

OSPREY BITCOIN TRUST

A Delaware Trust

Sponsored by

Osprey Funds, LLC
1241 Post Road, 2nd Floor
Fairfield, CT 06824
Telephone: (914) 214-4697
www.ospreyfund.io

Primary Standard Industrial Code: 6221

ANNUAL REPORT

For the period ending December 31, 2023

(the “Reporting Period”)

Units Representing Common Units of Fractional Undivided Beneficial Interest

No Par Value Per Unit Unlimited Units Authorized

8,340,536 Units Issued and Outstanding as of December 31, 2023

8,340,536 Units Issued and Outstanding as of September 30, 2023

Osprey Funds, LLC (the “Sponsor”), on behalf of Osprey Bitcoin Trust (the “Trust”), is responsible for the content of this annual report for the year ended December 31, 2023 (the “Annual Report”), which has been prepared to fulfill the disclosure requirements of the OTCQX U.S. marketplace. The information contained in this Annual Report has not been filed with, or approved by, the U.S. Securities and Exchange Commission (the “SEC”) or any state securities commission. Any representation to the contrary is a criminal offense.

All references to “the Trust,” “the Sponsor,” “the Issuer,” “Osprey Bitcoin Trust,” “we,” “us” or “our” refers to the Trust or the Sponsor, as the context indicates. The Trust is a passive entity with no operations, and where the context requires, we provide disclosure with respect to the Sponsor, which administers the Trust.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 (“Securities Act”) and Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

Indicate by check mark whether the company’s shell status has changed since the previous reporting period. Yes No

Indicate by check mark whether a change in control of the company has occurred over this reporting period. Yes No

This Annual Report reflects financial results through December 31, 2023. It was prepared as of March 22, 2024.

Capitalized terms used herein shall have the meanings ascribed to them in the by the Second Amended and Restated Declaration of Trust and Trust Agreement dated November 1, 2020, as amended by the Amendment to Trust Agreement dated April 15, 2022 and second Amendment to the Trust Agreement, dated as of January 18, 2024 (the “Trust Agreement”) or the Confidential Private Placement Memorandum Offering Shares in Osprey Bitcoin Trust (“PPM”), dated as of May 18, 2021.¹

¹ The Current version of the PPM is available from the Sponsor at ospreyfund.io.

TABLE OF CONTENTS

<u>PART A. GENERAL COMPANY INFORMATION.....</u>	<u>5</u>
Item 1. The exact name of the issuer and its predecessor (if any).....	5
Item 2. The address of the issuer’s principal executive offices and principal place of business....	5
Item 3. The jurisdiction(s) and date of the issuer’s incorporation or organization.....	5
<u>PART B. SHARE STRUCTURE</u>	<u>6</u>
Item 4. The exact title and class of securities outstanding.	6
Item 5. Par or stated value and description of the security.	6
Item 6. The number of Shares or total amount of the securities outstanding for each class of securities authorized.....	8
Item 7. The name and address of the transfer agent.	8
<u>PART C. BUSINESS INFORMATION.....</u>	<u>8</u>
Item 8. The nature of the issuer’s business.	8
Item 9. The nature of products or services offered.	54
Item 10. The nature and extent of the issuer’s facilities.	55
<u>PART D. MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION</u>	<u>55</u>
Item 11. Company Insiders (Officers, Directors, and Control Persons).....	55
Item 12. Financial information for the issuer’s most recent fiscal period.	57
Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.....	57
Item 14. The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:	57
Item 15. Management’s Discussion and Analysis.	58
<u>PART E. ISSUANCE HISTORY.....</u>	<u>59</u>
Item 16. List of securities offerings and Shares issued for services in the past two years.	59
<u>PART F. EXHIBITS.....</u>	<u>60</u>
Item 17. Material Contracts.	60
Item 18. Articles of Incorporation and Bylaws.....	66
Item 19. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.	66
Item 20. Issuer’s Certifications.	67
Exhibit 1: Audited Financial Statements for year December 31, 2023	
Exhibit 2: Second Declaration of Trust and Trust Agreement dated November 1, 2020, as amended by the Amendment to Trust Agreement dated April 15, 2022, and the Second Amendment to Trust Agreement dated January 18, 2024.	
Exhibit 3: Amendment to the Second Declaration of Trust and Trust Agreement of Osprey Bitcoin Trust, dated as of April 15, 2022.	
Exhibit 4: Second Amendment to the Second Declaration of Trust and Trust Agreement of Osprey Bitcoin Trust, dated as of January 18, 2024.	
Exhibit 5: Custodial Services Agreement with Coinbase Custody Trust Company, LLC	

Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains “forward-looking statements” with respect to the Trust’s financial conditions, results of operations, plans, objectives, future performance and business. Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Annual Report that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Trust’s operations, the Sponsor’s plans and references to the Trust’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Sponsor made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. You should specifically consider the numerous risks outlined under “Risk Factors” in our Annual Report. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including:

- the risk factors discussed in this Annual Report, including the particular risks associated with Bitcoin and new technologies such as blockchain technology;
- the inability to redeem Units;
- our Sponsor’s ability to provide strategic alternatives to maximize unitholder value or its ability to liquidate and dissolve the Trust pursuant to a specific timeline;
- the economic conditions in the Bitcoin industry and market, including competition from exchange-traded Bitcoin products;
- general economic, market and business conditions;
- the use of technology by us and our vendors, including Coinbase Custody Trust Company, LLC, the Trust’s Custodian, in conducting our business, including disruptions in our computer systems and data centers and our transition to, and quality of, new technology platforms;
- changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies;
- the costs and effect of any litigation or regulatory investigations;
- our ability to maintain a positive reputation
- lack of an organized trading market for the Units and the risk that any organized trading market that seeks to provide liquidity for the sale of Units in the future will not provide sufficient liquidity for Unitholders seeking to sell their Units or otherwise does not operate efficiently ; and
- other world economic and political developments.

Consequently, all the forward-looking statements made in this Annual Report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust's operations or the value of the Units. Should one or more of the risks discussed under "Risk Factors" in our Annual Report or other uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those described in forward-looking statements. Forward-looking statements are made based on the Sponsor's beliefs, estimates and opinions on the date the statements are made and neither the Trust nor the Sponsor is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Moreover, neither the Trust, the Sponsor, nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Investors are therefore cautioned against relying on forward-looking statements.

PART A. GENERAL COMPANY INFORMATION

Item 1. The exact name of the issuer and its predecessor (if any).

The name of the trust is Osprey Bitcoin Trust.

Item 2. The address of the issuer's principal executive offices and principal place of business .

The address of the Sponsor is: Osprey Funds, LLC
 1241 Post Road, 2nd Floor
 Fairfield, CT 06824

The Sponsor's telephone number is: (914) 214-4697

The Sponsor's website: The Sponsor maintains a corporate website, www.ospreyfund.io.

which contains general information about the Trust and the Sponsor. The reference to our website is an interactive textual reference only, and the information contained on our website shall not be deemed incorporated by reference herein.

Investor relations contact: Osprey Funds, LLC
 1241 Post Road, 2nd Floor
 Fairfield, CT 06824
 Telephone: (914) 214-4697
 Email: IR@ospreyfund.io

Item 3. The jurisdiction(s) and date of the issuer's incorporation or organization.

The Trust was formed as a statutory trust in the State of Delaware on January 3, 2019. The Trust is currently active in the State of Delaware.

PART B. SHARE STRUCTURE

Item 4. The exact title and class of securities outstanding.

The only class of securities outstanding is common units of fractional undivided beneficial interest (“Units”), which represent ownership in the Trust. The Trust’s trading symbol on the over-the-counter (“OTC”) Market of the OTC Markets Group Inc. is “OBTC” and the CUSIP number for its Units is 68839C206.

Item 5. Par or stated value and description of the security.

A. Par or Stated Value

The Units represent units of fractional undivided beneficial interest in and ownership of the Trust and have no par value.

B. Common or Preferred Stock

General

The Trust is authorized under the Trust Agreement to create and issue an unlimited number of Units. The Trust issues Units only in connection with purchase orders for a minimum of \$25,000.00 for initial investments and \$10,000.00 for subsequent investments.

During June 2020, the Trust began a continuous offering of up to \$5,000,000 of Units with no par value, each Unit representing a fractional undivided beneficial interest in the Trust. 154,183 Units were sold to both accredited and non-accredited investors in an offering of up to \$5,000,000 of Units, dated June 1, 2020, registered in Connecticut and qualified in New York, pursuant to Rule 504 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) (“Rule 504 Offering”). The Rule 504 Offering closed on August 12, 2020.

On November 12, 2020, the Trust began an offering of an unlimited number of Units pursuant to Rule 506(c) under the Securities Act (“November 2020 Offering”). 4,206,224 Units were sold in the November 2020 Offering.

All offers and sales may be made solely to investors that qualify as “accredited investors” as defined in Rule 501 under the Securities Act. Prospective investors will be required to represent and warrant in their subscription documents as to their accredited investor status.

At this time, the Trust is not operating a redemption program for Units and therefore Units are not redeemable by the Trust.

The issuance of Units requires payment to the Trust of the amount of U.S. dollars required for the Units being issued (or, at the sole discretion of the Sponsor, payment of the number of BTC tokens, the native token to the Bitcoin Network (“BTC”) represented by the Units being issued). The number of Units to be issued with respect to the amount of cash (or BTC, to the extent that a subscription is paid for with BTC) paid by an investor will depend on (i) when the subscription of such investor is accepted, and (ii) when such investor’s subscription amount is then invested. Such investment is expected to take place within approximately 5 business days or fewer after receiving the subscription amount, but it could take place at a later time. In all events, it is only when the

subscription amount is invested that it will be known, based on the then-applicable NAV per Unit, how many Units to issue to the investor.

The Units do not represent a traditional investment and should not be viewed as similar to “shares” of a corporation operating a business enterprise with management and a board of directors. A Unitholder will not have the statutory rights normally associated with the ownership of shares of a corporation. Each Unit is subject to restrictions on transfer described herein, fully paid and non-assessable. But Unitholders will have no voting rights, and the Trust does not intend to pay regular dividends, although it may pay dividends, at the sole discretion of the Sponsor, upon the sale of Bitcoins resulting from a Bitcoin fork. Moreover, the Units do not entitle their holders to any conversion, pre-emptive or redemption rights or any rights to distributions, except as provided below.

Voting and Approvals

The Unitholders take no part in the management or control of the Trust. Under the Trust Agreement, Unitholders have limited voting rights. However, no amendments to the Trust Agreement that materially adversely affect the interests of Unitholders may be made without the vote of at least a majority (over 50%) of the Units (not including any Units held by the Sponsor or its affiliates). The Sponsor may generally make any other amendments to the Trust Agreement in its sole discretion without Unitholders’ consent.

Distributions

Pursuant to the terms of the Trust Agreement, the Trust may make distributions on its Units in cash or in Units, with such frequency as the Sponsor may determine.

In addition, if the Trust is terminated and liquidated, the Sponsor will distribute to the Unitholders any amounts of the cash proceeds (or Bitcoin) of the liquidation remaining after the satisfaction of all outstanding liabilities of the Trust and the establishment of reserves for applicable taxes, other governmental charges and contingent or future liabilities as the Sponsor will determine. Unitholders of record on the record date fixed by the Transfer Agent for a distribution will be entitled to receive their pro rata portions of any distribution.

Redemption of Units

Due to regulatory restrictions, the Trust is not currently operating a redemption program, and redemptions of Units are currently not permitted. Trust currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program.

Transfer Restrictions

The Units are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws and any such transaction must be approved by the Sponsor. In determining whether to grant approval, the Sponsor will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Units without the approval of the Sponsor in its sole discretion will be void ab initio.

In addition, because the Trust Agreement prohibits the transfer or sale of Units without the prior written consent of the Sponsor, the Sponsor must provide a written consent that explicitly states that it irrevocably consents to the transfer and resale of the Units. Once the transfer restriction legends have been removed from a Unit and the Sponsor has provided its written consent to the transfer of that Unit, no consent of the Sponsor is required for future transfers of that particular Unit.

Book-Entry Form

Units of the Trust are held primarily in book-entry form by the Transfer Agent. Transfers will be made in accordance with standard securities industry practice. The Sponsor may cause the Trust to issue Units in certificated form in limited circumstances in its sole discretion.

Unit Splits

In its discretion, the Sponsor may direct the Transfer Agent to declare a split or reverse split in the number of Units outstanding and to make a corresponding change in the number of Units constituting a Basket. For example, if the Sponsor believes that the per Unit price in the secondary market for Units has risen or fallen outside a desirable trading price range, it may declare such a split or reverse split.

Item 6. The number of Units or total amount of the securities outstanding for each class of securities authorized.

As of December 31, 2023, there were 8,340,536 Units issued and outstanding. 107,478 of the Units are restricted securities that may not be resold absent registration or an exemption from registration under the Securities Act, and 8,233,058 of the Units are unrestricted securities. As of December 31, 2023, there were 43 shareholders owning at least 100 Units, and 43 Shareholders of record. This includes Cede & Co. as nominee for DTC for the Units traded on OTCQX. Therefore, this number does not include the individual holders who have bought Units on OTCQX or transferred their eligible Units to their brokerage accounts. Because most of the Trust's Units are held by brokers and other institutions on behalf of unitholders, we are unable to estimate the total number of unitholders represented by these record holders.

Item 7. The name and address of the transfer agent.

The Trust's transfer agent is Continental Stock Transfer & Trust Company (the "Transfer Agent"). The Transfer Agent's address is 1 State Street, 30th Floor, New York, New York 10004, and its telephone number is (212) 509-4000. The Transfer Agent is registered under the Securities Exchange Act of 1934 and is regulated by the SEC.

PART C. BUSINESS INFORMATION

Item 8. The nature of the issuer's business.

A. Business Development Trust Overview

Osprey Bitcoin Trust (the “Trust”) is a Delaware Statutory Trust that was formed on January 3, 2019 by the filing of the Certificate of Trust with the Delaware Secretary of State in accordance with the provisions of the Delaware Statutory Trust Act (“DSTA”).

The Trust’s purpose is to hold Bitcoin, which are digital assets that are created and transmitted through the operations of the peer-to-peer Bitcoin Network, a decentralized network of computers that operates on cryptographic protocols. The Trust issues common units of fractional undivided beneficial interest (“Units”), which represent ownership in the Trust, on an ongoing basis, but only to an accredited investor (“Accredited Investor”) (as defined in Rule 501 under the Securities Act). The Units are quoted on OTC Markets Group Inc.’s OTCQX® Best Marketplace (“OTCQX”) under the ticker symbol “OBTC.”

Osprey Funds, LLC is the sponsor of the Trust, Delaware Trust Company is the trustee of the Trust (the “Trustee”), Continental Stock Transfer & Trust Company is the transfer agent of the Trust (in such capacity, the “Transfer Agent”), Theorem Fund Services is the administrator of the Trust (in such capacity, the “Administrator”), and Coinbase Custody Trust Company, LLC (the “Custodian” or “Coinbase Custody”) is the digital asset custodian of the Trust. Fidelity Digital Assets Services, LLC (“FDAS”) served as our digital asset custodian until April 10, 2022. On February 4, 2022, the Trust entered into a custodial services agreement (the “Custodial Services Agreement”) with Coinbase Custody. On March 11, 2022, the Trust delivered to FDAS a notice of termination of its custodial services agreement, dated May 18, 2020. On March 10, 2022, the Trust transferred its custodied digital assets from FDAS to Coinbase Custody. The notice of termination became effective on April 10, 2022.

The Trust is authorized under the Trust Agreement to create and issue an unlimited number of Units. The Trust issues Units only in connection with purchase orders for a minimum of \$25,000.00 for initial investments and \$10,000.00 for subsequent investments.

Due to the lack of an ongoing redemption program as well as price volatility, low trading volume and closings of Bitcoin exchanges due to fraud, failure, security breaches or otherwise, there can be no assurance that the market value of the Units will reflect the per Unit value of the Trust’s Bitcoin, less the Trust’s expenses and other liabilities (“NAV per Unit”), and the Units may trade at a substantial premium over, or a substantial discount to, the NAV per Unit. The Units are neither interests in nor obligations of the Sponsor or the Trustee. The Trust has from time to time halted creations of new Units, and most recently did so on November 1, 2021 when the Trust suspended the November 2020 Offering (as defined herein).

Although the redemption of Units is provided for in the Trust Agreement, Units may not be redeemed from the Trust currently. The current legal framework has made it difficult for the Trust to permit redemptions of our Units because we are unable to conduct concurrent offerings and redemptions of our Units.

Prior to November 3, 2023, the Trust determined the value of Bitcoin at any given time by reference to the market price of Bitcoin traded on Coinbase Pro, the Trust’s principal market, as determined at 4:00 p.m., New York time on each business day (the “Bitcoin Market Price”). Effective November 3, 2023, the Bitcoin Market Price is determined based on the estimated fair market value price for Bitcoin, reflecting the execution price of Bitcoin on its principal market as determined by Lukka Inc., an independent third-party digital asset data company (“Lukka”).

Lukka's pricing methodology is designed in accordance with ASC 820-10, and its proprietary software dynamically designates principal market and derives fair value prices for financial reporting using this designation.

The Trust uses the Bitcoin Market Price to calculate its "Bitcoin Holdings," which is the aggregate value, expressed in U.S. dollars, of the Trust's assets (other than U.S. dollars, other fiat currency and Additional Currency (as that term is defined herein)), less the U.S. dollar value of the Trust's expenses and other liabilities calculated in the manner set forth below under the section "Valuation of Bitcoin and Determination of the Trust's Bitcoin Holdings." The per Unit value of the Trust's Bitcoin Holdings (the "Bitcoin Holdings per Unit") is calculated by dividing Bitcoin Holdings by the number of Units currently outstanding.

Bitcoin pricing information is available on a 24-hour basis from various financial information service providers or Bitcoin Network information sites such as Tradeblock.com or Bitcoincharts.com. The spot price and bid/ask spreads may also be available directly from various Bitcoin exchanges. Market prices for the Units will be available from a variety of sources, including brokerage firms, information websites and other information service providers. In addition, on each Business Day the Trust's website will provide pricing information for the Units based on the Bitcoin Market Price.

The Trust is not registered as an investment company under the Investment Company Act of 1940 ("Investment Company Act") and the Sponsor believes that the Trust is not required to register under the Investment Company Act. The Trust will not hold or trade in commodity futures contracts or other derivative contracts regulated by the Commodity Exchange Act ("CEA"), as administered by the Commodity Futures Trading Commission ("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.

Trust Objective and Key Operating Metrics

The investment objective of the Trust, which is a passive investment vehicle, is for the Units to reflect the performance of Bitcoin as measured by reference to Coin Metrics CMBI Bitcoin Index (the "Index") provided by Coin Metrics Inc. (the "Index Provider"), less the Aggregate Trust Expenses (defined below) and other liabilities. The Units have been quoted on OTC Markets since February 12, 2021, and on OTCQX under the symbol "OBTC" since February 26, 2021, and to date have not met their investment objective.

While an investment in the Units is not a direct investment in Bitcoin, the Units are intended to constitute a cost-effective and convenient means of gaining investment exposure to Bitcoin. The logistics of accepting, transferring and safekeeping of Bitcoin are dealt with by the Sponsor and the Custodian, and the related expenses are built into the price of the Units. Therefore, Unitholders do not have additional tasks or costs over and above those generally associated with investing in any other privately placed security. However, an investment in the Units may operate and perform differently over time, or at any specific point in time, than an investment directly in Bitcoin due to such factors as Trust fees and expenses, the quantity of Units available for trading, the relative

liquidity of the Units and differences in the markets trading Bitcoin and Units (e.g., hours of operation, marketplace rules, clearance and settlement and market participants).

The Units are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws and any such transaction must be approved by the Sponsor. In determining whether to grant approval, the Sponsor will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Units without the approval of the Sponsor in its sole discretion will be void ab initio.

The Trust's assets consist solely of Bitcoins, Additional Currency (as defined below), proceeds from the sale of Bitcoins and Additional Currency pending use of such cash for payment of Extraordinary Expenses or distribution to the Unitholders and any rights of the Trust pursuant to any agreements, other than the Trust Agreement, to which the Trust is a party. Each Unit represents a proportional interest, based on the total number of Units outstanding, in each of the Trust's assets as determined in the case of Bitcoin by reference to the Bitcoin Market Price, less the Trust's expenses and other liabilities (which include accrued but unpaid fees and expenses). The Sponsor expects that the market price of the Units will fluctuate over time in response to the market price of Bitcoins. In addition, because the Units reflect the estimated accrued but unpaid expenses of the Trust, the number of Bitcoins represented by a Unit will gradually decrease over time as the Trust's Bitcoins are used to pay the Trust's expenses. The Trust does not expect to take any Additional Currency it may hold into account for purposes of determining the Trust's Bitcoin Holdings or the Bitcoin Holdings per Unit.

