



## **Redemption Information Document**

Information on the procedure for exercising (redeeming)  
BTCetc<sup>®</sup> - Bitcoin Exchange Traded Crypto (BTCE)

Effective September 4<sup>th</sup> 2020

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# Information on the procedure for exercising (redeeming) BTCetc®

From: ETC Issuance GmbH  
September 2020

This document provides details on the execution of the redemption (exercising the Put Option) process, on the information required by the Issuer to ensure a smooth exercising processing, and on the expected fees for the investor.

Trading Information:

Symbol	ISIN	RIC	SEDOL	Listing Venue	Bloomberg
BTCE	DE000A27Z304	BTCE.DE	BMWSLR9	XETRA	BTCE:GR

## 1) Can I redeem my units of BTCetc for Bitcoin?

Each investor may redeem in whole or in part its bonds against payment of the Cryptocurrency Entitlement (or "CE") in Bitcoin for each of the bonds held by the investor (the "BTC Put Option"). However, most investors will choose to sell their units of BTCE for cash on the stock exchange.

## 2) What redemption options are available to investors of BTCE?

Investors have two options to redeem their bonds in exchange for Bitcoin. The investor may:

- (i) Redeem through an Authorised Participants (the "APs") appointed by the Issuer:

**Note:** For information on transaction cycle times for redemption of BTCE with an AP, please contact the relevant AP. For any type of investor in BTCE, as long as there are Authorised Participants appointed by the Issuer it could be faster and potentially cheaper to redeem with them or sell BTCE on exchange for EUR.

The following APs have been appointed by the issuer to offer redemption services to investors:

*(Please note that not all APs appointed by the Issuer offer such services to investors. The full list of APs is available [here](#))*

**ITI Capital Limited**  
(Private & institutional investors)  
25 Old Broad Street  
London EC2N 1HQ  
United Kingdom  
[www.iticapital.com/btce](http://www.iticapital.com/btce)  
+44 207 562 8000 | [info@iticapital.com](mailto:info@iticapital.com)

In its role as Authorised Participant, ITI Capital has been appointed by the Issuer of BTCetc, ETC Issuance GmbH, to offer Redemption Services to Investors and deliver Bitcoin to BTCE holders wishing to redeem their units of BTCE in exchange for the underlying Bitcoin. For more information read ITI's Redemption Information Document available at [www.iticapital.com/btce](http://www.iticapital.com/btce)

**Flow Traders B.V.**  
(Institutional investors only)  
Jacob Bontiusplaats 9  
Amsterdam 1018 LL  
The Netherlands  
[www.flowtraders.com](http://www.flowtraders.com)  
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**Jane Street Financial Limited**  
(Institutional investors only)  
2 & A Half Devonshire Square  
London EC2M 4UJ  
United Kingdom  
[www.janestreet.com](http://www.janestreet.com)  
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- (ii) Redeem directly with the Issuer.

Investors need to own or control a Bitcoin Wallet address in order to receive Bitcoin.

**Note:** There are various “back-stop” mechanisms incorporated in the BTCE product that allow for redemption in exchange for Bitcoin directly with the Issuer of BTCE. However, as long as there are Authorised Participants appointed by the Issuer it could be faster and potentially cheaper to redeem with them or sell BTCE on exchange for EUR.

### 3) Do I need a Bitcoin Wallet in order to redeem my units of BTCE?

If an investor chooses to redeem its units of BTCE directly with the Issuer, the investor needs to have an own Bitcoin blockchain wallet. The Put Option Exercise Form asks for such wallet address from the investor as the wallet to which the redemption proceeds shall be transferred by the Issuer.

**Note:** If an investor chooses to redeem its units of BTCE with one of the APs, some APs might offer a Bitcoin blockchain wallet as part of the onboarding process. As per today, ITI Capital Limited offers the investor the option to either receive redemption proceeds on the investor’s own bitcoin wallet, or on the wallet that will be included in the investor’s account after onboarding with ITI.

### 4) How do I redeem my units of BTCE for Bitcoin?

If an investor chooses to redeem its units of BTCE through an AP, it needs to follow the customer due diligence procedures specified by each AP (after getting in touch with the relevant AP), including undergoing a KYC (know-your-customer)/AML (anti-money laundering) process in accordance with each AP’s requirements and may need to pay applicable fees.

