporting agencies indicating the Investor's (or each of its owners') assets and liabilities, dated within three months of the date of this Subscription Agreement demonstrating that the Investor (or each of its owners) has an individual net worth, or joint net worth with his or her spouse, in excess of \$1,000,000.

The Manager may request additional "accredited investor" verification documentation.

ARCA ACCREDITED INVESTOR BITCOIN TRUST

SUBSCRIPTION AGREEMENT SIGNATURE PAGES

ALL INVESTORS MUST COMPLETE THIS SECTION.

The undersigned:

1. represents and warrants that the undersigned has carefully read and is familiar with this Subscription Agreement, the Memorandum and the Trust Agreement;
2. represents and warrants that the information contained herein is complete and accurate and may be relied upon; and
3. agrees that the execution of this signature page constitutes the execution and receipt of this Subscription Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this _____ day of _____, 20____.

INDIVIDUALS

ENTITIES

Signature

Print Name of Entity

Print Name

By: _____
Authorized Signatory¹⁴

Additional Investor Signature

Print Name and Title

Print Name

Name of Trustees or Other Fiduciaries Exercising Investment

Discretion with Respect to Benefit Plan or Trust

Signature

Printed Name

Title

_____	_____	_____
_____	_____	_____
_____	_____	_____

¹⁴ If the Investor is an Individual Retirement Account or other self-directed defined contribution plan, or if the authorized signatory of the Investor is a directed trustee, then the individual who established the Individual Retirement Account, the investing participant in the self-directed defined contribution plan or the person who directed the Investor's investment in the Trust, as the case may be, must execute the representations and warranties on the following page.

ARCA ACCREDITED INVESTOR BITCOIN TRUST

SUBSCRIPTION AGREEMENT SIGNATURE PAGES

***Additional Representations with Respect to
Investment from an Individual Retirement Account or
Self-Directed Defined Contribution Plan or by a Directed Trustee***

If the Investor is an Individual Retirement Account or other self-directed defined contribution plan or the person executing this Subscription Agreement is a directed trustee, then the individual who established the Individual Retirement Account, the investing participant in the self-directed defined contribution plan or the person who directed the Investor's investment in the Trust, as the case may be, represents and warrants that:

1. he or she has directed the custodian or trustee of the Investor to execute this Subscription Agreement in the appropriate place;
2. he or she has exclusive authority with respect to the decision to invest in the Trust;
3. he or she has reviewed and directed the representations and warranties made by the Investor in this Subscription Agreement; and
4. the representations and warranties made by the Investor in this Subscription Agreement are accurate and may be relied upon.

Signature

Print Name

Name and Address of Custodian/Trustee
and Contact Individual:

Account or other Reference Number:

Custodian's Tax I.D. Number:

ARCA ACCREDITED INVESTOR BITCOIN TRUST

SUBSCRIPTION AGREEMENT SIGNATURE PAGES

Agreement of Custodian of Individual Retirement Account

The undersigned, being the custodian of the above named Individual Retirement Account, hereby accepts and agrees to this subscription. Note: Please attach a Custodial IRS Form W-9

By: _____
Signature of Authorized Signatory

Print Name and Title

FOR INTERNAL USE ONLY

To be completed by Arca Accredited Investor Bitcoin Trust

SUBSCRIPTION ACCEPTED
AS TO \$ _____

**ARCA ACCREDITED INVESTOR
BITCOIN TRUST**

By: ARCA ACCREDITED INVESTOR
BITCOIN TRUST

By: _____

Date: _____, 20____

ARCA ACCREDITED INVESTOR BITCOIN TRUST

**TRUST AGREEMENT
SIGNATURE PAGE**

ALL INVESTORS MUST COMPLETE THIS SECTION.

By its signature below, the undersigned agrees that effective as of the date of its admission to Arca Accredited Investor Bitcoin Trust (the “**Trust**”) as a shareholder of the Trust, it shall (i) be bound by each and every term and provision of the Amended and Restated Trust Agreement of the Trust in effect as of the date hereof, as the same may be amended from time to time (the “**Trust Agreement**”), and (ii) become and be a party to said Trust Agreement.

