



Futures on BTCetc - ETC Group Physical Bitcoin



Introduction

- Eurex offers clients access to the price of Bitcoin via a centrally cleared futures contract on an Exchange Traded Note (ETN) that is backed by Bitcoin and hence represents a certain amount of Bitcoin per share
- Eurex already offers futures on ETN and ETC for trading and Eurex Clearing facilitates the respective clearing services. A future on a Bitcoin ETN is an extension of the current product scope
- Futures and underlying are both fully regulated financial instruments
- As a consequence, no action is required for Eurex clients to access the product
- Trading and clearing of futures AND underlying takes place in the traditional financial infrastructure
- The underlying ETN is traded on Xetra in EUR and available via CCP settlement
- Eurex launched the product in September 2021. This presentation outlines the product design

Future on Bitcoin ETN – product concept

Layer	framework	Functional Setup Overview
Trading Layer	<i>Futures traded on Eurex Exchange / Eurex Deutschland</i>	<ul style="list-style-type: none"> • Underlying to the future product is an ETN that tracks the Bitcoin • The ETN represents 1/1000th of a Bitcoin and is fully backed • The ETN is redeemable in Bitcoin • The future is set up to trade in EUR
Clearing & Settlement Layer	<i>Futures on cryptocurrency ETN cleared in Eurex Clearing, Physical delivery</i>	<ul style="list-style-type: none"> • Standard membership model (GCM, DCM) • Physical delivery in Bitcoin ETN • Daily settlement prices calculated per instrument from order book data (if available, otherwise theoretical pricing) • Standard clearing, netting, position management processes
Risk Layer	<i>Standard clearing with new liquidation group</i>	<ul style="list-style-type: none"> • Margining in EUR • The products are assigned to the new cryptocurrency derivatives liquidation group

The underlying - BTCetc - ETC Group Physical Bitcoin

Product Details	
Ticker	BTCE
ISIN	DE000A27Z304
WKN	A27Z30
SEDOL	BMWSLR9
Valoren	55503260
TER	2.00%
Trading Currency	EUR, USD, GBP, CHF
Asset Class	Cryptocurrency
Underlying Exposure	Bitcoin
Physical Settlement	Yes (Both Creation & Redemption)
Leverage	1:1 (No leverage)
Minimum Investment	1 Unit
Expiry Date	Open Ended
Entry Exit Fees*	None
Replication Method	Physically Allocated Bitcoin

Domicile	Germany
Primary Listing	XETRA
Issue Date	05/06/2020
Inception Date	08/06/2020
Legal Form	Debt Security
Product Structure	ETC
Registered for Sale	UK, IT, DE, IE, NO, NL, FI, LU, AT, DK, SWE, ES, MT, CY, EE, HR, CZ, FR, EL, PL, PT, SK, SI
UCITS Compliant	No
UCITS Eligible	Please Contact Us
ISA Eligible	Yes
SIPP Eligible	Yes
Issuer	ETC Issuance GmbH
Custodian	BitGo Trust Company
Security Trustee	Apex Corporate Trustees (UK) Limited
Administrator	Apex Corporate & Advisory Services Ltd
Registrar	Clearstream Banking AG

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Further details to the ETN

- The entitlement deflates daily by the management fee
- The entitlement at launch was 1/1000th of a Bitcoin – 0.001
- The redemption process takes place outside Deutsche Börse infrastructure

Cryptocurrency Entitlement (Bitcoin per unit of BTCE)**	0.00098086
Bitcoin Price (USD) **	\$43,294.36
Price per BTCE (NAV; USD) **	\$37.60
Total Holdings (AUM in Bitcoin)	18357.483
Value of AUM (USD)	\$703,282,741.83
Shares outstanding	18,701,963
All data as of 5/20/21, 11:30 am	

BTCEtc is always 100% backed by bitcoin because BTCE cannot be created without the bitcoin collateral being held securely in custody.

The APs provide liquidity in BTCE on the stock exchange where most investors will buy and sell BTCE. Investors don't need to worry about safely storing their investment in bitcoin via BTCE as the units are securely held with their broker – just like stocks.

BTCE can be sold anytime on exchange or redeemed for bitcoin or cash* via an AP or directly with the Issuer. Learn more about Redemption).