The Trust's Bitcoins are carried, for financial statement purposes, at fair value, as required by the U.S. generally accepted accounting principles ("GAAP"). The Trust values its Bitcoin Holdings at the Bitcoin Market Price as of 4:00 p.m., New York time on each Business Day. The net asset value of the Trust determined on a GAAP basis is referred to in this Annual Report as "NAV." The Trust uses Lukka to assess its principal market. The Trust selected Lukka, among other providers, because Lukka is designed to provide fair market value for Bitcoin, in a manner that aligns with U.S. GAAP accounting guidelines regarding fair market value measurements. In this regard, Lukka seeks to identify a "principal market" for Bitcoin, by evaluating eligible Bitcoin exchanges across a variety of different criteria, including the exchanges' oversight and governance frameworks, microstructure efficiency, trading volume, data transparency and data integrity.

The Sponsor of the Trust decided to transition to Lukka's pricing services based on Lukka's feature that automates the selection of the principal market in accordance with ASC 820-10. This enables the Trust to switch the principal market in real-time, as opposed to the quarterly analysis performed by the Trust prior to November 3, 2023.

The cost basis of a Trust investment in Bitcoin recorded by the Trust for financial reporting purposes is the fair value of the Bitcoin at the time of contribution to the Trust. The Bitcoin cost basis recorded by the Trust may differ from the value of the proceeds collected by the Sponsor from the sale of the corresponding Units to investors.

Activities of the Trust

The activities of the Trust are limited to (i) issuing Units in exchange for cash or Bitcoin transferred to the Trust as consideration in connection with the issuance of the Units, (ii) transferring or selling Bitcoin [(including any Additional Currency obtained as a result of forks in the Bitcoin Network or airdrops)] as necessary to pay the 0.49% Management Fee (as defined herein), as well as any Excluded Expenses and any Extraordinary Expenses (as each is defined in the Trust Agreement, the “Aggregate Trust Expenses”), (iii) transferring Bitcoin in exchange for Units surrendered for redemption (at such time as redemptions from the Trust are permitted and subject to the approval of the Sponsor), (iv) causing the Sponsor to sell Bitcoin upon the termination of the Trust, (v) making distributions of Bitcoin (including any Additional Currency) or cash from the sale thereof and (vi) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the Trust Agreement and the Custodial Services Agreement.

The Trust is a passive investment vehicle, and its assets will not be actively managed. As a result, it will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the market prices of Bitcoin.

The Sponsor calculates the Trust’s NAV per Unit as of 4:00 p.m., New York time on each Business Day, and publishes the NAV per Unit on the Trust’s website (www.ospreyfund.io) shortly thereafter.

Additional Currency

From time to time, the Trust may come into possession of rights incident to its ownership of Bitcoins, which permit the Trust to acquire, or otherwise establish dominion and control over, other virtual currencies. These rights are generally expected to arise in connection with forks in the Bitcoin Network, airdrops offered to holders of Bitcoins and other similar events and arise without any action of the Trust or of the Sponsor or Trustee on behalf of the Trust. We refer to these rights as “Incidental Rights” and any such virtual currency acquired through Incidental Rights as “Additional Currency.” The Trust does not expect to take any Additional Currency it may hold into account for purposes of determining the Trust’s Bitcoin Holdings or the Bitcoin Holdings per Unit.

Section 3.6 of the Amendment to Trust Agreement, dated April 15, 2022, provides that if the Trust comes to own any airdropped cryptocurrency (other than Bitcoin), the Sponsor shall distribute such airdropped cryptocurrency within forty-five days of receipt of such assets (or such longer time as the Sponsor reasonably requires to effect such distribution) on a pro rata basis to Unitholders. If the Trust comes to own any forked versions of Bitcoin, the Sponsor shall distribute such forked version or versions of Bitcoin, the Sponsor shall distribute such forked version or versions within forty-five days of receipt (or such longer time as the Sponsor reasonably requires to effect such distribution) on a pro rata basis to Unitholders if and to the extent that the Sponsor determines in its reasonable discretion that such a distribution is necessary to preserve the federal tax treatment of the Trust set forth in Section 1.6 of the Trust Agreement, and may distribute such forked version or versions within forty-five days of receipt (or such longer time as the Sponsor reasonably requires to effect such distribution) on a pro rata basis to Unitholders if and to the extent the Sponsor determines it is in the best interests of the Unitholders.

Trust Expenses

The Trust will pay as an ordinary recurring charge the remuneration due to the Sponsor (the “Management Fee” or “Sponsor Fee”). The Management Fee equals an annualized 0.49% of the average daily NAV of the Trust for each year. The Management Fee will accrue daily in Bitcoin and will be payable, at the Sponsor’s sole discretion, in Bitcoin or in U.S. dollars at the Bitcoin Market Price in effect at the time of such payment. The Sponsor expects that the Trust will pay the Management Fee in monthly installments in arrears. If the Trust holds any Additional Currency, the Trust may pay the Management Fee, in whole or in part, with such Additional Currency by entering into an agreement with the Sponsor and transferring such Additional Currency to the Sponsor at a value to be determined in accordance with the terms of such agreement, but only if such agreement and transfer do not conflict with the terms of the Trust Agreement.

The Sponsor will bear the routine operational, administrative and other ordinary fees and expenses of the Trust (the “Assumed Expenses”); provided, however, that the Trust shall be responsible for audit fees, index license fees, aggregate legal fees in excess of \$50,000 per annum and the fees of the Custodian (the “Excluded Expenses”) and certain extraordinary expenses of the Trust, including but not limited to taxes and governmental charges, expenses and costs, expenses and indemnities related to any extraordinary services performed by the Sponsor (or any other Service Provider, including the Trustee) on behalf of the Trust to protect the Trust or the interest of Unitholders, indemnification expenses, fees and expenses related to public quotation on OTCQX (the “Extraordinary Expenses”).

Although the Sponsor can provide no assurance as to the frequency or magnitude of any Extraordinary Expenses, the Sponsor expects that they may occur infrequently, if at all. The Trust has not incurred or paid any Extraordinary Expenses to date. If the Trust incurs any Extraordinary Expenses, the Sponsor or its delegate (i) would instruct the Custodian to withdraw from the digital asset account (the “Custodial Account”), on a monthly basis as needed, Bitcoins, Additional Currency in such quantity as necessary to permit payment of such Extraordinary Expenses, and (ii) may either (x) cause the Trust (or its delegate) to convert such Bitcoins or Additional Currency into U.S. dollars or other fiat currencies at the exchange rate at the time of conversion or (y) cause the Trust (or its delegate) to deliver such Bitcoins or Additional Currency in kind in satisfaction of such Extraordinary Expenses.

The Administrator, on behalf of the Trust, accrues the custody, index and Management Fees on a daily basis. Custody fees are calculated based on the total assets held in the Trust as of the end of the day and according to the agreed upon fee schedule with the Custodian. Management Fees are calculated daily net of the current day-accrued Custody fees. All expenses are allocated pro rata based on the number of Units issued and outstanding.

Secondary Market Trading

While the Trust’s investment objective is for the Units to reflect performance of Bitcoin measured by reference to the Index, less the Aggregate Trust Expenses and other liabilities, the Units may trade in the secondary market on the OTCQX (or on another secondary market in the future) at prices that are lower or higher than the NAV per Unit. The Units may trade at a substantial premium over, or substantial discount to, the NAV per Unit due to such factors as Trust fees and expenses, the quantity of Units available for trading, the relative liquidity of the Units, and

differences in the markets trading Bitcoin and Units (e.g., hours of operation, marketplace rules, clearance and settlement, and market participants).

Service Providers of the Trust

The Sponsor

The Trust's Sponsor is Osprey Funds, LLC, a Delaware limited liability company formed on October 31, 2018. The Sponsor's principal place of business is 1241 Post Road, 2nd Floor, Fairfield, Connecticut 06824 and its telephone number is (914) 214-4697. Under the Delaware Limited Liability Company Act and the governing documents of the Sponsor, Gregory D. King is not responsible for the debts, obligations and liabilities of the Sponsor solely by reason of being the sole member of the Sponsor.

The Sponsor is neither an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act") 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 Advisers Act or the CEA.

The Sponsor arranged for the creation of the Trust and quotation of the Units on the OTCQX. The Management Fee is paid by the Trust to the Sponsor for services performed under the Trust Agreement and as partial consideration for Sponsor's agreement to pay the Assumed Expenses. After payment of the Assumed Expenses for the Trust, the Sponsor may use the remaining portion of the Management Fee received from the Trust at its discretion, which may include the payment of fees from time to time for the referral of new investors in the Trust.

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 to create (and, should the Trust commence a redemption program, redeem) Units and coordinating the processing of such orders with the Custodian and the Transfer Agent, (iii) calculating and publishing the NAV per Unit and the Bitcoin Holdings per Unit of the Trust each Business Day as of 4:00 p.m., New York time, or as soon thereafter as practicable, (iv) selecting and monitoring the Trust's service providers and from time to time engaging additional, successor or replacement service providers (including without limitation the Administrator, Custodian, Cash Custodian, Transfer Agent and Index Provider), (v) instructing the Custodian to withdraw the Trust's Bitcoin as needed to pay the Management Fee and the other Aggregate Trust Expenses, (vi) upon 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 Units and (vii) when applicable, establishing the principal market for GAAP valuation. In addition, if there is a fork in the Bitcoin Network after which there is a dispute as to which network resulting from the fork is the Bitcoin Network, the Sponsor has the authority to select the network that it believes in good faith is the Bitcoin Network, unless such selection or authority would otherwise conflict with the Trust Agreement.

The Sponsor does not store, hold or maintain custody or control of the Trust's Bitcoin but instead has entered into the Custodial Services Agreement with the Custodian to facilitate the security of the Trust's Bitcoin.

The Sponsor may transfer all or substantially all of its assets to an entity that carries on the business of the Sponsor if at the time of the transfer the successor assumes all of the obligations of the Sponsor under the Trust Agreement. In such an event, the Sponsor will be relieved of all further liability under the Trust Agreement.

The Trustee

Delaware Trust Company serves as our trustee under the Trust Agreement. The Trustee has its principal office at 251 Little Falls Drive, Wilmington, Delaware 19808. The Trustee is unaffiliated with the Sponsor. A copy of the Trust Agreement is available for inspection at the Sponsor's principal office identified above.

The Trustee is appointed to serve as the trustee of the Trust in the State of Delaware for the sole 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 and (ii) the execution of any certificates required to be filed with the Delaware Secretary of State which the 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 Unitholders, 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 supervise, nor will it be liable for, the acts or omissions of the Sponsor, Transfer Agent, 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 Units. The Trustee's liability in connection with the issuance and sale of Units 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 Annual Report or in any other document issued or delivered in connection with the sale or transfer of the Units. The Trust Agreement provides that the Trustee will not be responsible or liable for the genuineness, enforceability, collectability, value, sufficiency, location or existence of any of the Bitcoins or other assets of the Trust.

The Trustee is permitted to resign upon at least 60 days' notice to the Trust. The Trustee will be compensated by the Sponsor and indemnified by the Sponsor and 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 an Assumed Expense.

The Transfer Agent

Continental Stock Transfer & Trust Company, a Delaware corporation, serves as the Transfer Agent of the Trust pursuant to the terms and provisions of the Transfer Agency and Registrar Service Agreement. The Transfer Agent has its principal office at 1 State Street, 30th Floor, New York, New York 10004. A copy of the Transfer Agency and Registrar Service Agreement is available for inspection at the Sponsor's principal office identified herein.

The Transfer Agent holds the Units primarily in book-entry form. The Sponsor directs the Transfer Agent to credit the number of Units to the investor in response to a creation order. The Transfer Agent will issue the Units. The Transfer Agent will also assist with the preparation of Unitholders' account and tax statements.

The Sponsor will indemnify and hold harmless the Transfer Agent, and the Transfer Agent will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

Fees paid to the Transfer Agent are an Assumed Expense.

The Custodian

Coinbase Custody serves as our qualified digital asset custodian for purposes of Section 206(4)-2(d)(6) under the Advisers Act. On February 4, 2022, the Trust entered into the Custodial Services Agreement with the Custodian.

Coinbase Custody and Coinbase Pro are wholly-owned subsidiaries of Coinbase Global, Inc. ("Coinbase Global"). Coinbase Global and its subsidiaries provide end-to-end financial infrastructure and technology for the crypto-economy. Coinbase Custody is an independently capitalized New York State limited purpose trust company that was chartered in October 2018. Coinbase Custody is a fiduciary under § 100 of the New York Banking Law and is add qualified custodian for purposes of Section 206(4)-2(d)(6) of the Advisers Act. As a New York State limited purpose trust company, Coinbase Custody is subject regulation, examination and supervision by the New York State Department of Financial Services ("NYDFS"). NYDFS's regulations impose various compliance requirements, including operational limitations related to the nature of crypto assets held under custody, capital requirements, BSA and anti-money laundering program requirements, affiliate transaction limitations, and notice and reporting requirements. Coinbase Custody offers its clients access to secure, institutional-grade offline digital asset storage. As of December 31, 2022, Coinbase Global held approximately \$86 billion in fiat and digital assets on its platform, the majority of which were comprised of Bitcoin, Ethereum and other crypto assets. According to publicly available information, Bitcoin represented 43%, 40% and 70% of the assets held or managed in digital wallets on Coinbase's Global platform, including its custody services, for the years ended December 31, 2022, 2021 and 2020, respectively. The cold storage technology that Coinbase Custody uses to custody digital assets, such as Bitcoin, shares the same framework of the technology that Coinbase Global, and its predecessor, Coinbase, Inc., have used since 2012, which is continuously improved to meet cyber and physical security best practices.

Coinbase Custody is authorized to serve as the Trust's custodian under the Trust Agreement and pursuant to the terms and provisions of the Custodial Services Agreement. The Trust's digital assets are held in segregated cold storage accounts with the Custodian, and as a result, the digital

assets are segregated from both (i) the proprietary property of Coinbase Custody and its affiliates, and (ii) the assets of any other Coinbase Custody client.

Information provided about Coinbase Custody and its parent company is primarily derived from Coinbase Global's publicly available information, including filings it makes with the SEC. Although the Trust believes this information is reliable, the Trust has not independently verified the accuracy of this information.

The Administrator

Theorem Fund Services serves as the Administrator. The Administrator has offices at 141 W. Jackson Blvd Suite 4120, Chicago, IL 60604.

The Administrator is generally responsible for the day-to-day administration of the Trust, including keeping the Trust's operational records. The Administrator's principal responsibilities include: (i) valuing the Trust's Bitcoin and calculating the NAV per Unit; (ii) supplying pricing information to the Sponsor for the Trust's website; (iii) receiving and reviewing reports on the custody of and transactions in cash and Bitcoin from the Cash Custodian and Trust, respectively, and taking such other actions in connection with the custody of cash as the Sponsor instructs; and (iv) accounting and other fund administrative services. The Administrator also provides know your customer, anti-money laundering, and Office of Foreign Assets Control ("OFAC") compliance check services to the Trust and Sponsor.

The Administrator will liaise with the Trust's legal, accounting and other professional service providers as needed.

The Administrator will keep proper books of registration and transfer of Units at its office located in New York or such office as it may subsequently designate. These books and records are open to inspection by any person who establishes to the Sponsor's satisfaction that such person is a Unitholder at all reasonable times during the usual business hours of the Sponsor. The Sponsor will keep a copy of the Trust Agreement on file in its office which will be available for inspection on reasonable advance notice at all reasonable times during its usual business hours by any Unitholder.

Overview of The Bitcoin Industry and Market

Introduction to Bitcoin and the Bitcoin Network

"Bitcoin" is a digital asset and the first so-called cryptocurrency. It uses peer-to-peer technology and cryptographic security features to decentralize control of the overall Bitcoin computer network (the "Bitcoin Network"), and blockchain technology to ensure the secure transfer and authenticity of each Bitcoin. Bitcoin are stored in digital wallets and can be used to pay for goods and services. They can also be purchased, sold and traded on websites that facilitate the transfer of Bitcoin in exchange for government-issued currencies or other cryptocurrencies, traded on cryptocurrency exchanges and transferred in individual end-user-to-end-user transactions under a barter system. Bitcoin benefits include security, decentralization, low transaction costs compared to many other

payment systems, the potential for universal use and the ability to divide a single Bitcoin by up to eight decimal places.

A blockchain is a decentralized, distributed ledger that records the provenance of digital assets. The ledger is public and accessible to all, and portions and copies of it are stored in a decentralized manner on the several thousand computers comprising the Bitcoin Network. Transaction data is permanently recorded in data files called “blocks,” which reflect transactions that have been recorded and authenticated by Bitcoin Network participants known as “miners.” Each newly recorded block of transactions refers back to and “connects” with the immediately preceding recorded block in the ledger. Each new block records outstanding Bitcoin transactions, and outstanding transactions are settled and validated through such recording. The Blockchain is designed to represent a complete, transparent, secure and unbroken history of all the transactions that have occurred on the Bitcoin Network. The Bitcoin Network software source code includes the protocols that govern the creation, or “mining,” of new Bitcoin and the cryptographic system that secures and verifies Bitcoin transactions. New Bitcoin are allocated by the Bitcoin Network protocol through the mining process, subject to a well-known issuance schedule contained within the protocol.

The Blockchain constitutes a record of every Bitcoin, every Bitcoin transaction (including the mining of new Bitcoin) and every Bitcoin address associated with a quantity of Bitcoin. The Bitcoin Network and Bitcoin Network software programs can interpret the Blockchain to determine the exact Bitcoin balance, if any, of any public Bitcoin address listed in the Blockchain as having taken part in a transaction on the Bitcoin Network. Bitcoin Network miners engage in a set of prescribed, complex mathematical calculations in order to add a block to the Blockchain and thereby confirm Bitcoin transactions included in that block’s data. In addition to confirming the authenticity of recent transactions and referencing the preceding block, each block also contains an answer to a mathematical problem. Miners generate potential answers to this mathematical problem at a rapid rate, effectively searching for a correct answer via computational trial-and-error. New blocks cannot be submitted to the network without a correct answer to the mathematical problem. The mathematical problem in each block is extremely difficult to solve, but once a valid solution is found, it is very easy for the rest of the network to confirm that the solution is correct. Once the mathematical problem has been solved, the miner may then transmit a copy of the newly-formed block to peers on the Bitcoin Network, which then update their respective copies of the Blockchain by appending the new block. A new block that is added to the Blockchain serves to take recent, but as yet unconfirmed, transactions and verify that none are fraudulent, and the miner that first solves such block receives a reward of a fixed number of Bitcoin for the miner’s effort. In addition to the block reward, end users pay fees as an incentive for a miner to confirm their transactions in newly created blocks.

History of Bitcoin

The Bitcoin Network was initially contemplated in a white paper that also described Bitcoin and the operating software to govern the Bitcoin Network. The white paper was purportedly authored by Satoshi Nakamoto; however, no individual with that name has been reliably identified as Bitcoin’s creator, and the general consensus is that the name is a pseudonym for the actual inventor or inventors. The first Bitcoin was created in 2009 after Nakamoto released the Bitcoin Network source code (the software and protocol that created and launched the Bitcoin Network).

Overview of the Bitcoin Network's Operations

In order to own, transfer or use Bitcoin directly on the Bitcoin Network (as opposed to through an intermediary, such as a custodian), a person generally must have internet access to connect to the Bitcoin Network. Bitcoin transactions may be made directly between end-users without the need for a third-party intermediary. To prevent the possibility of double-spending Bitcoin, a user must notify the Bitcoin Network of the transaction by broadcasting the transaction data to its network peers. The Bitcoin Network provides confirmation against double-spending by memorializing every transaction in the Blockchain, which is publicly accessible and transparent. This memorialization and verification against double-spending is accomplished through the Bitcoin Network mining process, which adds “blocks” of data, including recent transaction information, to the Blockchain.