INDIVIDUALS

Signature

Print Name

Additional Investor Signature

Print Name

ENTITIES

Print Name of Entity

By: _____
Authorized Signatory

Print Name and Title

ADDITIONAL SUBSCRIPTION FORM

Arca Accredited Investor Bitcoin Trust
 c/o UMB Fund Services, Inc
 235 W. Galena Street
 Milwaukee, WI 53212

Dear Sir/Madam:

The undersigned wishes to make an additional capital contribution to Arca Accredited Investor Bitcoin Trust (the “**Fund**”). The amount to be contributed (“**Additional Capital Contribution**”) is: \$

The undersigned acknowledges and agrees: (i) that the undersigned is making the Additional Capital Contribution on the terms and conditions contained in the subscription agreement, dated _____, 20____, previously executed by the undersigned and accepted by the Manager, as the same may be updated or modified from time to time (the “**Subscription Agreement**”); (ii) that the representations, warranties and covenants of the undersigned contained in the Subscription Agreement are true and correct in all material respects as of the date set forth below; (iii) that the information provided on the Investor Profile Form in the Subscription Agreement is correct as of the date set forth below; and (iv) that the background information provided to the Manager is true and correct in all material respects as of the date set forth below.

**THE UNDERSIGNED AGREES TO NOTIFY THE MANAGER PROMPTLY IN WRITING
 SHOULD THERE BE ANY CHANGE
 IN ANY OF THE FOREGOING INFORMATION.**

Dated: _____, 20____

INDIVIDUALS

 Signature

 Print Name

 Additional Investor Signature

 Print Name

ENTITIES

 Print Name of Entity

By: _____
 Authorized Signatory

 Print Name and Title

FOR INTERNAL USE ONLY

To be completed by Arca Accredited Investor Bitcoin Trust
ADDITIONAL CAPITAL CONTRIBUTION ACCEPTED

AS TO \$____

ARCA ACCREDITED INVESTOR BITCOIN TRUST

By: Arca Investment Management, LLC

By: _____

Date: _____, 20____

REQUEST FOR WITHDRAWAL OF TRUST INTEREST

Dated: _____, 20__

Arca Accredited Investor Bitcoin Trust

c/o c/o UMB Fund Services, Inc
6401 Congress Avenue, Suite 210
Boca Raton, Florida 33487

Dear Sir/Madam:

The undersigned shareholder (the “**Shareholder**”) of Arca Accredited Investor Bitcoin Trust (the “**Fund**”) hereby requests that the Trust withdraw the Shareholder’s shares in the Trust (the “**Shares**”) and pay the following amount to the Shareholder as directed below:

(check one)

_____ the entirety of the Shareholder’s Shares

_____ Number of Shares _____

on the next available withdrawal date (the “**Withdrawal Date**”) following receipt of this letter.

Note: Withdrawal proceeds shall be paid to the same account from which the Shareholder’s investment in the Trust was originally remitted, unless Arca Investment Management, LLC, in its sole discretion, agrees otherwise.

Very truly yours,

Signature of Shareholder

Print name

Mailing Address

FORM OF INCUMBENCY CERTIFICATE

The undersigned, being the _____ of _____,
a _____ organized under the laws of _____,
Insert Title *Insert Name of Entity*
Insert Type of Entity *Insert Jurisdiction of Organization*
(the “**Company**”), certifies on behalf of the Company that the persons named below are directors and/or officers of the Company and that the signature at the right of said name, respectively, is the genuine signature of said person and that the persons listed below are each an authorized signatory for the Company.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the ____ day of _____, 20__.

Name: *Print Name of Signatory #1*
Title: *Print Title of Signatory #1*

THE UNDERSIGNED, _____, a duly authorized _____
Insert Name of Signatory #2 *Insert Title*
of the Company, certifies that _____ is a duly authorized
Insert Name of Signatory #1
officer of _____ and that the signature set forth above is [his][her] true and
Insert Name of Company
correct signature.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the ____ day of _____, 20__.