* Certain terms and conditions apply

Only APs the Issuer has appointed are allowed to subscribe to BTCE with the Issuer, and only for bitcoin. This mechanism ensures that the provenance of all bitcoin has been verified.

All bitcoin received from the APs is held in institutional-grade safe custody at BitGo Trust Company, to back each unit of BTCE in circulation.

For additional investor protection, the bitcoin in the custody account is pledged as security to the investors, and a reputable independent trustee enforces this pledge.

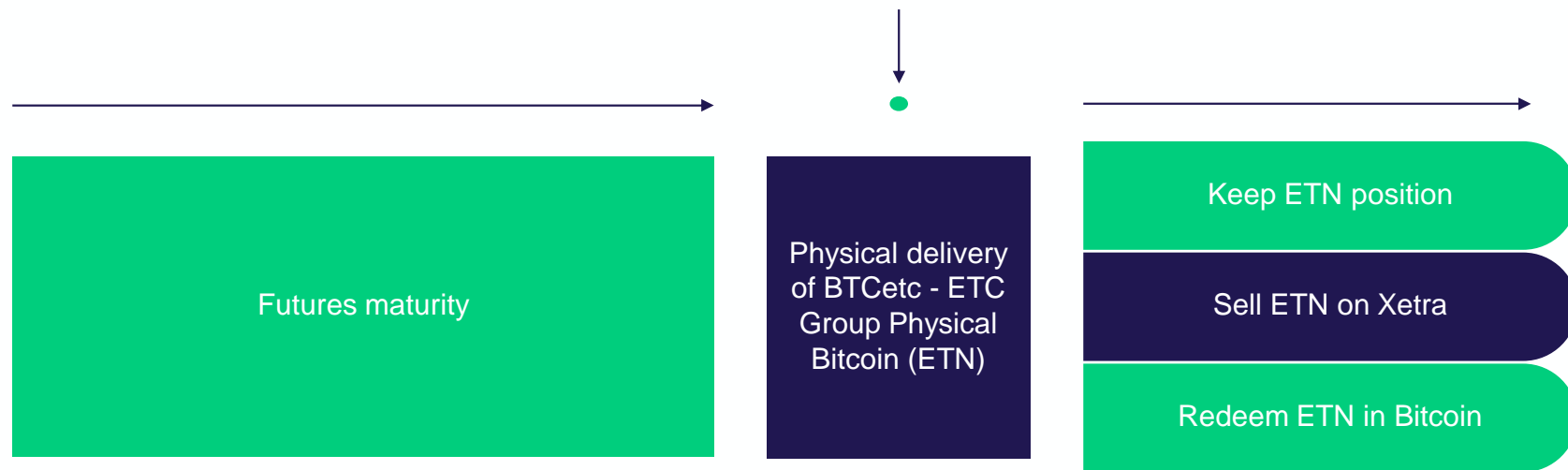
Creation/ redemption and storage of the Bitcoins

- In order to ensure that the ETN is always >100% backed by Bitcoin, any new share is issued after the arrival of the related Bitcoin is confirmed by an independent administrator
- In case of redemption, the Bitcoins are released after the administrator has confirmed that the related shares had been surrendered
- All assets held in the depositary are pledged in favour of the BTCetc unitholders as a security, with security interest held and administered by an independent trustee
- All Bitcoin is stored in  a regulated trust company in the US
- BitGo cold storage is an institutional-grade custody solution where keys are stored strictly offline. It has elaborate multi-layer security measures, which include multiple e-signatures step, video-calls step, web-portal step, white-listing of destination wallets step, etc
- BitGo has an insurance for any loss of Bitcoin which covers up to 100m USD in loss (which is deemed sufficient for BTCetc because losses can theoretically only happen during creations / redemptions)