Description of Bitcoin Transfers

Prior to engaging in Bitcoin transactions directly on the Bitcoin Network, a user generally must first install on its computer or mobile device a Bitcoin Network software program that will allow the user to generate a private and public key pair associated with a Bitcoin address commonly referred to as a “digital wallet.” The Bitcoin Network software program and the Bitcoin address also enable the user to connect to the Bitcoin Network and transfer Bitcoin to, and receive Bitcoin from, other users.

Each Bitcoin Network address, or digital wallet, is associated with a unique “public key” and “private key” pair. To receive Bitcoin, the Bitcoin recipient must provide its public key to the party initiating the transfer. This activity is analogous to a recipient for a transaction in U.S. dollars providing a routing address in wire instructions to the payor so that cash may be wired to the recipient’s account. The payor approves the transfer to the address provided by the recipient by “signing” a transaction that consists of the recipient’s public key with the private key of the address from where the payor is transferring the Bitcoin. The recipient, however, does not make public or provide to the sender its related private key.

Neither the recipient nor the sender reveal their private keys in a transaction, because the private key authorizes transfer of the funds in that address to other users. Therefore, if a user loses his private key, the user may permanently lose access to the Bitcoin contained in the associated address. Likewise, Bitcoins are irretrievably lost if the private key associated with them is deleted and no backup has been made. When sending Bitcoin, a user’s Bitcoin Network software program must validate the transaction with the associated private key. The resulting digitally validated transaction is sent by the user’s Bitcoin Network software program to the Bitcoin Network to allow transaction confirmation.

Some Bitcoin transactions are conducted “off-blockchain” and are therefore not recorded in the Blockchain. Some “off-blockchain transactions” involve the transfer of control over, or ownership of, a specific digital wallet holding Bitcoin or the reallocation of ownership of certain Bitcoin in a pooled-ownership digital wallet, such as a digital wallet owned by a Bitcoin exchange. In contrast to on-blockchain transactions, which are publicly recorded on the Blockchain, information and data regarding off-blockchain transactions are generally not publicly available. Therefore, off-blockchain transactions are not truly Bitcoin transactions in that 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 Blockchain. For these reasons, off-blockchain transactions are subject to risks as any such transfer of Bitcoin ownership is not protected by the protocol behind the Bitcoin Network or recorded in, and validated through, the blockchain mechanism.

Summary of a Bitcoin Transaction

In an on-chain transaction, the following circumstances must initially be in place: (i) the party seeking to send Bitcoin must have a Bitcoin Network public key, and the Bitcoin Network must recognize that public key as having sufficient Bitcoin for the transaction; (ii) the receiving party must have a Bitcoin Network public key; and (iii) the spending party must have internet access with which to send its spending transaction.

The receiving party must provide the spending party with its public key and allow the Blockchain to record the sending of Bitcoin to that public key. After the provision of a recipient's Bitcoin Network public key, the spending party must enter the address into its Bitcoin Network software program along with the number of Bitcoin to be sent. The number of Bitcoin to be sent will typically be agreed upon between the two parties based on a set number of Bitcoin or an agreed upon conversion of the value of fiat currency to Bitcoin. Since every computation on the Bitcoin Network requires the payment of Bitcoin, including verification and memorialization of Bitcoin transfers, there is a transaction fee involved with the transfer, which is based on computation complexity and not on the value of the transfer and is paid by the payor with a fractional number of Bitcoin.

After the entry of the Bitcoin Network address, the number of Bitcoin to be sent and the transaction fees, if any, to be paid, will be transmitted by the spending party. The transmission of the spending transaction results in the creation of a data packet by the spending party's Bitcoin Network software program, which is transmitted onto the decentralized Bitcoin Network, resulting in the distribution of the information among the software programs of users across the Bitcoin Network for eventual inclusion in the Blockchain.

As discussed in greater detail below in “—Creation of New Bitcoin,” Bitcoin Network miners record transactions when they solve for and add blocks of information to the Blockchain. When a miner solves for a block, it creates that block, which includes data relating to (i) the solution to the block, (ii) a reference to the prior block in the Blockchain to which the new block is being added and (iii) transactions that have occurred but have not yet been added to the Blockchain. The miner becomes aware of outstanding, unrecorded transactions through the data packet transmission and distribution discussed above.

Upon the addition of a block included in the Blockchain, the Bitcoin Network software program of both the spending party and the receiving party will show confirmation of the transaction on the Blockchain and reflect an adjustment to the Bitcoin balance in each party's Bitcoin Network public key, completing the Bitcoin transaction. Once a transaction is confirmed on the Blockchain, it is irreversible.

Creation of New Bitcoin

New Bitcoins are created through the mining process as discussed below.

The Bitcoin Network is kept running by computers all over the world. In order to incentivize those who incur the computational costs of securing the network by validating transactions, there is a reward that is given to the computer that was able to create the latest block on the chain. Every 10 minutes, on average, a new block is added to the Blockchain with the latest transactions processed by the network, and the computer that generated this block is currently awarded 6.25 Bitcoin. Due to the nature of the algorithm for block generation, this process (generating a “proof-of-work”) is guaranteed to be random. Over time, rewards are expected to be proportionate to the computational power of each machine.

The process by which Bitcoin is “mined” results in new blocks being added to the Blockchain and new Bitcoin tokens being issued to the miners. Computers on the Bitcoin Network engage in a set of prescribed complex mathematical calculations in order to add a block to the Blockchain and thereby confirm Bitcoin transactions included in that block’s data.

To begin mining, a user can download and run Bitcoin Network mining software, which turns the user’s computer into a “node” on the Bitcoin Network that validates blocks. Each block contains the details of some or all of the most recent transactions that are not memorialized in prior blocks, as well as a record of the award of Bitcoin to the miner who added the new block. Each unique block can be solved and added to the Blockchain by only one miner. Therefore, all individual miners and mining pools on the Bitcoin Network are engaged in a competitive process of constantly increasing their computing power to improve their likelihood of solving for new blocks. As more miners join the Bitcoin Network and its processing power increases, the Bitcoin Network adjusts the complexity of the block-solving equation to maintain a predetermined pace of adding a new block to the Blockchain approximately every ten minutes. A miner’s proposed block is added to the Blockchain once a majority of the nodes on the Bitcoin Network confirms the miner’s work. Miners that are successful in adding a block to the Blockchain are automatically awarded Bitcoin for their effort and may also receive transaction fees paid by transferors whose transactions are recorded in the block. This reward system is the method by which new Bitcoin enter into circulation to the public.

The Bitcoin Network is designed in such a way that the reward for adding new blocks to the Blockchain decreases over time. Once new Bitcoin tokens are no longer awarded for adding a new block, miners will only have transaction fees to incentivize them, and as a result, it is expected that miners will need to be better compensated with higher transaction fees to ensure that there is adequate incentive for them to continue mining.

Limits on Bitcoin Supply

The supply of new Bitcoin is mathematically controlled so that 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 halved after every 210,000 blocks are added to the blockchain. The initial block reward when the Bitcoin Network was introduced in 2009 was 50 Bitcoin per block. That number has and will continue to halve approximately every four years until approximately the year 2140, when it is estimated that block rewards will go to zero. The most recent halving occurred on May 11, 2020, which reduced the block reward from 12.5 to 6.25 Bitcoin. 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

21 million Bitcoin. As of the date of this Annual Report, approximately 19.3 million Bitcoins are outstanding and the date when the 21 million Bitcoin limitation will be reached is estimated to be the year 2140.

Modifications to the Bitcoin Protocol

Because the Bitcoin Network has no central authority, the implementation of a change in Bitcoin Network is achieved by users and miners downloading and running updated versions of the Bitcoin Network software. The Bitcoin Network protocol is built using open source software, allowing for any developer to review the underlying code and suggest changes. There is no official company or group that is responsible for making modifications to the Bitcoin Network, however, there are a number of individual developers that regularly contribute to a specific distribution of Bitcoin Network software dubbed “Bitcoin Core.” Significant changes to the Bitcoin Network protocol are typically accomplished through a so-called Bitcoin Improvement Proposal or BIP. Such proposals are generally posted on websites, and the proposals explain technical requirements for the protocol changes as well as reasons why the change should be accepted. If a significant proportion of Bitcoin Network users and miners decide to adopt a change to the Bitcoin Network that is not compatible with previous software, then this software will recognize and process transactions differently on a going-forward basis. If another significant proportion of Bitcoin Network users and miners decide not to adopt such change, then these two Bitcoin Network groups would not process transactions in the same way on a going-forward basis. In this scenario, the blocks recognized as valid by one group of users will be different from the blocks recognized as valid by the other group of users, which will cause transaction records to diverge, or “fork,” on a going-forward basis. If this were to occur, 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). In the event of a permanent fork with two separate and incompatible Bitcoin Networks, the price movements of different versions of Bitcoin on different Bitcoin Networks may deviate. In such a case, the Sponsor will evaluate the characteristics of each Bitcoin Network to determine in its sole discretion which Bitcoin Network will provide exposure that best comports with the Trust’s investment objective. On August 1, 2017, the Bitcoin Network was forked by a group of developers and miners accepting changes to the Bitcoin Network software intended to increase transaction capacity. On October 25, 2017, the Bitcoin Network was forked by a group of developers accepting changes to the Bitcoin Network software intended to reduce the use of specialized hardware in the Bitcoin mining process. Blocks mined on these networks now diverge from blocks mined on the Bitcoin Network, which has resulted in the creation of new blockchains whose digital assets are referred to as “Bitcoin Cash” and “Bitcoin Gold,” respectively. The Bitcoin Network, the Bitcoin Cash network and the Bitcoin Gold network now operate as separate, independent networks. In mid-November of 2017, an additional protocol change labeled “Segwit2x,” which had substantial support from large numbers of Bitcoin users, was cancelled by its proponents shortly before it was due to be implemented. Multiple proposals for increasing the capacity of the Bitcoin Network still exist, and it is possible that one or more of these proposals could result in further network forks, which may become increasingly frequent.

Bitcoin Value

Bitcoin Exchange Valuation

The value of Bitcoin, as with most assets, is influenced by several factors, including the supply of and demand for Bitcoin, costs associated with mining Bitcoin, rewards issued to miners for verifying transactions, the number of competing cryptocurrencies, how Bitcoin trades, regulations governing its sale and trade and the protocol itself. Due to the dynamic nature of these factors as well as others, the value of a Bitcoin is difficult to determine, and the price of a Bitcoin can fluctuate significantly and over short periods of time. In all events, benefits of transacting in Bitcoin typically include low transaction costs, near-zero transportation costs and low-to-zero storage costs.

Bitcoin Exchange Public Market Data

On each online Bitcoin exchange, Bitcoin is traded with publicly disclosed valuations for each executed trade, measured by one or more fiat currencies such as the U.S. dollar or the Euro. Over-the-counter dealers or market makers do not typically disclose their trade data.

Currently, there are several Bitcoin exchanges operating worldwide and online Bitcoin exchanges represent a substantial percentage of Bitcoin buying and selling activity and provide the most data with respect to prevailing valuations of Bitcoins. These exchanges include established exchanges such as Bitstamp, Coinbase, Gemini, & Kraken which provide a number of options for buying and selling Bitcoins. The below table reflects the trading volume (in Bitcoin) and market share of the BTC-U.S. dollar trading pair of each of the Bitcoin exchanges included in the Index as of January 22, 2024, using data reported by the Index Provider as of January 22, 2024 (Source: Coin Metrics Bletchley Indexes (CMBI) and CM Market Data Feed):

Major Worldwide Bitcoin Exchanges included in the Index as of January 22, 2024	Volume (U.S. Dollars)	Market Share
Coinbase	\$ 1,186,532,464	71.57 %
Kraken	257,812,639	15.55 %
Bitstamp	153,455,405	9.26 %
Gemini	60,099,260	3.62 %
Total BTC-U.S. dollar trading pair	\$ 1,657,899,768	100 %

RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST

An investment in the Trust involves the risk of losing money. Consider the risks below as well as the rest of the information in this Memorandum before making an investment decision.

As the Sponsor and its management have little history of operating the Trust, their experience may be inadequate or unsuitable to manage the Trust.

The Sponsor has only a limited history of past performance in managing the Trust. Similarly, the Sponsor's management has only a limited history of past performance in managing the Trust. The past performances of the Sponsor and management in other positions are no indication of their ability to manage an investment vehicle such as the Trust. If the experience of the Sponsor and its

management is inadequate or unsuitable to manage an investment vehicle such as the Trust, the operations of the Trust may be adversely affected.

Because of the lack of an ongoing redemption program for Unitholders that invest directly into the Trust (as opposed to Unitholders who acquire Units in the public secondary trading market) there is no arbitrage mechanism to keep the price of the Units closely linked to the value of the underlying Bitcoin holdings held by the Trust, less the Trust's expenses and other liabilities, on any secondary trading market.

Because of the lack of an ongoing redemption program for Unitholders that invest directly into the Trust, the Trust cannot rely on arbitrage opportunities resulting from differences between the price of the Units and the price of Bitcoin. As a result, the value of the Units may not approximate, and the Units may trade at a substantial premium over, or discount to, the value of the Bitcoin holdings, less the Trust's expenses and other liabilities, on any secondary trading market. Investors who purchase Units in the secondary market that are trading at a substantial premium over, or discount to, the NAV per Unit may not be able to realize losses or gains if the premium decreases, or discount increases, after the purchase of Units. At times when the Units trade at a substantial premium to the NAV per Unit, investors who purchase Units on OTCQX may pay substantially more for their Units than investors who purchase Units in the private placements.

The Trust has only a limited performance history.

The Trust has only a limited operating history. Therefore, a potential Unitholder has little performance history, aside from the historical price of Bitcoin, to serve as a factor in evaluating an investment in the Trust.

The value of the Units could decrease if unanticipated operational or trading problems arise.

The mechanisms and procedures governing the issuance, redemption (if any) and offering of the Units have been developed specifically for the Trust. Consequently, there may be unanticipated problems or issues with respect to the mechanisms of the operations of the Trust and the trading of the Units, which could have a material adverse effect on an investment in the Units. In addition, to the extent that unanticipated operational or trading problems or issues arise, the Trust management's past experience and qualifications may not be suitable for solving these problems or issues.

Substantial sales or dispositions by a large Unitholder could negatively impact the price of our Units in the secondary market.

The market price of our Units could decline as a result of substantial sales or dispositions of our Units by large Unitholders. A large disposition of Units may cause a negative perception of our Units in the market and could result in other Unitholders deciding to sell and further disrupt the market price of our Units.

Fees and expenses are charged regardless of profitability.

Unitholders in the Trust will pay fees and expenses in connection with their investment in Units, including the Management Fee at an annualized rate of 0.49% of the average daily NAV of the

Trust. The Sponsor will bear the Assumed Expenses; provided, however, that the Trust shall be responsible for the Excluded Expenses and the Extraordinary Expenses.

The security of our Bitcoin Holdings cannot be assured, by the Trust, the Custodian or any other person.

The Trust's Bitcoin holdings are held by a custodian subject to security methods and procedures designed to ensure the Trust's control over those holdings and keep those holdings safe from unauthorized use, theft or other misuse. However, no security measures can provide assurance that the Trust's Bitcoin holdings will not be affected by theft, misuse, cybersecurity breaches or other harms. FDAS was engaged to keep in safe custody the Trust's digital assets for the period ended December 31, 2021 and until the Trust transferred its custodied digital assets to Coinbase Custody on March 10, 2022. The Trust provided notice of termination of the custodial services agreement with FDAS on March 11, 2022, which was effective on April 10, 2022. The terms of the Custodial Services Agreement with Coinbase Custody limit the liability of the custodian. In this respect, Coinbase Custody's liability with respect to the Trust will never exceed the value of the Bitcoins on deposit in the digital asset account at the time of, and directly relating to, the events giving rise to the liability occurred, as determined in accordance with the Custodial Services Agreement. In addition, the maximum liability with respect to each cold storage address is limited to \$100,000,000.

The Custodian is subject to certain risks related and challenges, including cybersecurity risks such as ransomware, malicious code, destructive malware and other hidden threats, fake antiviruses, spyware, phishing and other imposter style attacks. The Custodian manages such risks through the Coinbase Global Information Security Program Policy ("Information Security Policy"). However, the Custodian may not be able to prevent all illicit activity and may be the victim of a hack by illicit actors. For example, between March and May 2021, illicit actors gained unauthorized access to the accounts of Coinbase customers via an indeterminate method, where the illicit actors gained knowledge of the email address, password, and phone number associated with certain Coinbase customer accounts. With such information and for customers who use SMS texts for two-factor authentication, the illicit actor took advantage of a flaw in Coinbase's SMS Account Recovery process in order to receive an SMS two-factor authentication token and gain access to the customer's account. At least 6,000 Coinbase customers had funds removed from their accounts. The Custodian addresses such challenges by ensuring its Information Security Policy is reviewed and updated at least annually, and which must be presented to the Board of Directors. Coinbase Custody's cold storage solution has not had a publicly disclosed incident of, nor are we aware of any incident of, lost client funds, to date. While the Trust has taken and will continue to take steps to secure its assets, the Trust's assets are continuously subject to risks of theft, fraud and other security breaches, and some or all of the Trust's assets may be lost or otherwise compromised as a result of such security breaches.

The Custodian is not liable for any lost profits or any special, incidental, indirect, intangible, or consequential damages arising out of or in connection with authorized or unauthorized use of the Coinbase Custody site or the custodial services.

The Custodian and its affiliates are not liable (a) for any amount greater than the value of Bitcoin on deposit in the Custodial Account at the time of the events giving rise to the liability (the value

of which shall be calculated at the average U.S. dollar ask price, at the time of the loss, of the three (3) largest exchanges (by trailing 30-day volume) which offer the relevant digital currency or digital asset/USD trading pair, as relevant, subject to the per address limitation as described below) and/or (b) for any lost profits or any special, incidental, indirect, intangible, or consequential damages arising out of or in connection with authorized or unauthorized use of the Coinbase Custody site or the custodial services. The Custodian does not make any representations or warranties that access to the site or any part of the custodial services will be continuous, uninterrupted, or timely; be compatible or work with any software, system or other services; or be secure, complete, free of harmful code, or error-free.

The Custodian does not bear any liability for any damage or interruptions caused by any computer viruses or other malware that may affect the Trust's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption directly resulted from the Custodian's gross negligence, fraud, or willful misconduct. Such gross negligence, fraud, or willful misconduct will be determined on a facts and circumstances basis and may include activity such as failing to timely react to a cybersecurity incident, preventable fraudulent activity, and the willful misconduct of Coinbase Custody representative officers, directors, and employees. In any case, the Custodian is not liable for any amount greater than the value of the Bitcoin holdings and its maximum liability for each cold storage address is limited to \$100,000,000.

The Trust does not maintain audit or inspection rights under the Custodial Services Agreement, and as such our Bitcoin Holdings held in the custodial account cannot be independently verified.

The Trust does not enjoy audit or inspection rights under the Custodial Services Agreement and cannot independently verify the Bitcoin Holdings held in the custodial account. The Sponsor relies on the Custodian's System and Organization Controls ("SOC") reports to provide assurances as to the existence of the Trust's Bitcoin at the Custodian. SOC reports are internal control evaluations conducted by independent auditors. SOC 1 reports broadly comment on controls and processes that impact financial statements and reporting. SOC 2 reports comment on controls and processes that address the security, availability, processing integrity, confidentiality and privacy. SOC 1 and 2 reports can be subcategorized into Type I, which is an attestation of controls at a service organization at specific point in time, and Type II, which is an attestation of controls as a service organization over a period of time. The Custodian engages an independent auditor to conduct both a SOC 1, Type II audit and a SOC 2, Type II audit. Such reports cannot specifically identify the existence of the Trust's Bitcoin Holdings at the Custodian. The Trust can use such reports to demonstrate the existence of effective controls in place by the Custodian providing assurance and confidence in the Custodian's service delivery processes and controls for digital assets.

Possibility of termination of the Trust may adversely affect a Unitholder's portfolio.

The Sponsor may terminate the Trust in its sole discretion upon the occurrence of certain events, and shall terminate the Trust upon the occurrence of certain other events. If this power is so exercised, Unitholders who may wish to continue to invest in Bitcoin through the Trust will have to find another vehicle, and may not be able to find another vehicle that offers the same features as the Trust. Such detrimental developments could cause a Unitholder to liquidate its investments and upset the overall maturity and timing of its investment portfolio.