Name: *Print Name of Signatory #2*
Title: *Print Title of Signatory #2*

**AML CERTIFICATION FORM FOR FUND OF FUNDS OR ENTITIES
THAT INVEST ON BEHALF OF THIRD PARTIES THAT ARE NOT LOCATED IN AN
APPROVED FATF COUNTRY**

The undersigned, being the _____ of _____,
Insert Title *Insert Name of Entity*
a _____ organized under the laws of _____
Insert Type of Entity *Insert Jurisdiction of Organization*
(the “**Company**”), certifies on behalf of the Company that it is aware of applicable anti-money laundering laws and regulations, including the requirements of the USA PATRIOT Act of 2001 and the regulations administered by the U.S. Department of Treasury’s Office of Foreign Assets Control (collectively, the “**anti-money laundering/OFAC laws**”). The Company has anti-money laundering policies and procedures in place reasonably designed to verify the identity of its [beneficial holders] [underlying investors] and their sources of funds. Such policies and procedures are properly enforced and are consistent with the anti-money laundering/OFAC laws such that Arca Accredited Investor Bitcoin Trust (the “**Fund**”) may rely on this Certification.

The Company represents and warrants to the Trust that, to the best of its knowledge, the Company’s [beneficial holders] [underlying investors] are not individuals, entities or countries that may subject the Trust to criminal or civil violations of any anti-money laundering/OFAC laws. The Company has read the section entitled “Anti-Money Laundering Representations and Covenants of the Investor” in the Trust’s Subscription Agreement. The Company has taken all reasonable steps to ensure that its [beneficial holders] [underlying investors] are able to certify to such representations and warranties. The Company agrees to promptly notify the Trust in writing should the Company have any questions relating to any of the investors or become aware of any changes in the representations and warranties set forth in this Certification.

Date: _____, 20__

By: _____
Name:
Title:

FORM LETTER OF REFERENCE

[LETTERHEAD OF LOCAL OFFICE OF APPROVED FATF COUNTRY MEMBER BANKING
INSTITUTION OR BROKERAGE FIRM]

Date: _____, 20__

Arca Accredited Investor Bitcoin Trust
c/o UMB Fund Services, Inc
6401 Congress Avenue, Suite 210
Boca Raton, Florida 33487

To whom it may concern:

I, _____, the _____ of _____,
Name Title Name of Institution

certify that _____ has maintained an account at our institution for
Name of Investor

_____ years and, during this period, nothing has occurred that would give our institution
Insert Period

cause to be concerned regarding the integrity of _____.
Name of Investor

Do not hesitate to contact me at _____ if you have any further
Insert Telephone No.

questions.

Very truly yours,

Name:

Title:

INFORMATION FOR ADMINISTRATOR***Know Your Client – Required Documentation and Certification – US Domestic Funds*****Section A: Complete for Individuals, Joint Owners, and Individual Retirement Accounts**

Investor's SSN	Date of Birth
----------------	---------------

Investor's Name (first, middle, last)

Joint Investor's SSN	Date of Birth
----------------------	---------------

Joint Investor's Name (first, middle, last)

**Joint tenants with rights of survivorship, unless otherwise noted.*

Section B: Complete for Grantor Trusts, Revocable Trust, Charitable Trusts and Irrevocable Trusts

Tax Identification Number	Date of Trust
---------------------------	---------------

Trust Title

Trustee

Social Security Number	Date of Birth
------------------------	---------------

Additional Trustee (if applicable)

Social Security Number	Date of Birth
------------------------	---------------

Section C: Complete for Entities including Statutory Trusts

Tax Identification Number

Entity Name

Symbol and Exchange (if publicly traded)
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Certification of Beneficial Ownership for Legal Entity Client Section

☐ Check this box if no individual owns 25% or more of the legal entity and that you will inform the Fund if/when an individual assumes 25% or more ownership. **If a trust owns more than 25% of the entity, please provide information for the trustee of the trust. You must still provide an authorized controlling individual. ***

Beneficial Owner: 1

Beneficial Owner	Tax ID Number
Street Address	City, State, Zip Code
Date of Birth	Percentage of Ownership

Beneficial Owner: 2

Beneficial Owner	Tax ID Number
Street Address	City, State, Zip Code
Date of Birth	Percentage of Ownership

Beneficial Owner: 3

Beneficial Owner	Tax ID Number
Street Address	City, State, Zip Code
Date of Birth	Percentage of Ownership

Beneficial Owner: 4

Beneficial Owner	Tax ID Number
Street Address	City, State, Zip Code
Date of Birth	Percentage of Ownership

*** Only the Control Person is required for charities and foundations**

Authorized Controlling Individual

Provide information for one individual with significant responsibility for managing the legal entity (ex: CEO, CFO, managing member, general partner, president, treasurer, etc.) If appropriate, an individual listed as beneficial owner may also be listed as the authorized controlling individual.