In order to terminate its units of BTCE directly with the Issuer against Bitcoin, an investor needs to:

- (i) submit a completed Put Option Exercise Form in the form obtainable from the [Issuer's website](#) (the "Put Option Exercise Form"), specifying that settlement in Bitcoin is applicable, and any documents requested for verification of the investor’s identity;
- (ii) pay an upfront redemption fee (as administrative fee for the processing, if any) to an account specified by the Issuer; and
- (iii) transfer the units of BTCE in relation to which the BTC Put Option is exercised to the Issuer’s securities account (the “Issuance Account”) free of payment.
- (iv) have a Bitcoin wallet to receive the proceeds of the redemption.

The date on which all of (i) to (iii) have been completed, is the "Put Option Exercise Date".

### 5) What information and documentation will I need to complete the Put Option Exercise Form in case of redemption directly with the Issuer?

In case an investor is a private individual:

#### **A) Private individual bondholders:**

- Passport copy or national ID;



- Securities deposit account statement from which the transfer to the Issuer shall be effected. Such statement shall show the balance of at least the number of units of BTCetc to be redeemed; or
- Transfer confirmation stating that the securities to be redeemed have been transferred to the Issuer's securities account as per 3(iii) above (unless already shown on the securities deposit account statement);
- Transfer confirmation stating that the upfront redemption fee has been transferred to the bank instructions as per 3(ii) above.

**B) German Legal entity bondholders:**

- Passport copy or national ID of the person signing the Put Option Exercise Form;
- Statement from the registry (Handelsregister-Auszug);
- Confirmation that the person signing the Put Option Exercise Form is authorised to act on behalf of the company (Power of attorney or register of directors in case of the signatory being the director or one of the directors of the company);
- Securities deposit account statement from which the transfer to the Issuer shall be effected. Such statement shall show the balance of at least the number of units of BTCetc to be redeemed; or
- Transfer confirmation stating that the securities to be redeemed have been transferred to the Issuer's securities account as per 3(iii) above (unless already shown on the securities deposit account statement);
- Transfer confirmation stating that the upfront redemption fee has been transferred to the bank instructions as per 3(ii) above.

**C) Legal entity bondholders outside of Germany:**

- Certificate of Incorporation;
- Proof of registered address (Certificate of registered address/utility bill not older than 3 months, or similar document showing proof of the entity's registered address);
- Organizational chart showing UBO's and respective percentage of ownership;
  - Note: A UBO (Ultimate beneficial owner) is a natural person(s) who ultimately — directly or indirectly owns or controls more than 25 percent of the ownership, interests or voting rights in the company, and/or exerts control of the company by means other than share capital or votes. In cases where no individual holding 25% of the shares or more can be identified, the person of significant control needs to be disclosed, in most cases such person being the managing director of the shareholding entity. For more information please contact [redemptions@etcm.ltd](mailto:redemptions@etcm.ltd).
- Register of Shares (Certificate of Shareholders) of the company, and for each legal entity through which a UBO is exercising control or asserting economic rights (showing all natural UBO's);
- Register of authorized representatives, signatories and/or directors of the company;
  - Note: In case the person acting as signatory of the relevant Put Option Exercise Form is not named on the above register, a notarized power of attorney authorizing such person needs to be provided.
- Passport copies of all UBOs;
- Proof of address in form of utility bill or bank statement (not older than 3 months) of all UBOs;



The Put Option Exercise Form provides a field to fill in the Bitcoin wallet address of the investor.  
CDD/AML documentation is a pre-requisite for any investor before the redemption order can be processed.

## 6) Is there a minimum redemption amount?

In case of redemption directly with the Issuer, investors can redeem for as little as one unit of BTCE.  
In case of redemption through the AP, the AP could impose additional limits on minimal size of a redemption.

## 7) How do I calculate the amount of Bitcoin I will receive after I will redeem my units of BTCE?

Each unit of BTCE represent an investor's claim to the amount of the Cryptocurrency Entitlement ("CE"). Initially (at date of issue) the CE is 0.001 Bitcoin per BTCE but it diminishes at a yearly rate of 2.0% accrued daily, which represents the management fee of the Issuer.

### Example calculations for a redemption for Bitcoin:

Assuming the investor wants to redeem its units of BTCE on 31<sup>st</sup> of December 2020:

- The CE will be 0.00098850 per unit of BTCE;
- Assuming the investor wants to redeem 10,000 (ten thousand) units of BTCE, the total CE will equal 9.885 Bitcoin.