Any errors, discontinuance or changes in determining the value of the Bitcoin held by the Trust may have an adverse effect on the value of the Units.

The Administrator will determine the NAV of the Trust and the NAV per Unit on a daily basis as soon as practicable after 4:00 p.m., New York time on each Business Day. The Administrator's determination will be made based on the Bitcoin Market Price. To the extent that such NAV or NAV per Unit is incorrectly calculated, there may be no liability for any error, but such misreporting of valuation data could adversely affect an investment in the Units.

Unitholders may be adversely affected by redemption orders that are subject to postponement, suspension, or rejection under certain circumstances.

If redemptions of Units are ever permitted, the Sponsor may nevertheless, in its discretion, suspend the right of redemption or postpone the redemption settlement date if (1) the order is not in proper form as determined by the Trust or Sponsor, (2) during an emergency as a result of which delivery, disposal or evaluation of Bitcoin is not reasonably practicable, or (3) for such other period as the Sponsor determines to be necessary for the protection of Unitholders. Any such postponement, suspension or rejection could adversely affect a redeeming investor. For example, the resulting delay may adversely affect the value of the investor's redemption proceeds if the NAV of the Trust declines during the period of delay. The Trust disclaims any liability for any loss or damage that may result from any such suspension or postponement.

As a Unitholder, you will not have the rights normally associated with ownership of Units of other types of investment vehicles. For example, in comparison to those of securityholders in traditional operating companies, you will have no voting rights.

The Trust is a passive investment vehicle with no management and no board of directors. Thus, the Units are not entitled to the same rights as shares issued by a corporation operating a business enterprise with management and a board of directors. By acquiring Units, you are not acquiring the right to elect directors, to vote on certain matters regarding the issuer of your Units or to take other actions normally associated with the ownership of shares, such as the right to bring "oppression" or "derivative" actions. You will only have the extremely limited rights described under "Description of the Units."

Your right to bring derivative actions is limited and it might be difficult for minority Unitholders to locate other Unitholders to reach the ownership threshold for derivative actions.

Under Section 7.4 of the Trust Agreement, no Unitholder shall have the right to bring or maintain a derivative action, suit or other proceeding on behalf of the Trust unless two or more Unitholders who (i) are not affiliates of one another and (ii) collectively hold at least 10% of the outstanding Units 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 Unitholder attempting to bring or maintain a derivative action in the name of the Trust will be required to locate other Unitholders with which it is not affiliated and that have sufficient Units to meet the 10.0% threshold based on the number of Units outstanding on the date the claim is brought

and thereafter throughout the duration of the action, suit or proceeding. A minority Unitholder may have difficulties attempting to locate other Unitholders to reach the 10% threshold under this provision and may result in increased costs to a Unitholder attempting to seek redress in the name of the Trust in court, further limiting investors' right to bring derivative actions on behalf of the Trust.

The value of the Units will be adversely affected if the Trust is required to indemnify the Sponsor or the Custodian as contemplated in the Trust Agreement or the Custodial Services Agreement.

Under the Trust Agreement, each of the Sponsor and the Trustee has a right to be indemnified from the Trust for any liability or expense it incurs without gross negligence, bad faith or willful misconduct on its part. Under the Trust Agreement, the Trust's officers, directors, employees and agents also have a right to be indemnified from the Trust for any liability or expense they incur without gross negligence, bad faith, or willful misconduct on their part. Similarly, the Custodial Services Agreement provides for indemnification of the Custodian by the Trust under certain circumstances. That means that it may be necessary to sell assets of the Trust to cover losses or liability suffered by any of the foregoing parties. Any sale of that kind would reduce the NAV of the Trust and the NAV per Unit.

The Trust's Bitcoin Holdings could become illiquid, which could cause large losses to Unitholders at any time or from time to time.

The Trust may not always be able to liquidate its Bitcoin at a desired price, or at all. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on Bitcoin exchanges and with OTC Bitcoin participants.

A market disruption, such as a foreign government taking political actions that disrupt the market in its currency, its commodity production or exports, or in another major export, can also make it difficult to liquidate a position. In the event of a fork of the Bitcoin network, certain Bitcoin exchanges and/or OTC counterparties may halt deposits and withdrawals of Bitcoin for a set period of time thus reducing liquidity in the markets. Unexpected market illiquidity may cause major losses to Unitholders at any time. The large amount of Bitcoin the Trust may acquire increases the risk of illiquidity by both making its Bitcoin more difficult to liquidate and increasing the losses incurred while trying to do so. To the extent the Trust is unable to purchase or sell Bitcoin at a desired price as a result of illiquidity, the Trust may not be able to effect issuances and redemptions (if permitted) of Units for cash.

Transactions in Bitcoin are irreversible and the Trust may be unable to recover improperly transferred Bitcoin.

Bitcoin transactions are irreversible. An improper transfer, whether accidental or resulting from theft, can only be undone by the receiver of the Bitcoin agreeing to send the Bitcoin back to the original sender in a separate subsequent transaction. To the extent the Trust erroneously transfers, whether accidental or otherwise, Bitcoin in incorrect amounts or to the wrong recipients, the Trust may be unable to recover the Bitcoin, which could adversely affect an investment in the Units.

The Trust's Bitcoin may be lost, stolen or subject to other inaccessibility.

There is a risk that part or all of the Trust's Bitcoin could be lost, stolen or destroyed. Hackers or malicious actors may launch attacks to steal or compromise cryptocurrencies, such as by attacking the network source code, exchange miners, third-party platforms, cold and hot storage locations or software, or by other means. Digital asset transactions and accounts are not insured by any type of government program and cryptocurrency transactions generally are permanent by design of the networks. Certain features of digital asset networks, such as decentralization, the open-source protocols, and the reliance on peer-to-peer connectivity, may increase the risk of fraud or cyber-attack by potentially reducing the likelihood of a coordinated response.

Although the Trust will secure the Trust's Bitcoin to seek to minimize the risk of loss, the Trust cannot guarantee that such a loss will be prevented. Access to the Trust's Bitcoin could also be restricted by natural events (such as a hurricane, earthquake or pandemic) or human actions (such as a terrorist attack). Any of these events may adversely affect the operations of the Trust and, consequently, an investment in the Units. See the section below entitled "The Bitcoin Security System" for more information relating to the Trust's security measures.

Any disruptions to the computer technology used by the Trust or its service providers could adversely affect the Trust's ability to function and an investment in the Units.

The Trust will monitor its technology and may develop and redesign its technology, including enhancements and alterations that may be implemented from time to time, and it expects its service providers to do the same. In doing so, there is risk that failures may occur and result in service interruptions or other negative consequences. Any technology updates that cause disruptions in the proper functioning of the Trust's or any of its service provider's technology systems may have an adverse impact on the Trust and an investment in the Units.

The Trust may take such steps as the Sponsor determines, in its sole judgment, to be required to maintain and upgrade its technology systems, in order to protect against failure, hacking, malware and general security threats, and it expects its service providers to take their own steps to maintain and upgrade their own technology systems with the same goals in mind. The Trust is not liable to Unitholders for the failure or penetration of technology systems absent gross negligence, willful misconduct or bad faith. To the extent technology systems fail or are penetrated, any loss of the Trust's Bitcoin or loss of confidence in the Trust's ability to safeguard its Bitcoin may adversely affect an investment in the Units.

The Sponsor's computer infrastructure may be vulnerable to security breaches. Any such problems could cause interruptions in the Trust's operations and adversely affect an investment in the Units.

The Sponsor's computer infrastructure is potentially vulnerable to physical or electronic computer break-ins, viruses and similar disruptive problems and security breaches. Any such problems or security breaches could give rise to a halt in the Trust's operations, and expose the Trust to a risk of financial loss, litigation and other liabilities. In the event of a security breach, the Trust may cease operations, suspend redemptions or suffer a loss of Bitcoin or other assets. Any of these events, particularly if they result in a loss of confidence in the Trust's ability to operate, could have a material adverse effect on an investment in the Units.

Technology system failures could cause interruptions in the Trust's ability to operate.

If the Sponsor's systems fail to perform, the Trust could experience disruptions in operations and slower response times, which may cause delays in the Trust's ability to buy or sell Bitcoin. Any such failures may also result in the theft, loss or damage of the Trust's Bitcoin. Any such theft, loss or damage of the Trust's Bitcoin would have a negative impact on the value of the Units and adversely affect the Trust's ability to operate. In addition, a loss of confidence in the Trust's ability to secure the Trust's Bitcoin with its technology system may adversely affect the Trust and the value of an investment in the Units.

Because the Units reflect the estimated accrued but unpaid expenses of the Trust, the number of Bitcoins represented by a Unit will gradually decrease over time as the Trust's Bitcoins are used to pay the Trust's expenses.

Each outstanding Unit represents a fractional, undivided interest in the Bitcoins held by the Trust. The Units reflect the estimated accrued but unpaid expenses of the Trust. Therefore, the number of Bitcoins represented by each Unit will gradually decrease over time as the Trust's Bitcoins are used to pay the Trust's expenses. This is also true with respect to Units that are issued in exchange for additional deposits of Bitcoins into the Trust, as the number of Bitcoins required to create Units proportionately reflects the number of Bitcoins represented by the Units outstanding at the time of creation. Assuming a constant Bitcoin price, the trading price of the Units is expected to gradually decrease relative to the price of Bitcoin as the number of Bitcoins represented by the Units gradually decreases. Investors should be aware that the gradual decrease in the number of Bitcoins represented by the Units will occur regardless of whether the trading price of the Units rises or falls in response to changes in the price of Bitcoin.

Unitholders may not be able to withdraw or value his/her units upon death, legal disability, bankruptcy, insolvency, dissolution or withdrawal from the Trust.

Under the Trust Agreement, the death, legal disability, bankruptcy, insolvency, dissolution or withdrawal of any Unitholder (as long as such Unitholder is not the sole Unitholder of the Trust) shall not result in the termination of the Trust, and such Unitholder, his/her estate, custodian or personal representative shall have no right to withdrawal or value such Unitholder's Units. In addition, Unitholders shall waive the furnishing of any inventory, accounting or appraisal of the assets of the Trust and any right to an audit or examination of the books of the Trust, except as otherwise provided in the Trust Agreement.

The Trust's Bitcoin Holdings may be considered property of a bankruptcy estate should our Custodian initiate bankruptcy proceedings and the Trust could be considered an unsecured creditor, and the Custodian's assets may not be adequate to satisfy a claim by the Trust.

The legal rights of customers with respect to digital assets held on their behalf by a third-party custodian, such as the Custodian, in insolvency proceedings are currently uncertain. The Custody Agreement contains an agreement by the parties to treat the digital assets credited to the Trust's account as financial assets under Article 8 of the New York Uniform Commercial Code ("Article 8"), in addition to stating that the Custodian will serve as fiduciary and custodian on the Trust's behalf. The Custodian's parent, Coinbase Global Inc., has stated in its most recent public securities filings that in light of the inclusion in its custody agreements of provisions relating to Article 8 it believes that a court would not treat custodied digital assets as part of its general estate in the event

the Custodian were to experience insolvency. However, due to the novelty of digital asset custodial arrangements courts have not yet considered this type of treatment for custodied digital assets and it is not possible to predict with certainty how they would rule in such a scenario. If the Custodian became subject to insolvency proceedings and a court were to rule that the custodied digital assets were part of the Custodian's general estate and not the property of the Trust, then the Trust would be treated as a general unsecured creditor in the Custodian's insolvency proceedings and the Custodian's assets may not be adequate to satisfy a claim by the Trust. As such, the Trust could be subject to the loss of all or a significant portion of its assets.

Risks Associated with the Index

The Index has a limited history and the methodology for determining the Index established by the Index Provider is relatively new and untested. The failure of the Index methodology to measure the actual value of Bitcoin could have an adverse effect on the Trust and on the value of an investment in the Trust. In addition, the value of Bitcoin as calculated by the Index methodology may differ from the value of Bitcoin calculated by other methodologies and the price of Bitcoin on any single spot market, including the principal market used to determine NAV.

We have concluded that certain of our previously issued financial statements should not be relied upon and have restated certain of our previously issued financial statements which was time-consuming and expensive and could expose us to additional risks that could have a negative effect on our Company.

As previously announced, we have concluded that certain of our previously issued financial statements should not be relied upon. We restated our previously issued audited financial statements as of and for the year ended December 31, 2020 and the interim period ended March 31, 2021. The restatement could continue to expose us to additional risks that could have a negative effect on the Trust. In particular, we incurred some unanticipated expenses and costs, including audit, legal and other professional fees, in connection with the restatement of our previously issued financial statements and the remediation of a material weakness in our internal control over financial reporting, including hiring new personnel and enhancing our policies and procedures. To the extent these steps are not successful, we could be forced to incur additional time and expense. Our Sponsor's management attention was also diverted from some aspects of the operation of our business in connection with the restatement and these ongoing remediation efforts.

Any dispute regarding the subscription agreement will be resolved by arbitration, which follows different procedures than in-court litigation and may be more restrictive to Unitholders asserting claims than in-court litigation.

The subscription agreement that Unitholders enter into provides that the sole forum for any dispute arising thereunder will be arbitration conducted in New York, New York in accordance with the rules of the American Arbitration Association. As a result, Unitholders will not be able to pursue litigation in state or federal court for any disputes pertaining to the subscription agreement. Arbitration is intended to be the exclusive means for resolving such disputes or claims arising thereunder except for claims made under the federal securities laws. Costs in arbitration proceedings may be higher than those in litigation proceedings, and Unitholders may face limited access to information and other imbalances of resources. This provision can discourage claims

against us because it limits the ability of Unitholders to bring a claim in a judicial forum that they find favorable. As arbitration provisions in commercial agreements have generally been respected by federal courts and state courts, we believe that the arbitration provision in the subscription agreement is enforceable, however, the issue of enforceability is not free from doubt. To the extent that one or more of the provisions in our subscription agreement with respect to the arbitration were to be found by a court to be unenforceable, we would abide by such decision. We do not intend for secondary purchasers of Unitholders to be bound by the arbitration provision in the subscription agreement.

Unitholders are bound by the fee-shifting provision contained in the subscription agreement, which may discourage actions against us.

The subscription agreement also provides that if any legal action or any arbitration or other proceeding is brought for the enforcement of the subscription agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions in the subscription agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and their costs incurred in that action nor proceedings, in addition to any other relief to which they may be entitled; provided, however, that the foregoing shall not apply to any claim, suit, action or proceeding brought to enforce any duty or liability created by the federal securities laws. In the event a Unitholder initiates or asserts a claim against us, including the Trust, our Sponsor and its officers, in accordance with the dispute resolution provisions contained in the subscription agreement and the Unitholder does not prevail, the Unitholder will be obligated to reimburse us for all reasonable costs and expenses incurred in connection with such claim, including, but not limited to, reasonable attorney's fees and expenses and costs of appeal, if any. The subscription agreement does not define what constitutes a successful or prevailing party, though we intend to apply a broad interpretation to such provision to apply the fee-shifting provision broadly. We, including our Sponsor and its officers, reserve the ability to seek to enforce such provision against a former or current Unitholder, including those who purchase Units in a secondary transaction, depending on the nature and facts of the claim made or instituted by the Unitholder, however, whether a specific judgment satisfies the applicable criteria and the extent of recovery for applicable fees and expenses will be subject to judicial interpretation. The provision could discourage Unitholder lawsuits that might otherwise benefit the Trust or its Unitholders.

Under Delaware law, "fee shifting by contract . . . [is] enforceable self-ordering by contractual parties." *Manti Holdings, LLC v. Authentix Acquisition Company, Inc.*, 2020 WL 4596838, at 6 (Del. Ch Aug. 11, 2020), *aff'd*, 261 A.3d 1199 (Del. 2021). While there are statutes prohibiting fee-shifting provisions in corporations' charters and bylaws with respect to intra-corporate litigation, fee-shifting provisions in agreements between corporations and their stockholders have been found acceptable. See *id.* at *7-*8. Delaware courts have also confirmed that, where a corporation and a stockholder are parties to a negotiated transaction (e.g., a shareholders agreement), either party thereto can enforce an agreed-upon fee-shifting provision against each other. See *id.* at *8-*9. We are not aware of any Delaware case law or statutes indicating that a statutory trust would be treated any differently to a corporation or any other business entity with regard to its ability to enforce the fee-shifting provision in a contract between any entity and its owner. Moreover, "[i]t is the policy of [The Delaware Statutory Trust Act] to give maximum effect to the principle of freedom of contract and to the enforceability of governing instruments." 8 Del. C. 3828(b). Although we believe the fee-shifting provision is enforceable, the enforceability of fee-shifting provisions has been challenged in legal proceedings, and it is possible that a court

could find this type of provision to be inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings.

The Trust relies on third-party service providers to perform certain functions essential to the affairs of the Trust and the replacement of such service providers could pose a challenge to the safekeeping of the Trust's Bitcoins and to the operations of the Trust.

The Trust relies on the Custodian and other third-party service providers to perform certain functions essential to managing the affairs of the Trust. Any disruptions to such service providers' business operations, resulting from business failures, financial instability, security failures, government mandated regulation or operational problems, could have an adverse impact on the Trust's ability to access critical services and be disruptive to the operations of the Trust and require the Sponsor to replace such service provider. Moreover, the Sponsor could decide to replace a service provider to the Trust for other reasons.

If the Sponsor is required to replace any other service provider, they may not be able to find a party willing to serve in such capacity in a timely manner or at all. If the Sponsor decides, or is required, to replace a third-party service provider, this could negatively impact the Trust's ability to operate the Trust and could have a negative impact on the value of the Units.

Pandemics, epidemics and other natural and man-made disasters could negatively impact the value of the Trust's holdings and/or significantly disrupt its affairs.

Pandemics, epidemics and other natural and man-made disasters could negatively impact demand for digital assets, including Bitcoin, and disrupt the operations of many businesses, including the businesses of the Trust's service providers. For example, the COVID-19 pandemic had serious adverse effects on the economies and financial markets of many countries, resulting in increased volatility and uncertainty in economies and financial markets of many countries and in the digital asset markets. Moreover, governmental authorities and regulators throughout the world have in the past responded to major economic disruptions, including as a result of the COVID-19 pandemic, with a variety of fiscal and monetary policy changes, such as quantitative easing, new monetary programs and lower interest rates. An unexpected or quick reversal of any such policies, or the ineffectiveness of such policies, could increase volatility in economies and financial markets generally, and could specifically increase volatility in digital asset markets, which could adversely affect the value of Bitcoin and the value of the Units.

Risk Factors Related to the Regulation of the Trust and the Units

Regulation of the Bitcoin industry continues to evolve and is subject to change; future regulatory developments are impossible to predict but may significantly and adversely affect the Trust.

Both domestic and foreign regulators and governments have focused on regulation of Bitcoin. In the U.S., developments include the following:

- On May 7, 2014 the SEC published an investor alert that highlighted fraud and other concerns relating to certain investment opportunities denominated in Bitcoin and fraudulent and unregistered investment schemes targeted at participants in online Bitcoin forums. On July 25,

2017, the SEC issued a Report of Investigation (the “Report”) which concluded that digital assets or tokens issued for the purpose of raising funds may be securities within the meaning of the federal securities laws. The Report emphasized that whether a digital asset is a security is based on the particular facts and circumstances, including the economic realities of the transactions. On January 7, 2020, the SEC issued a press release announcing that digital assets and electronic investments, would be at the top of the SEC’s priorities for 2020. The SEC continues to take action against persons or entities misusing Bitcoin in connection with fraudulent schemes (i.e., Ponzi scheme), inaccurate and inadequate publicly disseminated information, and the offering of unregistered securities.