Authorized Controlling Individual's Name

Title

Tax ID Number

Date of Birth

Street Address

City, State, Zip Code

CUSTOMER IDENTIFICATION REQUIREMENTS FOR ANTI-MONEY LAUNDERING

This Subscription Agreement will not be deemed complete, and the Investor will not be deemed a limited partner of the Fund, regardless of whether it has already wired funds, until all of the required documentation listed below is received by the Administrator. The Fund and the Administrator reserve the right to request additional documentation. All documents are required to be in English.

All Investors:

- ☐ IRS Form W-9 or IRS Form W-8 <https://www.irs.gov/pub/irs-pdf/fw9.pdf>

For Individuals, Joint Tenants (with Rights of Survivorship), Tenants in Common, Beneficial Owners, and Participants in Individual Retirement Accounts, and Keogh Plans

- ☐ Submit a copy of your passport or other government I.D. for non-U.S. persons.

Revocable and Grantor Trusts

- ☐ Name, Address, DOB and SSN of acting trustees.
- ☐ A copy of the Trust Instrument or other organizational documentation

Entities Investors

- ☐ Organizational and/or Formation documents such as an Article of Incorporation or Partnership Agreement.
- ☐ Complete the **Certification of Beneficial Ownership for Legal Entity Client Section** if you are one of the following:
- Non-Publicly Traded Corporation
 - Foreign Owned Corporation
 - Limited Liability Company
 - Limited Partnership
 - General Partnerships
 - Joint Ventures
 - Nonprofit Corporation/Organization (Authorized Control Person only)
 - Statutory Trust
 - Non- ERISA Retirement Plan not sponsored by an exempted entity such as a publicly Traded Corporation or Government Entity.

PRIVACY NOTICE

Your privacy is very important to us. This notice (this “**Privacy Notice**”) is provided by Arca Investment Management, LLC, a Delaware limited liability company, as the Manager of Arca Accredited Investor Bitcoin Trust (the “**Fund**”), on behalf of the Trust, and sets forth the policies of the Trust with respect to the collection, sharing and protection of non-public personal information of the Trust’s investors, prospective investors and former investors. These policies apply to individuals and Individual Retirement Accounts only and may be changed at any time, provided a notice of such change is given to you. Please read this Privacy Notice carefully to understand what we do.

We collect personal information, such as your address, social security number, assets, transaction and/or income information, for example, when you: (i) provide it to us in the Subscription Agreement and related documents; (ii) provide it to us in correspondence and conversations with the Trust’s representatives; or (iii) make transactions with the Trust, such as when you purchase Shares in the Trust, tell us where to send money or make a wire transfer. We also may collect your personal information from other sources, such as affiliates.

We may disclose information about our investors, prospective investors or former investors to affiliates (i.e., financial and non-financial companies related by common ownership or control) or non-affiliates (i.e., financial or non-financial companies not related by common ownership or control) for our everyday business purposes, such as to process your transactions, maintain your account(s) or respond to court orders and legal investigations. Thus, it may be necessary, under anti-money laundering and similar laws, to disclose information about the Trust’s investors in order to accept subscriptions from them. We will also release information about you if you direct us to do so. We do not share your information with non-affiliates for them to market to you. We may disclose your information for our own marketing purposes, such as to offer our products and services to you. We may also disclose information about your transactions and experiences with us to our affiliates for their everyday business purposes. You cannot limit these types of sharing.

We may also disclose information you provide to us to companies that perform marketing services on our behalf, such as any placement agent the Trust may retain. You cannot limit this type of sharing under federal law, but if such a disclosure is made, the Trust will require such third parties to treat your private information with confidentiality.

We may also share information with our affiliates to market to you. You may prevent this type of sharing by calling us at (424) 289-8068. If you are a *new* investor, we can begin sharing your information 30 days from the date we sent this Privacy Notice. When you are *no longer* our investor, we may continue to share your information as described in this Privacy Notice. However, you may contact us at any time to limit our sharing. If you limit sharing for an account you hold jointly with someone else, your choices will apply to everyone on your account. State laws may give you additional rights to limit sharing.