**Note:** The current Cryptocurrency Entitlement is available as a table on the website of the Issuer, to find it go to <https://btc-etc.com/resources/> under the navigation point Resources -> Product Documents.

## 8) What are the costs for redeeming units of BTCE for Bitcoin?

### a) Redemption fee paid to the AP

APs may charge fees and/or commissions, please check directly with the relevant AP.

ITI Capital has published the following fees for redemptions:

Redemption Fees:	
Transaction Fee	Minimum Fee
10bps (0,1%)	EUR 100.00

Retrieved from <https://iticapital.com/btce>

**Note:** There is no minimum redemption amount with ITI Capital (The minimum Fee of EUR 100.00 is applicable).



**b) Fees paid for Redemption with the Issuer**

A redemption request is subject to a administrative fee charged for the processing of the redemption request (the “Upfront Redemption Fee”) of EUR 50.00 (Fifty Euro) plus 1% of the total transaction volume of the redemption (The “Exercise Fee”).

Please note that no upfront redemption fee shall be payable if **any** of the following is true:

- i. No APs are appointed by the Issuer;
- ii. The number of the units of BTCE purchased by **all** investors multiplied by the CE and then multiplied by the reference price, in each case as of the date on which the Issuer receives the Put Option Exercise Form, is less than USD 10,000,000.00 (ten million USD);
- iii. The BTC Put Option is exercised in relation to the number of the units of BTCE which, if multiplied by the CE and then multiplied by the reference price, in each case as of the date on which the Issuer receives the Put Option Exercise Form, have a value of greater than USD 250,000.00 (two hundred fifty thousand USD);

Table: Estimated redemption costs for BTCE against Bitcoin with the Issuer:

Number of BTCE securities	Example price on exchange per security (EUR)	Redemption Fee (EUR)
1,000	10.00	150.00
5,000	10.00	550.00
10,000	10.00	1,050.00
20,000	10.00	2,050.00
100,000	10.00	10,000.00

Upfront Redemption Fee	Exercise Fee
EUR 50.00 (Fifty)	100bps (1%)

**Important Note:** The price used within this sample calculation is for representative purposes only, and does not represent an offer or commitment by ETC Issuance GmbH and its affiliated companies. For pricing information of the securities, please consult <https://www.bloomberg.com/quote/BTCE:GR><sup>1</sup> or visit <https://www.xetra.com/>

**9) How long does it take to exchange my BTCE for Bitcoin with the Issuer?**

Before the actual redemption and exchange process can start, CDD/ AML checks need to be performed by the Issuer. Confirmation of a valid redemption order follows the completion of these checks and in case of redemption with the Issuer, payment of the upfront redemption fee. Additionally, the units of BTCE must be returned to the Issuer before the Put Option Exercise Form can be validated.

This process could take 1-2 weeks depending on how quickly the investor is able to return units of BTCE back to the Issuer via FOP (Free of payment) transfer and complete the identification process.

Once the Put Option Exercise Form has been fully validated, redemption of BTCE and transfer of the Bitcoin to the investor’s wallet will be effected as soon as practicable after the Put Option Exercise Date, but under all circumstances within the time-frame of a normal settlement/transfer cycle of Bitcoin in the Bitcoin network plus 30 days.

<sup>1</sup> Please note that pricing information on Data Providers such as Bloomberg might be up to 15minutes delayed



## 10) Bitcoin Redemption: Tax aspects of BTCE

Investors must get appropriate advice on their specific tax circumstances. In this regard, the country of residence and individual status will impact the applicable tax treatment.

## 11) Is there any VAT charged when exchanging BTCE for Bitcoin?

Investors must get their own advice for their own specific situation; however, the Issuer believes that for investors who are tax resident in the UK and European Union member states, no VAT should be payable on redemption for Bitcoin.

## 12) How will the redemption and exchange of BTCE for Bitcoin be taxed?

There can be different treatments in different markets. For example, in Germany, it is possible that BTCE exchanged for Bitcoin may not be taxed at the point of exchange for retail investors. The Issuer does not advise on any action based on its opinions stated within this document, and we recommend seeking tax advice from a professional in your relevant jurisdiction.

## 13) How will the sale of Bitcoin be taxed?

Taxation of gains will depend on the circumstances of the investor and the tax laws in that investor's jurisdiction. We recommend seeking tax advice from a professional in your relevant jurisdiction.



## Important Information

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The decision and amount to invest should take into consideration your specific circumstances after seeking independent investment, tax and legal advice.

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