On September 17, 2015, the CFTC provided clarity regarding the regulatory treatment of Bitcoin in the Coinflip civil enforcement case. There the CFTC determined that Bitcoin and other virtual currencies are regulated as commodities under the CEA. Based on this determination, the CFTC applied Commodity Exchange Act provisions and CFTC regulations to a Bitcoin derivatives trading platform. Also of significance, the CFTC took the position that Bitcoin is not encompassed by the definition of currency under the Commodity Exchange Act and CFTC regulations. The CFTC defined Bitcoin and other “virtual currencies” as “a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value, but does not have legal tender status in any jurisdiction. Bitcoin and other virtual currencies are distinct from ‘real’ currencies, which are the coin and paper money of the United States or another country that are designated as legal tender, circulate, and are customarily used and accepted as a medium of exchange in the country of issuance.” On July 6, 2017, the CFTC granted LedgerX, LLC an order of registration as a Swap Execution Facility for digital assets and on July 24, 2017, the CFTC approved LedgerX, LLC as the first derivatives clearing organization for digital currency. On September 21, 2017, the CFTC filed a civil enforcement action in federal court against a New York corporation and its principal, charging them with fraud, misappropriation, and issuing false account statements in connection with a Ponzi scheme involving investments in Bitcoin, which the CFTC asserted is a commodity subject to its jurisdiction. On October 17, 2017, the CFTC’s LabCFTC office issued A CFTC Primer on Virtual Currencies (“Primer”). As noted in the Primer, beyond instances of fraud or manipulation, the CFTC staff does not claim general jurisdiction over “spot” or cash-market exchanges and transactions involving virtual currencies that do not utilize margin, leverage or financing. On December 1, 2017, the CFTC approved the self-certification of binary Bitcoin options for the Cantor Exchange and exchange-traded Bitcoin futures contracts for the Chicago Mercantile Exchange Inc. and CBOE Futures Exchange. On December 15, 2017, the CFTC issued a proposed interpretation of the “actual delivery” requirements with respect to virtual currencies under the CEA. Section 2(c)(2)(D) of the Commodity Exchange Act provides the CFTC with direct oversight authority over “retail commodity transactions” – defined as agreements, contracts or transactions in any commodity that are entered into with, or offered to retail market participants on a leveraged or margined basis, or financed by the offeror, the counterparty or a person acting in concert with the offeror or counterparty on a similar basis. Such a transaction is subject to the Commodity Exchange Act as if it were a commodity future. The statute contains an exception for contracts of sale that result in “actual delivery” within 28 days from the date of the transaction. The proposed interpretation establishes two primary factors necessary to demonstrate “actual delivery” of retail commodity transactions in virtual currency: (1) a customer having the ability to: (i) take possession and control of the entire quantity of the commodity, whether it was purchased on commerce (both within and away from any particular platform) no later than 28 days from the date of the transaction; and (2) the offeror and counterparty seller (including any of their respective affiliates or other persons acting in concert with the offeror or counterparty seller on a similar basis) not retaining any interest in or control over any of the commodity purchased on

margin, leverage, or other financing arrangement at the expiration of 28 days from the date of the transaction.

· Currently, the CFTC takes the position that Bitcoin is a commodity, although it has not issued regulations to formalize this position. The Trust is not registered as a commodity pool for purposes of the CEA, and the Sponsor is not registered as a commodity pool operator, a commodity trading advisor or otherwise. The Trust and the Sponsor will continue to monitor and evaluate whether any such registrations may be or may become required.

· On March 25, 2014, the “IRS released the Notice noting that Bitcoin will be treated as property for U.S. Federal income tax purposes and that Bitcoin may be held as a capital asset. On October 9, 2019, the IRS released the Revenue Ruling and published the FAQs on reporting virtual currency transactions. The Revenue Ruling provides more guidance to taxpayers and tax practitioners regarding the treatment of a cryptocurrency hard forks and airdrops. The FAQs provide guidance on how to report virtual currency transactions for those who hold virtual currency as a capital asset.

· On March 18, 2013, FinCEN issued interpretive guidance relating to the application of the Bank Secrecy Act to distributing, exchanging and transmitting “virtual currencies.” More specifically, it determined that a user of virtual currencies (such as Bitcoin) for its own account will not be considered a money service business (“MSB”) or be required to register, report and perform recordkeeping; however, an administrator or exchanger of virtual currency must be a registered money services business under FinCEN’s money transmitter regulations. As a result, Bitcoin exchanges that deal with U.S. residents or otherwise fall under U.S. jurisdiction are required to obtain licenses and comply with FinCEN regulations. FinCEN released additional guidance clarifying that, under the facts presented, miners acting solely for their own benefit, software developers, hardware manufacturers, escrow service providers and investors in Bitcoin would not be required to register with FinCEN on the basis of such activity alone, but that Bitcoin exchanges, certain types of payment processors and convertible digital asset administrators would likely be required to register with FinCEN on the basis of the activities described in the October 2014 and August 2015 letters. FinCEN has also taken significant enforcement steps against companies alleged to have violated its regulations, including the assessment in July 2017 of a civil money penalty in excess of \$110 million against BTC-e for alleged willful violation of U.S. anti-money laundering laws. On May 9, 2019 FinCEN published a guidance entitled “Application of FinCEN’s Regulations to Certain Business Models Involving Convertible Virtual Currencies.” In that guidance, FinCEN consolidated and clarified regulatory requirements and prior guidance since 2011. In February 2020, former U.S. Treasury Secretary Steven Mnuchin testified in Congress that FinCEN was set to release new requirements related to cryptocurrencies. In December 2020, FinCEN released a notice of proposed rulemaking setting forth proposed U.S. anti-money laundering regulations that would expand the application of U.S. anti-money laundering rules to virtual currencies. Such rules have not yet been finalized.

· In a report titled “Strategies for Improving the U.S. Payment System,” published in January 2015 by the Federal Reserve, “Digital Value Transfer Vehicles” technology was identified for further exploration and monitoring. Since then, the Federal Reserve Chairman, Jerome Powell confirmed that the Federal Reserve is in the initial stages of exploring and analyzing the “costs and benefits of pursuing” a central bank digital currency initiative.

· In June 2015, the New York Department of Financial Services (the “NYDFS”) finalized a rule that requires most businesses involved in digital currency business activity in or involving New York, excluding merchants and consumers, to apply for a license (“BitLicense”) from the NYDFS and to comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. As an alternative to the BitLicense in New

York, firms can apply for a charter to become limited purpose trust companies qualified to engage in digital currency business activity. Other states have considered regimes similar to the BitLicense or have required digital currency businesses to register with their states as money transmitters, such as Washington and Georgia, which results in digital currency businesses being subject to requirements similar to those of NYDFS' BitLicense regime. Certain state regulators, such as the Texas Department of Banking, Kansas Office of the State Bank Commissioner and the Illinois Department of Financial and Professional Regulation, have found that mere transmission of Bitcoin, without activities involving transmission of fiat currency, does not constitute money transmission requiring licensure. The North Carolina Commissioner of Banks has issued guidance providing that North Carolina's money transmission regulations only apply to the transmission of digital currency and not its use. In July 2017, Delaware amended its General Corporation Law to provide for the creation and maintenance of certain required records by blockchain technology and permit its use for electronic transmission of stockholder communications.

On September 15, 2015, the Conference of State Bank Supervisors finalized their proposed model regulatory framework for state regulation of participants in "virtual currency activities." The Conference of State Bank Supervisors' proposed framework is a non-binding model and would have to be independently adopted, in sum or in part, by state legislatures or regulators on a case-by-case basis. In July 2017, the Uniform Law Commission (the "ULC"), a private body of lawyers and legal academics from the several U.S. states, voted to finalize and approve a uniform model state law for the regulation of virtual currency businesses, including Bitcoin (the "Uniform Virtual Currency Act"). Having been approved by the ULC, the Uniform Virtual Currency Act now goes to each of the U.S. states and territories for their consideration and would have to be independently adopted, in sum or in part, by state legislatures or regulators on a case-by-case basis.

The regulation of Bitcoin, digital assets and related products and services continues to evolve. The inconsistent and sometimes conflicting regulatory landscape may make it more difficult for Bitcoin businesses to provide services, which may impede the growth of the Bitcoin economy and have an adverse effect on consumer adoption of Bitcoin. There is a possibility of future regulatory change altering, perhaps to a material extent, the nature of an investment in the Units or the ability of the Trust to continue to operate. Additionally, to the extent that Bitcoin itself is determined to be a security, commodity future or other regulated asset, or to the extent that a United States or foreign government or quasi-governmental agency exerts regulatory authority over the Bitcoin network, Bitcoin trading or ownership in Bitcoin, such determination may have an adverse effect on the value of your investment in the Trust. In sum, Bitcoin regulation takes many different forms and will, therefore, impact Bitcoin and its usage in a variety of manners.

Regulatory changes or actions may affect the value of the Units or restrict the use of Bitcoins, mining activity or the operation of the Bitcoin Network or the Bitcoin markets in a manner that adversely affects the value of the Units.

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including FinCEN, SEC, CFTC, FINRA, the Consumer Financial Protection Bureau, the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the IRS and state financial institution regulators) have been examining the operations of Bitcoin networks, Bitcoin users and Bitcoin markets, with particular focus on the extent to which Bitcoin can be used to launder the proceeds of illegal activities or

fund criminal or terrorist enterprises and the safety and soundness of exchanges and other service providers that hold digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. Ongoing and future regulatory actions with respect to digital assets generally or Bitcoin in particular may alter, perhaps to a materially adverse extent, the nature of an investment in the Units or the ability of the Trust to continue to operate.

In August 2021, SEC Chair Gary Gensler asked Congress to pass a law that could give the agency the legal authority to monitor crypto exchanges. This statement follows former U.S. Treasury Secretary Steven Mnuchin's statement in July 2019 that he had "very serious concerns" about digital assets. Former Secretary Mnuchin indicated that one source of concern is digital assets' potential to be used to fund illicit activities in July 2019. Former Secretary Mnuchin had indicated that FinCEN was planning to release new requirements relating to digital asset activities in the first half of 2020. As of the date of this disclosure, no such requirements have been released. Moreover, President's Biden's March 9, 2022 Executive Order, asserting that technological advances and the rapid growth of the digital asset markets "necessitate an evaluation and alignment of the United States Government approach to digital assets," signals an ongoing focus on digital asset policy and regulations in the United States. A number of reports issued pursuant to the Executive Order have focused on various risks related to the digital asset ecosystem, and have recommended additional legislation and regulatory oversight. There have also been several bills introduced in Congress that propose to establish additional regulation and oversight of the digital asset markets.

On February 15, 2023, the SEC proposed a new rule that would enhance safeguarding of assets for registered investment advisers. If adopted, the changes would amend and redesign Rule 206(4)-2, the SEC's custody rule, under the Advisers Act and amend certain related recordkeeping and reporting obligations. The proposed rule would exercise the SEC's authority under Section 411 of the Dodd-Frank Act by broadening the application of the current investment adviser custody rule beyond client funds and securities to include any client assets in an investment adviser's possession or when an investment adviser has authority to obtain possession of client assets, requiring the investment adviser to hold client assets with a qualified custodian. As such, the rule would expand SEC authority to digital assets held by or in control of an investment adviser on behalf of clients.

Law enforcement agencies have often relied on the transparency of blockchains to facilitate investigations. However, certain privacy-enhancing features have been, or are expected to be, introduced to a number of digital asset networks. If any such features are introduced to the Bitcoin Network, any exchanges or businesses that facilitate transactions in Bitcoin may be at an increased risk of criminal or civil lawsuits, or of having banking services cut off if there is a concern that these features interfere with the performance of anti-money laundering duties and economic sanctions checks. In addition, these features will provide law enforcement agencies with less visibility into transaction-level data. Europol, the European Union's law enforcement agency, released a report in October 2017 noting the increased use of privacy-enhancing digital assets like Zcash and Monero in criminal activity on the internet. In August 2022, OFAC banned all U.S. citizens from using Tornado Cash, a digital asset protocol designed to obfuscate blockchain transactions, by adding certain Ethereum digital wallet addresses associated with the protocol to its Specially Designated Nationals list. Approximately 60% of Ethereum validators, as well as notable industry participants such as Centre Consortium, the issuer of the USDC stablecoin, have reportedly complied with the sanctions and blacklisted the sanctioned addresses from interacting

with their network. Although no regulatory action has been taken to treat privacy-enhancing digital assets differently, this may change in the future.

Additionally, concerns have been raised about the electricity required to secure and maintain digital asset networks. As of December 31, 2023, the Bitcoin Network hash rate was reported at 558 million terahashes per second (TH/s). This represents a significant increase compared to the 138 million TH/s reported at the end of 2020, highlighting the growth in computing power and security of the Bitcoin network over this period. Although measuring the electricity consumed by this process is difficult because these operations are performed by various machines with varying levels of efficiency, the process consumes a significant amount of energy. Further, in addition to the direct energy costs of performing these calculations, there are indirect costs that impact the digital asset network's total energy consumption, including the costs of cooling the machines that perform these calculations. Due to these concerns around energy consumption, particularly as such concerns relate to public utilities companies, various states and cities have implemented, or are considering implementing, moratoriums on digital asset mining in their jurisdictions. A significant reduction in mining activity as a result of such actions could adversely affect the security of the Bitcoin Network by making it easier for a malicious actor or botnet to manipulate the Blockchain. See “—If a malicious actor or botnet obtains control of more than 50% of the processing power on the Bitcoin Network, or otherwise obtains control over the Bitcoin Network through its influence over core developers or otherwise, such actor or botnet could manipulate the Blockchain to adversely affect the value of the Units or the ability of the Trust to operate.”

To the extent that Bitcoin itself is determined to be a security, such determination may have an adverse effect on the value of your investment in the Trust.

Many blockchain startups use digital asset networks, such as the Bitcoin network, to launch their initial coin offerings, also known as ICOs. In July 2017, the SEC determined that tokens issued by The DAO, for instance, were securities under the U.S. securities laws. The SEC reasoned that the unregistered sale of digital asset tokens can, in certain circumstances, including initial coin offerings, be considered illegal public offering of securities. In November 2018, the SEC determined that two other token issuances by companies called CarrierEQ, Inc., (d/b/a Airfox) and Paragon Coin, Inc. were unregistered securities offerings. In September 2019, the SEC determined that the token issuance of EOS by a company called Block.one, was an unregistered securities offering and ordered Block.one to pay a \$24 million civil penalty. The SEC could make a similar determination with respect to digital tokens distributed in other initial coin offerings. If the SEC were to determine that Bitcoin is a security, the Trust and the Sponsor would be subject to additional regulatory and compliance requirements under U.S. federal securities laws, including the Investment Company Act and, with respect to the Sponsor, the Advisers Act. In addition, the SEC's determination or a market expectation of the SEC's determination that any digital asset is a security could adversely affect the market price of Bitcoin or digital assets generally and thus the value of the Units.

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

Investors may invest in Bitcoin through means other than the Units, including through direct investments in Bitcoin and other potential financial vehicles, possibly including securities backed by or linked to Bitcoin and digital asset financial vehicles, or bitcoin futures-based products. 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 Units. 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 Index, the Trust's Bitcoin holdings, the price of the Units, the net asset value of the Trust and the NAV.

The Trust and the Sponsor face competition with respect to the creation of exchange-traded Bitcoin products. The Trust's competitors may also charge a substantially lower fee than the Sponsor's Fee in order to achieve initial market acceptance and scale. Accordingly, the Sponsor's competitors may commercialize a competing product more rapidly or effectively than the Sponsor is able to, which could adversely affect the Sponsor's competitive position and could have a detrimental effect on the scale and sustainability of the Trust. In addition, the Sponsor publicly announced that it would explore strategic alternatives to maximize unitholder value, which may include a potential sale of the Trust, or merger with, an existing exchange-traded Bitcoin product and it may seek to liquidate and dissolve the Trust if such alternatives are not successful. The timing and potential outcome of such events is unknown at this time and Unitholders may not be able to receive value for their investment.

Regulatory changes or other events in foreign jurisdictions may have impacted the price of Bitcoin or may impact it in the future.

Various foreign jurisdictions have and may, in the near future, adopt laws, regulations or directives that affect the Bitcoin Network, the Bitcoin exchange market and their users, particularly Bitcoin exchanges and service providers that fall within such jurisdictions' regulatory scope, which may in turn, impact the price of Bitcoin. For example, China has made transacting in cryptocurrencies illegal for Chinese citizens in mainland China, and additional restrictions may follow. Both China and South Korea have banned initial coin offerings entirely and regulators in other jurisdictions, including Canada, Singapore and Hong Kong, have opined that initial coin offerings may constitute securities offerings subject to local securities regulations. In May 2021, the Chinese government announced renewed efforts to restrict cryptocurrency trading and mining activities, citing concerns about high energy consumption and its desire to promote financial stability. Regulators in Inner Mongolia and other regions of China have proposed regulations that would create penalties for companies engaged in cryptocurrency mining activities and introduce heightened energy saving requirements on industrial parks, data centers and power plants providing electricity to cryptocurrency miners. In April 2018, the Reserve Bank of India banned the entities it regulates from providing services to any individuals or business entities dealing with or settling digital assets. On March 5, 2020, this ban was overturned in the Indian Supreme Court, although the Reserve Bank of India is currently challenging this ruling and, in December 2021, reportedly informed its central board of directors that it favors a complete ban on cryptocurrencies. The United Kingdom's Financial Conduct Authority published final rules in October 2020 banning

the sale of derivatives and exchange traded notes that reference certain types of digital assets, contending that they are “ill-suited” to retail investors citing extreme volatility, valuation challenges and association with financial crime. A new bill, the Financial Services and Markets Bill (“FSMB”), has made its way through the House of Commons and is expected to work through the House of Lords and become law in 2023. The FSMB would bring digital asset activities within the scope of existing laws governing financial institutions, markets and assets. In addition, the European Council of the European Union approved the text of MiCA in October 2022, establishing a regulatory framework for digital asset services across the European Union. MiCA is intended to serve as a comprehensive regulation of digital asset markets and imposes various obligations on digital asset issuers and service providers. The main aims of MiCA are industry regulation, consumer protection, prevention of market abuse and upholding the integrity of digital asset markets. MiCA is expected to pass the European Parliament in 2023 and come into effect in 2024. For further discussion, see “Government Oversight—Regulation of Bitcoin.”

Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of Bitcoin by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the Bitcoin economy globally, or otherwise negatively affect the price and value of Bitcoin. Moreover, other events, such as the interruption in telecommunications or Internet services, cyber-related terrorist acts, civil disturbances, war or other catastrophes, could also negatively affect the digital asset economy in one or more jurisdictions. For example, Russia’s invasion of Ukraine on February 24, 2022 led to volatility in digital asset prices, with an initial steep decline followed by a sharp rebound in prices. The regulatory uncertainty surrounding the treatment of Bitcoin creates risks for the Trust.

The sale of the Units could be subject to SEC or state securities registration.

The offer and sale of the Units in a Rule 506 offering is not registered with the SEC under the Securities Act or with a state regulator under the securities laws of any state. If a regulator or a court determines that the sale of the Units should have been registered, the Trust may be required to provide investors who purchased in the offering the option to rescind their investment on terms favorable to those investors. If this occurs, the Trust may lack sufficient assets to repay all purchasers seeking rescission, the secondary market for the Units, if any, may be negatively impacted, and the value of the Units held by remaining investors may decrease.

The Trust is not a registered investment company.

The Trust is not a registered investment company subject to the Investment Company Act. Consequently, Unitholders of the Trust do not have the regulatory protections provided to shareholders in registered investment companies which, for example, require that investment companies have a certain percentage of disinterested directors and requirements as to the relationship between the investment company and certain of its affiliates.

The Trust could be, or could become, subject to the Commodity Exchange Act.

Currently, the CFTC takes the position that Bitcoin is a commodity, although it has not issued regulations to formalize this position. The Trust is not registered as a commodity pool for purposes of the CEA, and the Sponsor is not registered as a commodity pool operator, a commodity trading

advisor or otherwise. The Trust and the Sponsor will continue to monitor and evaluate whether any such registrations may be or may become required.

Trading on Bitcoin markets outside the United States is not subject to U.S. regulation, and may be less reliable than U.S. Markets.

To the extent any of the Trust's assets are valued based on trading conducted on Bitcoin markets outside the U.S., trading on such markets is not regulated by any U.S. governmental agency and may involve certain risks not applicable to trading in U.S. markets. Certain foreign markets may be more susceptible to disruption than U.S. markets. These factors could adversely affect the performance of the Trust.

Future regulations may impose other regulatory burdens, which could harm the Trust or even cause the Trust to liquidate.