Product specifications of Futures on BTCetc - ETC Group Physical Bitcoin

	Futures on BTCetc - ETC Group Physical Bitcoin
Contract size	1000 shares
Underlying	BTCetc - ETC Group Physical Bitcoin ISIN: DE000A27Z304
Tick size and tick value	EUR 0.005 / EUR 5
Trading hours	Monday – Friday: 9 a.m. – 5:30 p.m. CE(S)T The trading hours for an expiring crypto futures contract end at 5:30 p.m. CE(S)T on its final settlement day
Contract months	The next three succeeding serial months and the next quarterly expiration (March, June, September, December) up to an maximum term of 6 months
Last trading day / Final settlement day	Last trading day and final settlement is 5:30 PM CE(S)T on the third Friday of the month in which the term of the respective contract expires
Settlement	physical
Daily settlement price	Daily settlement price is the volume-weighted average price (VWAP) of the futures transactions, calculated over a 60 second interval ending at 5:30 p.m. CE(S)T. If less than five transactions occur, the VWAP of the last five transactions conducted in the last 15 minutes before 5:30 CE(S)T or the mid-point of bid/ask prices in the order book before 5:30 CE(S)T is used
Final settlement price	The final settlement price is established by Eurex on the final settlement day at 5:30 PM CET based on the XETRA closing auction at 5:30 PM CE(S)T
Positions limits	5.000 contracts
Minimum block size	10 contracts

Mechanism of a physical delivered ETN future



- On expiration day, the future is settled via delivery of 1000 shares of BTCetc - ETC Group Physical Bitcoin
- The price of the ETN is the value of the closing auction on Xetra at 17:30 CET on expiry day

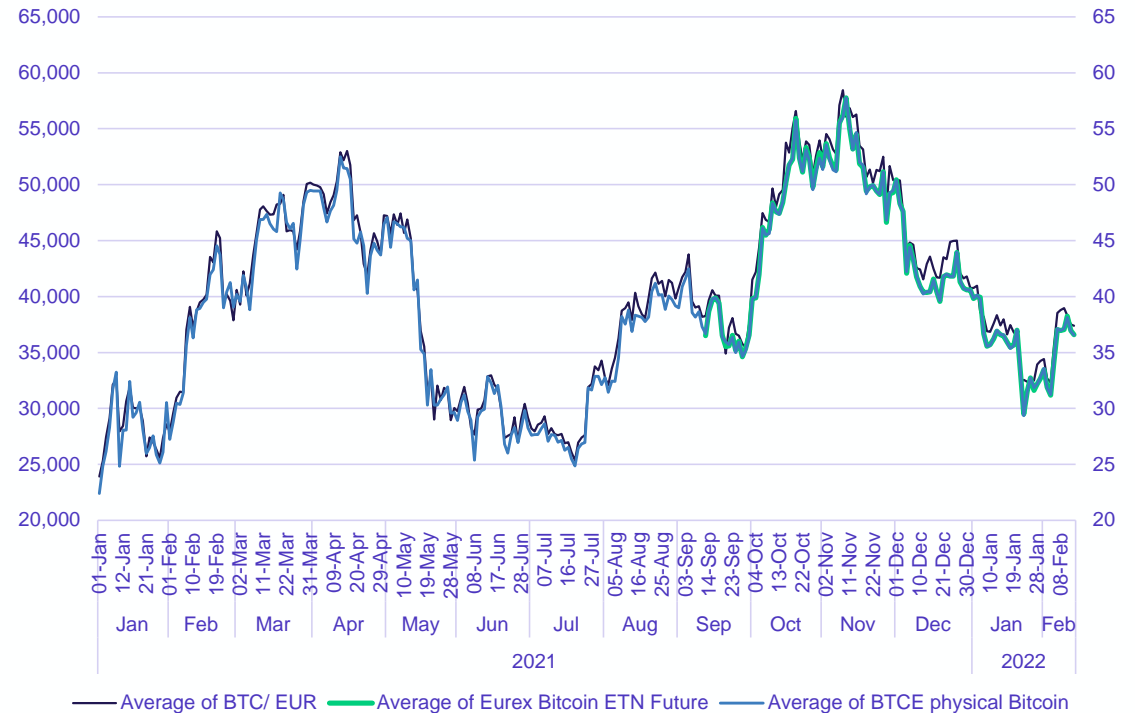
Trading Bitcoin performance

- The BTCetc Physical Bitcoin ETN tracks the price of Bitcoin/ EUR very well
- The graph shows last prices from Bloomberg in all three markets
- Deviations are partly attributable to the last price in BTC/EUR at 12AM versus the last price of Bitcoin ETN and –Futures at 5:30 PM
- The next page shows intra day ticks