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

If you have any questions about this Privacy Notice, call (424) 289-8068.

ARCA ACCREDITED INVESTOR BITCOIN TRUST

SUPPLEMENT TO THE SUBSCRIPTION AGREEMENT ERISA REPRESENTATIONS AND WARRANTIES

The undersigned (the “**Investor**”) identified its status as a Benefit Plan Investor in the General Eligibility Representations section of the subscription agreement of Arca Accredited Investor Bitcoin Trust (the “**Fund**”) executed by the Investor contemporaneously with this Supplement (the “**Subscription Agreement**”) and acknowledges that it must complete this supplement to the Subscription Agreement (this “**Supplement**”). Capitalized terms used in this Supplement and not defined herein shall have the meanings assigned to them in the Subscription Agreement.

Please review, complete and execute this Supplement and promptly return it to the Trust’s Administrator.

- (A) The Benefit Plan Investor represents and warrants that it is represented by a “fiduciary” within the meaning of Section 3(21) of ERISA, and/or Section 4975(e)(3) of the Internal Revenue Code (the “**Independent Fiduciary**”), which is:

(Please check “Yes” in one of the items below)

1. a bank as defined in Section 202 of the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency;
☐ Yes ☐ No
2. an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of “plan assets”;
☐ Yes ☐ No
3. an investment adviser registered under the Advisers Act or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of such Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business;
☐ Yes ☐ No
4. a broker-dealer registered under the U.S. Securities Exchange Act of 1934, as amended; and/or
☐ Yes ☐ No
5. an independent fiduciary that holds, or has under management or control, total assets of at least \$50 million. **Please note that if the Benefit Plan Investor is an “individual retirement account” as defined in Section 408(a) of the Internal Revenue Code (“IRA”), and the fiduciary making the decision to purchase equity interests in the Trust is the owner of the IRA, the Benefit Plan Investor may not check “Yes” to this question. If the Benefit Plan Investor is a defined contribution plan (such as a 401(k) plan or a profit sharing plan), and the fiduciary making the decision to purchase equity interests in the Trust is self-directing the assets in his or her account in the plan, the Benefit Plan Investor may not check “Yes” to this question.**
☐ Yes ☐ No

ARCA ACCREDITED INVESTOR BITCOIN TRUST

(B) The Benefit Plan Investor represents and warrants that:

1. the Independent Fiduciary is acting as a fiduciary with respect to, and is responsible for exercising independent judgment in evaluating, the Benefit Plan Investor's purchase, holding and disposition of equity interests in the Trust;
2. the Independent Fiduciary is: (a) independent of the Manager and any affiliate of the Manager; and (b) capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies of the Trust, including the Benefit Plan Investor's purchase of equity interests in the Trust as contemplated in each Subscription Agreement;
3. it understands that none of the Trust nor the Manager, nor any director, officer, member, partner, principal, or affiliate of the Trust or the Manager, is by having made any oral or written statement prior to the date hereof or by making any future written or oral statement regarding the Trust, undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the Investor's purchase, holding or disposition of equity interests in the Trust;
4. the Independent Fiduciary acknowledges that the existence and nature of any fees paid to the Trust, the Manager or any affiliate of the Manager have been disclosed in the Trust Agreement, the Memorandum and this Subscription Agreement;
5. there does not exist between the Independent Fiduciary and the Manager nor any of its affiliates any financial interest, ownership interest or other relationship, agreement or understanding that would limit the Independent Fiduciary's ability to carry out its fiduciary responsibility to the Benefit Plan Investor beyond the control, direction, or influence of other persons involved in the purchase, holding and sale of the equity interests in the Trust; and
6. none of the Trust nor the Manager, nor any director, officer, member, partner, principal, or affiliate of the Trust or the Manager, receives a fee or other compensation from the Benefit Plan Investor or the Independent Fiduciary for the provision of investment advice in connection with the Benefit Plan Investor's purchase, holding or disposition of equity interests in the Trust.

IN WITNESS WHEREOF, the undersigned has executed this Supplement this ____ day of _____, 20 __.

INDIVIDUALS

Signature

Print Name

Additional Investor Signature

Print Name

ENTITIES

Print Name of Entity

By: _____
Authorized Signatory

Print Name and Title