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may affect the manner in which Bitcoins are treated for classification and clearing purposes, and the manner in which the Units, the Trust and the Sponsor are regulated. Currently, the CFTC takes the position that Bitcoin is a commodity and has brought enforcement actions against Bitcoin operators who have not registered as futures commission merchants or commodity pool operators, although several court challenges to this position are still pending and the CFTC has not yet issued regulations to formalize its position. Although several U.S. federal district courts have recently held for certain purposes that Bitcoin is a currency or a form of money, these rulings are not definitive and the Sponsor and the Trust cannot be certain as to how future regulatory developments may affect the treatment of Bitcoin under the law. In addition, on March 9, 2022, President Biden announced an executive order on cryptocurrencies that seeks to establish a unified federal regulatory regime for cryptocurrencies. On June 7, 2022, U.S. Senators Kirsten Gillibrand and Cynthia Lummis introduced the "Responsible Financial Innovation Act," a bipartisan proposed legislation that would create a regulatory framework for digital assets, including a standard for determining which digital assets are commodities and what are securities, and would assign regulatory authority over digital asset spot markets to the CFTC. In the face of such developments, new or additional registration and compliance steps may result in extraordinary expenses to the Trust. If the Sponsor decides to terminate the Trust in response to changed regulatory circumstances, the Trust may be dissolved or liquidated at a time that is disadvantageous to Unitholders.

To the extent that Bitcoin is deemed to fall within the definition of a "commodity interest" under the CEA, the Trust and the Sponsor may be subject to additional regulation under the CEA and CFTC regulations. The Sponsor or the Trust may be required to register as a commodity pool operator or commodity trading advisor with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to the Trust, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and non-recurring expenses. If the Sponsor or the Trust determines not to comply with such additional regulatory 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 Unitholders.

To the extent that Bitcoin is deemed to fall within the definition of a security under U.S. federal securities laws, the Trust and the Sponsor may be subject to additional requirements under the Investment Company Act and the Advisers Act. For example, in February 15, 2023, the SEC proposed a new rule that would enhance safeguarding of assets for registered investment advisers. If adopted, the changes would amend and redesign Rule 206(4)-2, the SEC's custody rule, under the Advisers Act and amend certain related recordkeeping and reporting obligations. The proposed rule would exercise the SEC's authority under Section 411 of the Dodd-Frank Act by broadening the application of the current investment adviser custody rule beyond client funds and securities to include any client assets in an investment adviser's possession or when an investment adviser has authority to obtain possession of client assets, requiring the investment adviser to hold client assets with a qualified custodian. As such, the rule, if adopted substantially as proposed, would expand SEC authority to digital assets held by or in control of an investment adviser on behalf of clients. If the Sponsor or the Trust were required to register as an investment adviser under the Advisers Act, such additional registration may result in extraordinary, recurring and non-recurring expenses and create additional uncertainty with respect to new or shifting regulatory requirements.

If the Sponsor or the Trust determines not to comply with any additional regulatory 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 Unitholders.

Banks may not provide banking services, or may cut off banking services, to businesses that provide Bitcoin-related services or that accept Bitcoin as payment, which could directly impact the Trust's operations, damage the public perception of Bitcoin and the utility of Bitcoin as a payment system and could decrease the price of Bitcoin and adversely affect an investment in the Units.

A number of companies that provide Bitcoin-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. This may have an adverse impact on the Trust's operations. Recently, the FDIC declared Signature Bank in New York insolvent and placed the bank into receivership and established a bridge bank where all deposits were transferred. Although the Trust does not have material cash operations, it had an account holding nominal cash at Signature Bank and was able to access its funds within one business day of the FDIC's actions. Although the closing of Signature Bank did not have a material impact on the Trust, it is possible that a future closing of a bank with which the Trust has a financial relationship could subject the Trust to adverse conditions and pose challenges in finding an alternative suitable bank to provide the Trust with bank accounts and banking services.

Also, a number of companies that provide Bitcoin-related services have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to Bitcoin-related companies or companies that accept Bitcoin for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide Bitcoin-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of Bitcoin as a payment system and harming public perception of Bitcoin or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of Bitcoin as a payment system and the public perception of Bitcoin could be damaged if banks were to close the accounts of many or of a few key businesses providing Bitcoin-related services. This could decrease the price of Bitcoin and therefore adversely affect an investment in the Units.

It may be illegal now, or in the future, to acquire, own, hold, sell or use Bitcoin in one or more countries, and ownership of, holding or trading in Units may also be considered illegal and subject to sanctions.

The United States, China, Russia, India or other jurisdictions may take additional regulatory actions in the future that further restrict the right to acquire, own, hold, sell or use Bitcoin or to exchange Bitcoin for fiat currency. For example, the United States and other G7 leaders imposed expansive economic sanctions on Russia as a result of the conflict in Ukraine and new guidance issued by the Department of Treasury highlighted the expectation of compliance with such sanctions, including as it relates to transactions using virtual currency, such as Bitcoin. Additional regulatory actions could result in the restriction of ownership, holding or trading in the Units. Such a restriction could subject the Trust or the Sponsor to investigations, civil or criminal fines and penalties, which could harm the reputation of the Trust or its Sponsor, and could result in the termination and liquidation of the Trust at a time that is disadvantageous to Unitholders, or may adversely affect an investment in the Units.

If the Bitcoin Network is used to facilitate illicit activities, businesses that facilitate transactions in Bitcoin could be at increased risk of criminal and civil lawsuits, or of having services cut off, which could negatively affect the price of Bitcoin and the value of the Units.

Digital asset networks have in the past been, and may continue to be, used to facilitate illicit activities. If the Bitcoin Network is used to facilitate illicit activities, businesses that facilitate transactions in Bitcoin could be at increased risk of potential criminal or civil lawsuits, or of having banking or other services cut off, and Bitcoin could be removed from digital asset exchanges as a result of these concerns. Other service providers of such businesses may also cut off services if there is a concern that the Bitcoin network is being used to facilitate crime. Any of the aforementioned occurrences could increase regulatory scrutiny of the Bitcoin Network and/or adversely affect the price of Bitcoin, the attractiveness of the Bitcoin Network and an investment in the Units of the Trust.

If regulatory changes or interpretations of the Trust's or Sponsor's activities require registration as money services businesses under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act or as money transmitters or digital currency businesses under state regimes for the licensing of such businesses, the Trust and/or Sponsor could suffer reputational harm and also extraordinary, recurring and/or non-recurring expenses, which would adversely impact an investment in the Units.

If regulatory changes or interpretations of the Trust's or Sponsor's activities require the registration of the Trust or Sponsor as a money services business under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act, the Trust or Sponsor may be required to register and comply with such regulations. If regulatory changes or interpretations of the Trust's or Sponsor's activities require the licensing or other registration as a money transmitter or business engaged in digital currency activity (e.g., under the New York BitLicense regime) (or equivalent designation) under state law in any state in which the Trust or Sponsor operates, the Trust or Sponsor may be required to seek licensure or otherwise register and comply with such state law. In the event of any such requirement, to the extent that the Sponsor decides to continue the Trust, the required registrations, licensure and regulatory compliance steps may result in extraordinary,

non-recurring expenses to the Trust. Regulatory compliance would include, among other things, implementing anti-money laundering and consumer protection programs.

To the extent the Trust or 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 its Sponsor, decrease the liquidity of the Trust, and have a material adverse effect on the price of the Units. If the Sponsor decides to comply with such additional federal or state regulatory obligations and continue the Trust, the required registrations, licensure and regulatory compliance steps may result in extraordinary, non-recurring expenses to the Trust, possibly affecting an investment in the Units in a material and adverse manner. Furthermore, the Trust and its service providers may not be capable of complying with certain federal or state regulatory obligations applicable to money services businesses' money transmitters and businesses involved in digital currency business activity. If the Sponsor and/or the Trust determines not to comply with such requirements, the Sponsor will act to dissolve and liquidate the Trust. Any such termination could result in the liquidation of the Trust's Bitcoin at a time that is disadvantageous to Unitholders.

Laws and regulations may also be introduced or interpreted by regulators that lack experience in digital assets and blockchain technology. This may result in unclear rules with which compliance may be difficult.

Governments, quasi-government organizations and financial institutions may impose additional regulation on digital assets and blockchain technology, and the regulatory environment for digital assets is changing and unpredictable.

Many governments, regulators, self-regulators and other quasi-government agencies around the world that seek to regulate the digital assets industry may lack experience in digital assets and blockchain technology generally. They may seek to use existing laws and regulations and interpret them to apply to the digital assets industry. Many of these legal and regulatory regimes were adopted prior to the advent of the internet, mobile technologies, digital assets and related technologies. As a result, they do not contemplate or address unique issues associated with digital assets and are thus subject to significant uncertainty and vary widely across jurisdictions. This may result in unclear rules that are difficult or impractical to comply with, and therefore increase the Trust's legal and regulatory compliance risks.

The digital assets industry is relatively new and has limited access to policymakers or lobbying organizations, which may harm the Trust's ability to effectively react to proposed laws and regulation of digital assets adverse to the Trust's business.

Various governmental organizations, consumer agencies and public advocacy groups around the world have been examining the operations of cryptocurrency networks, customers and platforms, with a focus on how digital assets can be used to launder the proceeds of illegal activities, fund criminal or terrorist enterprises, and the safety and soundness of platforms and other service providers that hold digital assets for customers. Many of these entities have called for heightened regulatory oversight and have issued consumer advisories describing the risks posed by digital assets to customers and investors.

Unlike more established industries, the digital assets industry is relatively new and has limited access to policymakers and lobbying organizations in many jurisdictions. Competitors from more established industries, including traditional financial services, may have greater access to lobbyists or governmental officials. Accordingly, legislators and regulators that are concerned about the potential for digital assets for illicit usage may affect statutory and regulatory changes with minimal or discounted inputs from the digital assets industry. As a result, new laws and regulations may be proposed and adopted, or existing laws and regulations may be interpreted in new ways that can adversely impact the digital assets industry and/or digital asset platforms.

The Trust may not be able to appropriately adapt to such sudden adverse legal and regulatory changes. Its inability to adapt to such changes in time may result in the Trust being unable to offer its product and services in certain jurisdictions or customer segments, which may adversely impact its reputation, business, operating results, financial condition and share price.

The treatment of the Trust for U.S. federal income tax purposes is uncertain.

As discussed in greater detail above in “Certain U.S. Federal Income Tax Consequences—Tax Treatment of the Trust”, the Sponsor intends to take the position that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes. Assuming that the Trust is a grantor trust, the Trust will not be subject to U.S. federal income tax. Rather, each beneficial owner of Units will be treated as directly owning its pro rata share of the Trust’s assets, and a pro rata portion of the Trust’s income, gain, losses and deductions will “flow through” to each beneficial owner of Units.

Because of the evolving nature of digital currencies, it is not possible to predict potential future developments that may arise with respect to digital currencies, including forks, airdrops and other similar events. Assuming that the Trust is currently a grantor trust for U.S. federal income tax purposes, certain future developments could render it impossible, or impracticable, for the Trust to continue to be treated as a grantor trust for such purposes.

If the Trust is not properly classified as a grantor trust, the Trust might be classified as a partnership for U.S. federal income tax purposes. However, due to the uncertain treatment of digital currency for U.S. federal income tax purposes (as discussed below in “Certain U.S. Federal Income Tax Consequences—Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Currency”), there can be no assurance in this regard. If the Trust were classified as a partnership for U.S. federal income tax purposes, the tax consequences of owning Units generally would not be materially different from the tax consequences described herein, although there might be certain differences, including with respect to timing of the recognition of taxable income or loss. In addition, tax information reports provided to beneficial owners of Units would be made in a different form. If the Trust were not classified as either a grantor trust or a partnership for U.S. federal income tax purposes, it would be classified as a corporation for such purposes. In that event, the Trust would be subject to entity-level U.S. federal income tax (currently at the rate of 21%) on its net taxable income and certain distributions made by the Trust to Unitholders would be treated as taxable dividends to the extent of the Trust’s current and accumulated earnings and profits (as calculated for U.S. federal income tax purposes). Any such dividend distributed to a beneficial owner of Units that is a non-U.S. person for U.S. federal income tax purposes would be subject to U.S. federal withholding tax at a rate of 30% (or such lower rate as provided in an applicable tax treaty).

Unitholders could incur a tax liability without an associated distribution.

In the normal course of business, it is possible that the Trust could incur a taxable gain in connection with the delivery or sale of Bitcoin (including, as a result of the Trust using Bitcoin and Additional Currency to pay its expenses) that is otherwise not associated with a distribution to Unitholders. In the event that this occurs, Unitholders may be subject to tax due to the grantor trust status of the Trust even though there is not a corresponding distribution from the Trust. See “Certain U.S. Federal Income Tax Consequences—Tax Consequences to U.S. Holders” above.

The treatment of Bitcoin for U.S. federal income tax purposes is uncertain.

As discussed in the section titled “Certain U.S. Federal Income Tax Consequences—Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Currency” below, assuming that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes, each beneficial owner of Units will be treated for U.S. federal income tax purposes as the owner of an undivided interest in the Bitcoin (and, if applicable, any Additional Currency) held in the Trust. Due to the new and evolving nature of digital currencies and the absence of comprehensive guidance with respect to digital currencies, many significant aspects of the U.S. federal income tax treatment of digital currency are uncertain.

In 2014, the IRS released the Notice, noting that Bitcoin will be treated as property for U.S. Federal income tax purposes and that Bitcoin may be held as a capital asset. In 2019, the IRS released the Revenue Ruling and published the FAQs on reporting virtual currency transactions. The Revenue Ruling provides more guidance to taxpayers and tax practitioners regarding the treatment of a cryptocurrency hard forks and airdrops. The FAQs provide guidance on how to report virtual currency transactions for those who hold virtual currency as a capital asset.

There can be no assurance that the IRS will not alter its position with respect to digital currencies in the future or that a court would uphold the treatment set forth in the Notice, Revenue Ruling and FAQs. It is also unclear what additional guidance on the treatment of digital currencies for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for Unitholders and could have an adverse effect on the value of Bitcoin. Future developments that may arise with respect to digital currencies may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income tax purposes. For example, the Notice addresses only digital currency that is “convertible virtual currency,” and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Trust will hold certain types of digital currency that are not within the scope of the Notice.

Unitholders are urged to consult their tax advisers regarding the tax consequences of owning and disposing of Units and digital currencies in general.

Future developments regarding the treatment of digital currency for U.S. federal income tax purposes could adversely affect the value of the Units.

As discussed above, many significant aspects of the U.S. federal income tax treatment of digital currency, such as Bitcoin, are uncertain, and it is unclear what guidance on the treatment of digital

currency for U.S. federal income tax purposes may be issued in the future. It is possible that any such guidance would have an adverse effect on the prices of digital currency, including on the price of Bitcoin in the Bitcoin markets, and therefore may have an adverse effect on the value of the Units.

Because of the evolving nature of digital currencies, it is not possible to predict potential future developments that may arise with respect to digital currencies, including forks, airdrops and similar occurrences. Such developments may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income tax purposes. Moreover, certain future developments could render it impossible, or impracticable, for the Trust to continue to be treated as a grantor trust for U.S. federal income tax purposes.

Future developments in the treatment of digital currency for tax purposes other than U.S. federal income tax purposes could adversely affect the value of the Units.

The taxing authorities of certain states, including New York, (i) have announced that they will follow the Notice with respect to the treatment of digital currencies for state income tax purposes and/or (ii) have issued guidance exempting the purchase and/or sale of digital currencies for fiat currency from state sales tax. However, it is unclear what further guidance on the treatment of digital currencies for state tax purposes may be issued in the future.

The treatment of digital currencies for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital currencies for U.S. federal, state or local tax purposes. It is possible, for example, that a non-U.S. jurisdiction would impose sales tax or value-added tax on purchases and sales of digital currencies for fiat currency. If a foreign jurisdiction with a significant share of the market of Bitcoin users imposes onerous tax burdens on digital currency users, or imposes sales or value-added tax on purchases and sales of digital currency for fiat currency, such actions could result in decreased demand for Bitcoin in such jurisdiction.

Any future guidance on the treatment of digital currencies for state, local or non-U.S. tax purposes could increase the expenses of the Trust and could have an adverse effect on the prices of digital currencies, including on the price of Bitcoin in the Bitcoin markets. As a result, any such future guidance could have an adverse effect on the value of the Units.

A U.S. tax-exempt Unitholder may recognize UBTI a consequence of an investment in Units.

Under the guidance provided in Revenue Ruling and FAQs, 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. In the absence of guidance to the contrary, it is possible that any such income recognized by a U.S. tax-exempt Unitholder would constitute UBTI. A tax-exempt Unitholder should consult its tax advisor regarding whether such Unitholder may recognize UBTI as a consequence of an investment in Units.

Non-U.S. Unitholders may be subject to U.S. federal withholding tax on income derived from forks, airdrops and similar occurrences.

The Revenue Ruling and FAQs do not address whether income recognized by a non-U.S. person as a result of a fork, airdrop or similar occurrence could be subject to the 30% withholding tax

imposed on U.S.-source FDAP income. Non-U.S. Unitholders should assume that, in the absence of guidance, a withholding agent is likely to withhold 30% of any such income recognized by a non-U.S. Unitholder in respect of its Units, including by deducting such withheld amounts from proceeds that such non-U.S. Unitholder would otherwise be entitled to receive in connection with a distribution of Additional Currency.

Risk Factors Related to Potential Conflicts of Interest

Potential conflicts of interest may arise among the Sponsor or its affiliates and the Trust. The Sponsor and its affiliates have no fiduciary duties to the Trust and its Unitholders other than as provided in the Trust Agreement, which may permit them to favor their own interests to the detriment of the Trust and its Unitholders.

The Sponsor will manage the affairs of the Trust. Conflicts of interest may arise among the Sponsor and its affiliates, on the one hand, and the Trust and its Unitholders, on the other. As a result of these conflicts, the Sponsor may favor its own interests and the interests of its affiliates over the Trust and its Unitholders. These potential conflicts include, among others, the following:

- The Sponsor has no fiduciary duties to, and is allowed to take into account the interests of parties other than, the Trust and its Unitholders in resolving conflicts of interest;
- The Trust has agreed to indemnify the Sponsor and its affiliates pursuant to the Trust Agreement;
- The Sponsor is responsible for allocating its own limited resources among different clients and potential future business ventures, to each of which it owes fiduciary duties;
- The Sponsor and its staff also service affiliates of the Sponsor, including several other digital asset investment vehicles, and their respective clients and cannot devote all of its, or their, respective time or resources to the management of the affairs of the Trust;
- The Sponsor, its affiliates and their officers and employees are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with the Trust;
- There is an absence of arm's-length negotiation with respect to certain terms of the Trust, and, where applicable, there has been no independent due diligence conducted with respect to the Trust;
- The Sponsor decides whether to retain separate counsel, accountants or others to perform services for the Trust;
- The Sponsor may appoint an agent to act on behalf of the Unitholders, including in connection with the distribution of any Additional Currency, which agent may be the Sponsor or an affiliate of the Sponsor.

By purchasing the Units, Unitholders agree and consent to the provisions set forth in the Trust Agreement. See “Description of the Trust Documents—Description of the Trust Agreement.”

For a further discussion of the conflicts of interest among the Sponsor, the Trust and others, see “Conflicts of Interest.”

The respective officers, employees and/or affiliates of the Sponsor may trade in Bitcoin or other cryptocurrency markets for their own personal trading accounts, and in doing so may take

positions opposite to those held by the Trust or may compete with the Trust for positions in the marketplace.

The respective officers, employees and/or affiliates of the Sponsor may manage other accounts in addition to the services that they provide to the Trust, including their personal trading accounts. The management of such other accounts in addition to services provided to the Trust can present certain conflicts of interest. The other accounts might have similar or different investment objectives or strategies as the Trust, or otherwise hold, purchase or sell investments that are eligible to be held, purchased or sold by the Trust, or may take positions that are opposite in direction from those taken by the Trust. When managing personal trading accounts, the respective officers, employees and/or affiliates of the Sponsor may take into account their own interests without regard to the interests of the Trust or the Unitholders. Records of other accounts, including personal trading accounts, will not be available for inspection by Unitholders.

Unitholders cannot be assured of the Sponsor's continued services, the discontinuance of which may be detrimental to the Trust.

Unitholders cannot be assured that the Sponsor will be willing or able to continue to serve as sponsor to the Trust for any length of time. If the Sponsor discontinues its activities on behalf of the Trust and a substitute sponsor is not appointed, the Trust will terminate and liquidate its Bitcoins.

Appointment of a substitute sponsor will not guarantee the Trust's continued operation, successful or otherwise. Because a substitute sponsor may have no experience managing a digital asset financial vehicle, a substitute sponsor may not have the experience, knowledge or expertise required to ensure that the Trust will operate successfully or continue to operate at all. Therefore, the appointment of a substitute sponsor may not necessarily be beneficial to the Trust and the Trust may terminate. See "Conflicts of Interest—The Sponsor."