Front month futures are 2-4 Cents wide during most of the day

MC	CPhase	TrdUnit	CPrevSetlPrc	CVol	CBQty	CBid	CAsk	CAQty	Clst	Contract	Curr
Cont		1,000.0000	35.94000	52	1	37.305	37.325	1	37.385	FBTX Apr22	EUR
					10	37.270	37.380	10			
					8	37.255	37.395	8			
Cont		1,000.0000	35.88000		15	36.830	37.700	15		FBTX May22	EUR
Cont		1,000.0000	35.95500		15	36.935	37.725	15		FBTX Jun22	EUR
Cont		1,000.0000	35.71000		15	36.785	37.685	15		FBTX Sep22	EUR
Cont					1	-0.395	0.495	1		FBTX SPD Apr22 May22	EUR
Cont					1	-0.420	0.390	1		FBTX SPD Apr22 Jun22	EUR

Bitcoin Euro vs BTCE Physical Bitcoin and -Future
monthly average prices



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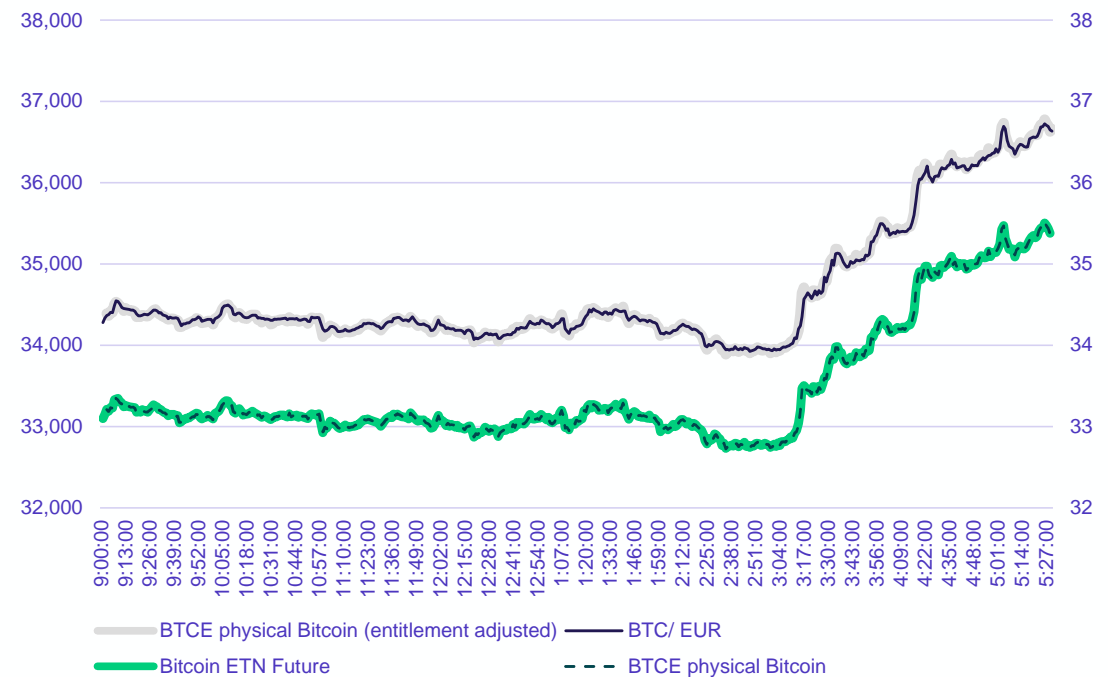
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Bitcoin Tracking ETN and Future

Intraday, Bitcoin ETN and -future move in tandem with the Bitcoin/ EUR market – we look at mid prices

- The price moves in ETN and future are shifted by the cryptocurrency entitlement – adjusted for the entitlement, the ETN perfectly tracks the Bitcoin/ EUR rate
- In addition to the Bitcoin/EUR exposure that the ETN provides, the future allows clients to:
 - Short the exposure
 - Leverage the exposure
 - Execute carry trades

Bitcoin Euro vs BTCE Physical Bitcoin and -Future
28/02/2022



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