If the Custodian resigns or is removed by the Sponsor or otherwise, without replacement, it could trigger early termination of the Trust, or the Sponsor would need to find and appoint a replacement custodian, which could pose a challenge to the safekeeping of the Trust's Bitcoin.

The custodial services agreements with FDAS included and Coinbase Custody includes termination provisions. For example, the Custodial Services Agreement with Coinbase Custody indicates that either party may terminate the agreement upon thirty-day's prior written notice and that the Trust may cancel its custodial account at any time by withdrawing all balances and contacting the Custodian. If Coinbase Custody resigns or is removed without replacement, the Trust will dissolve in accordance with the terms of the Trust Agreement. The Sponsor could replace the custodian of the Trust's Bitcoin Holdings. On March 11, 2022, the Trust delivered to FDAS a notice of termination of the custodial services agreement dated May 18, 2020. The notice of termination became effective on April 10, 2022. On March 10, 2022, the Trust transferred its custodied digital assets from FDAS to the Custodian. Although the transfer of assets did not have any apparent negative impact on the Trust or its assets at this time, any transfer of assets to another custodian is not without any risk. The transferring of maintenance responsibilities of the Trust's Bitcoin Holdings 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 Units or result in loss of the Trust's assets.

In addition, to the extent that the Sponsor is not able to find a suitable party willing to serve as a replacement custodian, the Sponsor may be required to terminate the Trust and liquidate the Trust's Bitcoin. In addition, the extent that the Sponsor finds a suitable party and must enter into a modified Custodian Agreement that is less favorable for the Trust or Sponsor and/or transfer the Trust's assets in a relatively short time period, the safekeeping of the Trust's Bitcoin may be adversely affected, which may in turn adversely affect the value of the Units

Unitholders may be adversely affected by the lack of independent advisers representing investors in the Trust.

The Sponsor has consulted with counsel, accountants and other advisers regarding the formation and operation of the Trust. No counsel was appointed to represent investors in connection with the formation of the Trust or the establishment of the terms of the Trust Agreement and the Units. Moreover, no counsel has been appointed to represent Unitholders in connection with an investment in the Units. Accordingly, an investor should consult his, her or its own legal, tax and financial advisers regarding the desirability of an investment in the Units. Lack of such consultation may lead to an undesirable investment decision with respect to investment in the Units.

Additional Matters Related to the Business of the Trust

1. The form of organization of the issuer.

The Trust is a Delaware statutory trust.

2. The year that the issuer (or any predecessor) was organized.

The Trust was formed on January 3, 2019.

3. The issuer's fiscal year end date.

The Trust's fiscal year end date is December 31.

4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding.

The Trust has not been in, and is not in the process of, any bankruptcy, receivership or any similar proceeding within the last three years.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.

On June 29, 2023 Anax Trading, LLC in a private transaction purchased 2,932,321 units of the Trust. Anax Trading, LLC is 100% owned by Rex Shares, LLC. Rex Shares, LLC is under common control with the Sponsor.

6. Any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments;

The Trust has not experienced any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Trust to make payments within since its inception.

7. Any change of control.

The Trust has not experienced any change of control since its inception.

8. Any increase of 10% or more of the same class of outstanding equity securities.

The Trust has only one class of outstanding equity securities. The Units were initially issued and sold on January 22, 2019, and 8,340,536 Units were sold through December 31, 2023. The Trust is an investment trust that has no limit on the number of Units that can be issued. The Trust publishes the total number of Units outstanding as of the end of each day on the Sponsor's website at www.ospreyfund.io.

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spinoff, or reorganization.

The Units were initially issued on January 19, 2019. On January 5, 2021, Unitholders of record as of December 31, 2020 ("Record Date"), received four Units for each Unit held as of the Record Date.

10. Any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board.

There has not been any delisting of the Units by any securities exchange or deletion from the OTC Bulletin Board.

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

None.

B. Business of Issuer.

1. The issuer's primary and secondary SIC Codes.

The Trust's primary SIC Code is 6221.

2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations.

The Trust is a passive entity with no operations, and the Sponsor administers and manages the Trust as described in “The nature of the issuer’s business.”

3. Whether the issuer has at any time been a “shell company.”

The Trust has not at any time been a “shell company.”

4. The names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this Annual Report.

The Sponsor

The Trust’s Sponsor is Osprey Funds, LLC, a Delaware limited liability company formed in October, 2018. The Sponsor’s principal place of business is 1241 Post Road, 2nd Floor Fairfield, CT 06824 and its telephone number is (914) 214-4697. Other funds under the Osprey name are also managed by the Sponsor. REX Financial, LLC and REX Shares, LLC are under common control with 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 Advisers Act or the Commodity Exchange Act.

The Sponsor’s Role

The Sponsor arranged for the creation of the Trust. The Sponsor will provide services to the Trust, and will be paid a Management Fee equal to an annualized 0.49% of the average daily NAV of the Trust for each year. It will accrue daily in Bitcoins and will be payable, at the Sponsor’s sole discretion, in Bitcoins or in U.S. dollars at the Bitcoin Market Price in effect at the time of such payment. The Sponsor expects that the Trust will pay the Management Fee in monthly installments in arrears.

The Sponsor will bear the routine operational, administrative and other ordinary fees and expenses of the Trust (the “Assumed Expenses”); provided, however, that the Trust shall be responsible for any audit and index license fees, aggregate legal fees in excess of \$50,000 per annum (excluding legal fees related to its organization, which were paid by the Sponsor), and other non-routine expenses, which will be borne by the Trust as extraordinary expenses. The Trust shall also pay the fees and expenses of the Custodian. The Sponsor paid the costs of the Trust’s organization and will pay the costs of the initial sale of the Units.

The Sponsor will: (1) select the Trustee, Custodian, Cash Custodian, and any other Trust service providers; (2) negotiate various agreements and fees for the Trust; (3) develop a marketing plan for the Trust on an ongoing basis and prepare marketing materials regarding the Units; (4) maintain the Trust’s website; and (5) perform such other services as the Sponsor believes the Trust may require.

The Sponsor will engage the Custodian and the Cash Custodian (the “Service Providers”) to assist in implementing the issuance (and redemption) process for the Trust.

Except as set forth below, the Sponsor has agreed to assume the Assumed Expenses, including: (i) the Trust’s routine and ordinary monthly fees and expenses (including certain indemnification

amounts which, under the Trust Agreement, shall be advanced by the Sponsor until the final disposition of the relevant matters) reimbursable under the Trust Agreement (which, for the avoidance of doubt, shall be paid by the Trust to the extent not paid by the Sponsor); (ii) the costs associated with maintaining the Trust's website; (iii) marketing expenses; and (iv) aggregate legal fees up to \$50,000 per annum. Audit and index licensing fees, aggregate legal fees in excess of \$50,000 per annum, the Custodian's monthly fee., and other non-routine or ordinary fees and expenses will be borne by the Trust as Excluded Expenses. Certain additional expenses, including expenses incurred in extraordinary circumstances, will be paid by the Trust as Extraordinary Expenses under the Trust Agreement. The Sponsor paid the costs of the Trust's organization and will pay the costs of the initial sale of the Units. In the event that the Sponsor forms one or more investment vehicles with a similar investment objective as the Trust, the Trust and such investment vehicle(s) shall bear their common expenses pro rata, in proportion to their respective assets under management.

The Sponsor may transfer all or substantially all of its assets to an entity that carries on the business of the Sponsor if at the time of the transfer the successor assumes all of the obligations of the Sponsor under the Trust Agreement. In such an event, the Sponsor will be relieved of all further liability under the Trust Agreement.

The Management Fee is paid by the Trust to the Sponsor as compensation for services performed under the Trust Agreement and for the Sponsor's agreement to pay the Assumed Expenses.

Conflicts of Interest

General

The Sponsor has not established formal procedures to resolve all potential conflicts of interest. Consequently, investors are dependent on the good faith of the respective parties subject to such conflicts to resolve them equitably. Although the Sponsor attempts to monitor these conflicts, it is extremely difficult, if not impossible, for the Sponsor to ensure that these conflicts do not, in fact, result in adverse consequences to the Trust.

Prospective investors should be aware that the Sponsor presently intends to assert that Unitholders have, by subscribing for Units of the Trust, consented to the following conflicts of interest in the event of any proceeding alleging that such conflicts violated any duty owed by the Sponsor to investors.

5. The effect of existing or probable governmental regulations on the business.

Please refer to "Risk Factors Related to the Regulation of the Trust and the Units" for a discussion of the effect of existing or probable governmental regulations on the Trust's operations.

6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers.

Not applicable.

7. Costs and effects of compliance with environmental laws (federal, state and local).

Not applicable.

8. The number of total employees and number of full-time employees.

The Trust has no employees. The Sponsor had 9 employees as of December 31, 2023.

Item 9. The nature of products or services offered.

A. Principal products or services, and their markets.

The investment objective of the Trust is for the Units to track the price of Bitcoin, as measured at 4:00 P.M. New York time calculated using the Coin Metrics CMBI Bitcoin Index rate available at: <https://cmbi-indexes.coinmetrics.io/cmbibtc> (“CMBI Bitcoin Index Price”), on each business day, less liabilities and expenses of the Trust. The Units are designed as a convenient and cost-effective method for investors to gain investment exposure to Bitcoin without making a direct investment in Bitcoin.

Distribution methods of the products or services.

Not applicable.

B. Status of any publicly announced new product or service.

Not applicable.

C. Competitive business conditions, the issuer’s competitive position in the industries, and methods of competition.

Bitcoin is not the only available decentralized digital asset. Other digital assets have been developed since the inception of the Bitcoin, including, but not limited to, Ethereum, Litecoin, Monero and Zcash. Although a competitive digital asset could displace the market share Bitcoin currently occupies, it would face significant headwinds due to the network effect and financial and intellectual investments currently enjoyed by the market leader. As of March 13, 2024, the Bitcoin network market share of the total digital market capitalization was estimated to be approximately 50%. Further, many Bitcoin exchanges use Bitcoin as the exchange comparison for other cryptocurrencies. For example, to purchase certain cryptocurrencies you first need to purchase Bitcoin on an exchange and then use the Bitcoin to purchase other cryptocurrencies.

D. Sources and availability of raw materials and the names of principal suppliers.

Not applicable.

E. Dependence on one or a few major customers.

Not applicable.

G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration.

Not applicable.

H. The need for any government approval of principal products or services and the status of any requested government approvals.

See the discussion set forth under the heading “Risk Factors Related to the Regulation of the Trust and the Units.”

Item 10. The nature and extent of the issuer’s facilities.

The Trust is a passive entity with no operations, and the Sponsor administers and manages the Trust as described in the “The nature of the issuer’s business.” The principal office of the Sponsor is located at 1241 Post Road, 2nd Floor Fairfield, CT 06824.

PART D. MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

Item 11. Company Insiders (Officers, Directors, and Control Persons)

A. Management of the Sponsor

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 Custodian and its agents. As officers of the Sponsor, Gregory D. King, the Chief Executive Officer of the Sponsor, and Robert Rokose, the Chief Financial Officer 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 officers of the Sponsor responsible for overseeing the business and operations of the Trust:

Gregory D. King, Chief Executive Officer

Gregory D. King is Founder and CEO of Osprey Funds, LLC and has served as CEO of the Sponsor since its inception in October 2018. Greg is the primary author of several financial industry innovations including creating the first ever exchange-traded note ("ETN") for Barclays in 2006. In 2009, Greg co-founded VelocityShares, LLC, a provider of alternative ETPs, partnering with Credit Suisse as product issuer. VelocityShares was acquired by Janus Capital in 2014. During his career, Greg has created and launched over 100 exchange traded funds and notes for Barclays, Credit Suisse, Global X Funds, VelocityShares, Rex Shares, and Osprey Funds. Greg received a Master's in Business Administration from the University of California, Davis, and is a CFA Charter holder. He has been an investor in bitcoin since 2013.

Robert Rokose, Chief Finance Officer

Robert Rokose became Treasurer and CFO of the Sponsor in March 2020. He is also CFO of REX Shares, LLC. Bob has 30 years of accounting and financial services experience. His previous roles include CFO of U.S. Funds at JP Morgan Asset Management, Managing Director & CFO for PIMCO/Allianz Funds and Assistant Vice President & Assistant Controller of publicly held Lexington Global Asset Managers. Mr. Rokose has served as a Financial Services Consultant and

has acted in that role since November 2016. From May 2014 to October 2016, Mr. Rokose was Chief Financial Officer and Treasurer of AccuShares Investment Management where he led all financial accounting and reporting for the organization. Bob is a Certified Public Accountant, licensed in the state of New York. He has an undergraduate degree from Pace University and a Master's of Business Administration from the University of Connecticut

Sponsor Compensation

The Sponsor arranged for the creation of the Trust. The Sponsor will provide services to the Trust, and will be paid a Management Fee equal to an annualized 0.49% of the average daily NAV of the Trust for each year. It will accrue daily in Bitcoins and will be payable, at the Sponsor's sole discretion, in Bitcoins or in U.S. dollars at the Bitcoin Market Price in effect at the time of such payment. The Sponsor expects that the Trust will pay the Management Fee in monthly installments in arrears.

Compensation of Directors

Not applicable.

Business Address

The business address for each of the Sponsor's officers is c/o Osprey Funds, LLC, 1241 Post Road, 2nd Floor Fairfield, CT 06824.

Number and class of the issuer's securities beneficially owned by each such person.

The number of Units beneficially owned and percentages of beneficial ownership set forth below are based on the number of Units outstanding as of March 13, 2024, and do not take into account ownership of the Units held through Cede & Co., a nominee of DTC, for which there is no publicly available information.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Beneficial Ownership
Executive Officers of the Sponsor: ⁽¹⁾		
Robert Rokose	2,056	* %
Gregory King	2,936,434 ⁽²⁾	35 %
Executive officers of the Sponsor as a group	2,938,490	35 %

⁽¹⁾ 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.

⁽²⁾ 2,932,321 Units in this column are held by an affiliate of the Sponsor, Anax Trading, LLC, and may be deemed to be beneficially owned by Mr. King.

B. Other Control Persons

The Purchasers have no voting rights in the Trust or the Sponsor, and there are currently no redemption rights associated with the Trust, the Sponsor does not believe any purchasers are a control person of the Sponsor.

B. Legal/Disciplinary History

None.

C. Disclosure of Family Relationships

None.

D. Disclosure of Related Party Transactions

None.

E. Disclosure of Conflicts of Interest

See “Potential Conflicts of Interest” and “Conflicts of Interest.”

Item 12. Financial information for the issuer’s most recent fiscal period.

The Trust’s audited financial statements for the year ended December 31, 2023 are attached as Exhibit 1 to this Annual Report. The historical results presented herein are not necessarily indicative of financial results to be achieved in future periods. The Trust’s audited financial statements attached as exhibits to this Annual Report are incorporated herein by reference and are considered as part of this Annual Report.

Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

Such financial statements are incorporated by reference. Osprey Bitcoin Trust financial statements for the year ended December 31, 2022 are incorporated in the SEC form 10-K filing. This report can be found in Disclosure Section of OBTC page on the OTC Markets website (<https://www.otcm Markets.com/filing/html?id=16505132&guid=9Sd-kKfyqm3AB3h>)

Item 14. The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

4. Independent Auditor

GRANT THORNTON LLP
757 Third Ave.
9th Floor
New York, NY 10017
Telephone: (212) 599-0100

7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this Annual Report - the information shall include the telephone number and email address of each advisor.

Not applicable.

Item 15. Management’s Discussion and Analysis.

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our audited financial statements and related notes included elsewhere in this Annual Report, which have been prepared in accordance with GAAP. The following discussion may contain forward-looking statements based on current expectations that involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements” or in other sections of this Annual Report.

Trust Overview

The investment objective of the Trust is for the Units to track the price of Bitcoin, less liabilities and expenses of the Trust. The Units are designed as a convenient and cost-effective method for investors to gain investment exposure to Bitcoin, similar to a direct investment in Bitcoin.

The Trust will not be actively managed. It will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the market prices of BTC.

Proceeds received by the Trust from the issuance and sale of Units consist of Bitcoin deposits and forked or airdropped cryptocurrency coins from the Bitcoin Network, or their respective U.S. dollar cash equivalents. Such Bitcoins (or cash equivalent) will only be (1) owned by the Trust and held by the Custodian (or, if cash, used by the Sponsor to purchase Bitcoins to be held by the Custodian), (2) disbursed (or converted to U.S. dollars, if necessary) to pay the Trust’s expenses, (3) distributed to Accredited Investors (subject to obtaining regulatory approval from the SEC described below) in connection with the redemption of Units, (4) distributed (or converted to U.S. dollars, prior to distribution) to Unitholders as dividends, and (5) liquidated in the event that the Trust terminates or as otherwise required by law or regulation.

The Trust conducts its transactions in Bitcoin, including receiving Bitcoin for the creation of Units and delivering Bitcoin for the redemption of Units (if a redemption program were to be established) and for the payment of the Management Fee.

At this time, the Trust is not operating a redemption program for Units and therefore Units are not redeemable by the Trust. In addition, the Trust may halt issuances of Units for extended periods of time.

As a result, the value of the Units of the Trust may not approximate, and when traded on any secondary market, the Units may trade at a substantial premium over, or discount to, the value of the BTC held by the Trust, less the Trust's expenses and other liabilities.

On February 5, 2024, the Trust filed a certification on Form 15 with the Securities and Exchange Commission to terminate the registration of the Trust's Units under Section 12(g) of the Securities Exchange Act of 1934, as amended. The Trust also announced that, as part of the strategic process, the Sponsor plans to consider a wide range of options and is in various discussions about a potential sale of the Trust to, or merger with, an existing Bitcoin ETF. In the event such talks do not conclude positively, the Sponsor intends to liquidate and dissolve the Trust within 180 days from February 5, 2024.

Trust Expenses

The Trust is expected to pay the remuneration due to the Sponsor (the "Management Fee" or "Sponsor Fee"). The Management Fee is charged by the Sponsor to the Trust at an annual rate of 0.49% of the daily Net Asset Value of the Trust and accrues daily in Bitcoin. The Management Fee is payable at the Sponsor's sole discretion, in Bitcoin or in U.S. Dollars for the Bitcoin Market Price (as defined herein) in effect for such Bitcoin at the time of payment.

In accordance with the Trust Agreement, the Sponsor bears the routine operational, administrative and other ordinary administrative operating expenses of the Trust (the "Assumed Expenses") other than audit fees, index license fees, aggregate legal fees in excess of \$50,000 per annum and the fees of the Custodian ("Excluded Expenses") and certain extraordinary expenses of the Trust, including but not limited to taxes and governmental charges, expenses and costs, expenses and indemnities related to any extraordinary services performed by the Sponsor (or any other service provider, including the Trustee) on behalf of the Trust to protect the Trust or the interest of Unitholders, indemnification expenses, fees and expenses related to public trading on OTCQX ("Extraordinary Expenses").

Review of Financial Results

Audited financial statements for the year December 31, 2023 are attached.

PART E. ISSUANCE HISTORY

Item 16. List of securities offerings and Shares issued for services in the past two years.

The Trust has only one class of outstanding equity securities. Each Unit was sold for \$5.00 at inception of the Trust and afterwards Unit price is determined based on NAV applicable to the day on which that subscription amount is invested.

In June 2020, the Trust began a continuous offering of up to \$5,000,000 of Units with no par value, each Unit represents a fractional undivided beneficial interest in the Trust. 154,183 Units were

sold to both accredited and non-accredited investors in an offering of up to \$5,000,000 of Units, dated June 1, 2020, registered in Connecticut and qualified in New York, pursuant to Rule 504 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) (“Rule 504 Offering”). The Rule 504 Offering closed on August 12, 2020.

On November 12, 2020, the Trust began an offering of an unlimited number of Units pursuant to Rule 506(c) under the Securities Act (“November 2020 Offering”). 4,206,224 Units were sold in the November 2020 Offering.

On January 14, 2021, the Financial Industry Regulatory Authority (“FINRA”) determined that the Trust’s Units met the criteria for trading on the over-the-counter market (“OTC Market”). On February 16, 2021, the Trust’s Units began trading in the OTC Market, operated by OTC Markets Group, Inc., under the ticker symbol “OBTC.” On March 3, 2021, the Trust’s Units began trading in the OTCQX tier of the OTC Market, under the ticker symbol “OBTC.”

Effective November 1, 2021, the Trust suspended the November 2020 Offering under Rule 506(c) under the Securities Act.

As of December 31, 2023, there were 8,340,536 Units issued and outstanding. 107,478 of the Units are restricted securities that may not be resold absent registration or an exemption from registration under the Securities Act, and 8,233,058 of the Units are unrestricted securities.

The Trust is an investment trust has no limit on the number of Units that can be issued. The Trust publishes the total number of Units outstanding as of the end of each month on the Sponsor’s website at www.ospreyfund.io.

PART F. EXHIBITS

Item 17. Material Contracts.

TRUST AGREEMENT

The Trust Agreement establishes the roles, rights and duties of the Sponsor and the Trustee.

The Sponsor and its affiliates (each a “Covered Person”) will not be liable to the Trust or any Unitholder for any action taken, or for refraining from taking any action in good faith, having determined that such course of conduct was in the best interests of the Trust. However, the preceding liability exclusion will not protect the Sponsor against any liability resulting from its own willful misconduct, bad faith or gross negligence in the performance of its duties.

Each Covered Person will be indemnified by the Trust and held harmless against any loss, judgment, liability, expense incurred or amount paid in settlement of any claim sustained by it in connection with the Covered Person’s activities for the Trust, without fraud, gross negligence, bad faith, willful misconduct or a material breach of the Trust Agreement on the part of such indemnified party 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, without limiting the scope of the foregoing, any Subscription Agreement) or any actions taken in accordance with the provisions of the Trust Agreement. Such indemnity shall include payment from the Trust of the costs and expenses

incurred by such indemnified party in defending itself against any claim or liability in its capacity as Sponsor. Any amounts payable to an indemnified party may be payable in advance or shall be secured by a lien on the Trust. The Sponsor may, in its discretion, undertake any action that it may deem necessary or desirable in respect of the Trust Agreement and the interests of the Unitholders and, in such event, the legal expenses and costs of any such actions shall be expenses and costs of the Trust and the Sponsor shall be entitled to be reimbursed therefor by the Trust.

Fiduciary and Regulatory Duties of the Sponsor

The Sponsor is not effectively subject to the duties and restrictions imposed on “fiduciaries” under both statutory and common law. Rather, the general fiduciary duties that would apply to the Sponsor are defined and limited in scope by the Trust Agreement.

The Trust Agreement provides that in addition to any other requirements of applicable law, no Unitholder 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 Unitholders who (i) are not affiliates of one another and (ii) collectively hold at least 30% of the outstanding Units join in the bringing or maintaining of such action, suit or other proceeding.

Beneficial owners may have the right, subject to certain legal requirements, to bring class actions in federal court to enforce their rights under the federal securities laws and the rules and regulations promulgated thereunder by the SEC. Beneficial owners who have suffered losses in connection with the purchase or sale of their beneficial interests may be able to recover such losses from the Sponsor where the losses result from a violation by the Sponsor of the anti-fraud provisions of the federal securities laws.

Actions Taken to Protect the Trust

The Sponsor may, in its own discretion, 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 Unitholders. The expenses incurred by the Sponsor in connection therewith (including the fees and disbursements of legal counsel) will be expenses of the Trust and are deemed to be Extraordinary Expenses. The Sponsor will be entitled to be reimbursed for the Extraordinary Expenses.

Successor Sponsors

If the Sponsor is adjudged bankrupt or insolvent, the Sponsor may terminate and liquidate the Trust and distribute its remaining assets in the Sponsor’s capacity as Liquidating Trustee.

Limitation on Trustee’s Liability

Under the Trust Agreement, the Sponsor has exclusive control of the management of all aspects of the activities of the Trust and the Trustee has only nominal duties and liabilities to the Trust. The Trustee is appointed to serve as the trustee for the sole purpose of satisfying Section 3807(a) of the DSTA which requires that the Trust have at least one trustee with a principal place of business in the State of Delaware. The duties of the Trustee are 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 Delaware Secretary of State which the Trustee is required to execute under the DSTA.

To the extent the Trustee has duties (including fiduciary duties) and liabilities to the Trust or the Unitholders under the DSTA, 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 supervise, nor will it be liable for, the acts or omissions of the Sponsor, 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 Units. The Trustee's liability is limited solely to the express obligations of the Trustee as set forth in the Trust Agreement.

Under the Trust Agreement, the Sponsor has the exclusive management, authority and control of all aspects of the activities of the Trust. The Trustee has no duty or liability to supervise or monitor the performance of the Sponsor, nor does the Trustee have any liability for the acts or omissions of the Sponsor. The existence of a trustee should not be taken as an indication of any additional level of management or supervision over the Trust. The management authority with respect to the Trust is vested directly in the Sponsor. The Trust Agreement provides that the Trustee is not responsible or liable for the genuineness, enforceability, collectability, value, sufficiency, location or existence of any of the Bitcoins or other assets of the Trust.

Possible Repayment of Distributions Received by Shareholders; Indemnification by Shareholders

The Units are limited liability investments. Investors may not lose more than the amount that they invest plus any profits recognized on their investment. Although it is unlikely, the Sponsor may, from time to time, make distributions to the Unitholders. However, Unitholders could be required, as a matter of bankruptcy law, to return to the estate of the Trust any distribution they received at a time when the Trust was in fact insolvent or in violation of its Trust Agreement. In addition, the Trust Agreement provides that Unitholders will indemnify the Trust for any harm suffered by it as a result of Unitholders' actions unrelated to the activities of the Trust.

The foregoing repayment of distributions and indemnity provisions (other than the provision for Unitholders indemnifying the Trust for taxes imposed upon it by a state, local or foreign taxing authority, which is included only as a formality due to the fact that many states do not have statutory trust statutes therefore the tax status of the Trust in such states might, theoretically, be challenged) are commonplace in statutory trusts and limited partnerships.

Indemnification of the Trustee

The Trustee and any of the officers, directors, employees and agents of the Trustee shall be indemnified by the Trust as primary obligor and held harmless against any loss, damage, liability, claim, action, suit, cost, expense, disbursement (including the reasonable fees and expenses of counsel), tax or penalty of any kind and nature whatsoever, arising out of, imposed upon or asserted at any time against such indemnified person in connection with the performance of its obligations under the Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated therein; provided, however, that the Trust shall not be required to indemnify any

such indemnified person for any such expenses which are a result of the willful misconduct, bad faith or gross negligence of such indemnified person.

Holding of Trust Property

The Trust will hold and record the ownership of the Trust's assets in a manner such that it will be owned for the benefit of the Unitholders for the purposes of, and subject to and limited by the terms and conditions set forth in, the Trust Agreement. Other than by issuance of the Units, the Trust has not created, incurred or assumed, and will not create, incur or assume, any indebtedness and it has not borrowed, and will not borrow, money from or loan money to any person. The Trustee may not commingle its assets with those of any other person.

The Trustee may employ agents, attorneys, accountants, auditors and nominees and will not be answerable for the conduct or misconduct of any such custodians, agents, attorneys or nominees if such custodians, agents, attorney and nominees have been selected with reasonable care.

Resignation, Discharge or Removal of Trustee; Successor Trustees

The Trustee may resign as Trustee by written notice of its election so to do, delivered to the Sponsor with at least 60 days' notice. The Sponsor may remove the Trustee in its discretion. If the Trustee resigns or is removed, the Sponsor, acting on behalf of the Unitholders, shall appoint a successor trustee. The successor Trustee will become fully vested with all of the rights, powers, duties and obligations of the outgoing Trustee.

Amendments to the Trust Agreement

The Sponsor may amend the Trust Agreement without the consent of any Unitholder if the amendment does not adversely affect the interests of the Unitholders or affect the allocation of profits and losses among the Unitholders or between the Unitholders and the Sponsor. Any amendment that adversely affects the rights of Unitholders, dissolves the Trust or makes any material change to the Trust's basic investment policies or structure must be approved by the affirmative vote of Unitholders owning at least 50% of the outstanding Units.

Termination of the Trust

The Trust will dissolve if any of the following events occur:

- a U.S. federal or state regulator requires the Trust to shut down or forces the Trust to liquidate its Bitcoins or seizes, impounds or otherwise restricts access to Trust assets;
- 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;
- the Trust is required to obtain a license or make a registration under any state law regulating money transmitters, money services business, providers of prepaid or stored value,

virtual currency business or similar entities, and the Sponsor has made the determination that dissolution of the Trust is advisable;

- 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 Bitcoin Market Price;
- any ongoing event exists that either prevents the Trust from converting or makes impractical the Trust's reasonable efforts to convert Bitcoins to U.S. dollars;
- the filing of a certificate of dissolution or revocation of the Sponsor's charter (and the expiration of 90 days after the date of notice to the Sponsor of revocation without a reinstatement of its charter) or upon the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Sponsor, or an event of withdrawal (each of the foregoing events an "Event of Withdrawal") unless at the time there is at least one remaining Sponsor;
- the Custodian resigns or is removed without replacement, or

The Sponsor may, in its sole discretion, dissolve the Trust if any of the following events occur:

- the SEC determines that the Trust is an investment company required to be registered under the 1940 Act;
- the CFTC determines that the Trust is a commodity pool under the CEA;
- the Trust becomes insolvent or bankrupt;
- all of the Trust's assets are sold;
- the determination of the Sponsor that the aggregate net assets of the Trust in relation to the operating expenses of the Trust make it unreasonable or imprudent to continue the activities of the Trust;
- the Sponsor receives notice from the IRS or from counsel for the Trust or the Sponsor that the Trust fails to qualify for treatment, or will not be treated, as a grantor trust under the Code; or
- if the Trustee notifies the Sponsor of the Trustee's election to resign and the Sponsor does not appoint a successor trustee within 60 days, the Trust will dissolve.

The death, legal disability, bankruptcy, insolvency, dissolution, or withdrawal of any Unitholder (as long as such Unitholder is not the sole Unitholder of the Trust) shall not result in the termination of the Trust, and such Unitholder, his estate, custodian or personal representative shall have no right to withdraw or value such Unitholder's Units. Each Unitholder (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 assets of the Trust 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 of the Trust Agreement relating to the books of account and reports of the Trust.

Upon dissolution of the Trust and surrender of Units by the Unitholders, Unitholders will receive a distribution in U.S. dollars or Bitcoins or both, at the sole discretion of the Sponsor, after the Sponsor has sold the Trust's Bitcoins and has paid or made provision for the Trust's claims and obligations.

Governing Law; Consent to New York Jurisdiction

The Trust Agreement and the rights of the Sponsor, Trustee and Shareholders under the Trust Agreement are governed by the laws of the State of Delaware. The Sponsor, the Trustee and, by accepting Units, each Unitholder consent to the jurisdiction of the courts of the State of New York and any federal courts located in the borough of Manhattan in New York City.

CUSTODIAN AGREEMENT

The Custodial Services Agreement (the "Custodian Agreement") establishes the rights and responsibilities of the Custodian.

Coinbase Custody Trust Company, LLC ("Custodian") serves as the Custodian. Coinbase is a fiduciary and qualified custodian under New York Banking Law and is licensed by the State of New York to custody digital assets. Coinbase is regularly audited and subject to the capital reserve requirements and compliance standards of a traditional financial institution.

Access to the BTC Account; Deposits, Withdrawals and Storage

The Custodian has been engaged to keep in safe custody the Trust's digital assets. The Custodial Account will be controlled at all times by or on behalf of the Custodian.

The Custodian will provide the Sponsor with the information that is necessary for investors to make deposits to the Custodial Account. To support the Trust's ordinary course deposits and withdrawals, which involve deposits from and withdrawals to BTC accounts owned by investors, the Custodian's services will allow the Sponsor to receive a Bitcoin address for deposits by investors, and to initiate withdrawals to Bitcoin addresses controlled by investors. The Custodian will credit all BTCs properly authorized by the Trust or the Sponsor to the Custodial Account.

The Custodian will only allow withdrawals of BTC from the Custodial Account by authorized representatives of the Sponsor or the Trust and upon receipt of proper instructions. The Custodian may take steps that it determines, in its sole discretion, may be necessary or advisable to inspect and protect the security of the assets in the Trust's accounts, whether digital or otherwise.

Standard of Care; Limitations of Liability

The Trust shall use the Custodian's service on an "as is" basis. The Custodian makes no warranties as to its services, including any warranties that its services are in compliance with any accounting rules, principles or laws and expressly disclaims any warranties unless implied or statutory, including non-infringement, merchantability or fitness for a particular purpose. The Custodian's standard of care is limited to that of "reasonable care", and the Custodian must take the same standard of care as it does in its role as custodian for any other custody account or assets of the same type.

The Custodian's limitation of liability under the agreement shall be the lesser of: (a) the replacement cost of any assets in the Custodian Account; (b) the market value of the assets (as determined by the Custodian) to which such loss or damage relates at the time the Sponsor reasonably should have been aware of such gross negligence, willful misconduct or fraud by the

Custodian. The Custodian shall not be responsible for any losses claimed by the Sponsor until a final, non-appealable, judicial determination that such loss, claim or damage directly resulted from the gross negligence, willful misconduct or fraud of the Custodian. Further, the Custodian is not liable for any loss that is caused, directly or indirectly by the Trust's non-adherence to the Custodian's policies and procedures, an event of force majeure or any action taken to secure the digital assets or accounts of the Trust.

Pursuant to the Custodian Agreement, the Custodian is not responsible for the services provided by the Bitcoin Network, such as verifying and confirming transactions that are submitted to the Bitcoin Network. Furthermore, the Custodian cannot cancel or reverse a transaction that has been submitted to the Bitcoin Network. To the extent the Custodian does not cause or contribute to a loss that the Trust or Sponsor suffers in connection with any Bitcoin transaction initiated pursuant to the Custodian's services, the Custodian will have no liability for such loss.

Indemnity

Under the Custodial Services Agreement, each of the Trust and the Custodian agree to indemnify the other, and each of its affiliates, or its respective officers, directors, employees and representatives harmless from any third-party claim or third-party demand (including attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of a party's (1) breach of the Custodial Services Agreement; (2) breach of the confidentiality obligations under or in connection with the Custodial Services Agreement (3) violation of any law, rule or regulation or the rights of any third party; or (4) gross negligence, fraud or willful misconduct.

Modification of Agreement

The Agreement may be modified or amended only upon a written agreement signed by both the Custodian and the Trust.

Governing Law; Consent to Jurisdiction

The Custodian Agreement is governed by New York law.

Item 18. Articles of Incorporation and Bylaws.

Second Declaration of Trust and Trust Agreement dated November 1, 2020, as amended by the Amendment to Trust Agreement dated April 15, 2022, and the Second Amendment to Trust Agreement dated January 18, 2024.

Item 19. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

Item 20. Issuer Certifications

I, Robert Rokose, certify that:

1. I have reviewed this annual disclosure statement of Osprey Bitcoin Trust;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 22, 2024

/s/ Robert J. Rokose

By: Robert J. Rokose

Title: (Chief Financial Officer) of
Osprey Funds, LLC

I, Gregory D. King, certify that:

1. I have reviewed this annual disclosure statement of Osprey Bitcoin Trust;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 22, 2024

/s/ Gregory D. King

By: Gregory D. King
Title: (Chief Executive Officer) of
Osprey Funds, LLC

Exhibit 1

Audited Financial Statements for the year ended December 31, 2023.



**Osprey Bitcoin Trust
Financial Statements**

December 31, 2023

Osprey Bitcoin Trust

Table of Contents

	Page
Report of Independent Certified Public Accountants	1-2
Financial Statements	
Statements of Assets and Liabilities at December 31, 2023 and December 31, 2022	3
Schedules of Investment at December 31, 2023 and December 31, 2022	4
Statements of Operations for the years ended December 31, 2023 and 2022	5
Statements of Changes in Net Assets for the years ended December 31, 2023 and 2022	6
Notes to the Financial Statements	7-15

GRANT THORNTON LLP

757 Third Ave., 9th Floor
New York, NY 10017-2013

D +1 212 599 0100

F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Investors and Sponsor of
Osprey Bitcoin Trust

Opinion

We have audited the financial statements of Osprey Bitcoin Trust (a Delaware Statutory Trust) (the "Trust"), which comprise the statements of assets and liabilities, including the schedules of investment, as of December 31, 2023 and 2022, and the related statements of operations and changes in net assets for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2023 and 2022, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

New York, New York
March 22, 2024

Osprey Bitcoin Trust

Statements of Assets and Liabilities

December 31, 2023 and 2022

(Amounts in U.S. dollars, except units issued and outstanding)

	December 31, 2023	December 31, 2022
Assets		
Investment in Bitcoin, at fair value (cost \$75,663,326 and \$75,816,514, respectively)	\$ 115,545,433	\$ 46,253,445
Cash	370	257
Other assets	76,531	24,600
Total assets	<u>115,622,334</u>	<u>46,278,302</u>
Liabilities		
Management Fee payable	48,081	19,213
Due to Sponsor	370	166,804
Other payable	109,619	77,505
Total liabilities	<u>158,070</u>	<u>263,522</u>
Net assets	<u>\$ 115,464,264</u>	<u>\$ 46,014,780</u>
Net assets		
Paid-in capital	\$ 76,978,282	\$ 76,978,282
Accumulated net investment loss	(3,352,516)	(2,316,820)
Accumulated net realized gain on investment in Bitcoin	1,951,467	911,557
Accumulated net change in unrealized appreciation (depreciation) on investment in Bitcoin	39,887,031	(29,558,239)
	<u>\$ 115,464,264</u>	<u>\$ 46,014,780</u>
Units issued and outstanding, no par value (unlimited Units authorized)	<u>8,340,536</u>	<u>8,340,536</u>
Net asset value per Unit	<u>\$ 13.84</u>	<u>\$ 5.52</u>

The accompanying notes are an integral part of these financial statements.

Osprey Bitcoin Trust

Schedules of Investment

December 31, 2023 and 2022

(Amounts in U.S. dollars, except units)

December 31, 2023	Units	Fair Value	Percentage of Net Assets
Investment in Bitcoin , at fair value (cost \$75,663,326)	2,750.14	\$ 115,545,433	100 %
Liabilities, less cash and other assets		(81,169)	0 %
Net assets		\$ 115,464,264	100 %
December 31, 2022	Units	Fair Value	Percentage of Net Assets
Investment in Bitcoin , at fair value (cost \$75,816,514)	2,792.88	\$ 46,253,445	101 %
Liabilities, less cash and other assets		(238,665)	(1) %
Net assets		\$ 46,014,780	100 %

The accompanying notes are an integral part of these financial statements.

Osprey Bitcoin Trust
Statements of Operations
For the years ended December 31, 2023 and 2022

(Amounts in U.S. dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Expenses		
Management Fee	\$ 390,023	\$ 388,890
Professional fees	294,731	407,355
Custodian fees	119,636	152,144
Other	231,306	170,938
Total expenses	<u>1,035,696</u>	<u>1,119,327</u>
Net investment loss	<u>(1,035,696)</u>	<u>(1,119,327)</u>
Net realized gain and net change in unrealized appreciation (depreciation) on investment in Bitcoin		
Net realized gain on investment in Bitcoin	1,039,910	834,003
Net change in unrealized appreciation (depreciation) on investment in Bitcoin	69,445,270	(83,373,064)
Total net realized gain and net change in unrealized appreciation (depreciation) on investment in Bitcoin	<u>70,485,180</u>	<u>(82,539,061)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 69,449,484</u>	<u>\$ (83,658,388)</u>

The accompanying notes are an integral part of these financial statements.

Osprey Bitcoin Trust
Statements of Changes in Net Assets
For the years ended December 31, 2023 and 2022

(Amounts in U.S. dollars, except units issued and outstanding)

	Year ended December 31, 2023	Year ended December 31, 2022
Increase (decrease) in net assets from operations		
Net investment loss	\$ (1,035,696)	\$ (1,119,327)
Net realized gain on investment in Bitcoin	1,039,910	834,003
Net change in unrealized appreciation (depreciation) on investment in Bitcoin	69,445,270	(83,373,064)
Net increase (decrease) in net assets resulting from operations	<u>69,449,484</u>	<u>(83,658,388)</u>
Net assets		
Net assets at the beginning of the year	46,014,780	129,673,168
Net assets at the end of the year	<u>\$ 115,464,264</u>	<u>\$ 46,014,780</u>
Change in units issued and outstanding		
Units issued and outstanding at the beginning of the year	8,340,536	8,340,536
Units issued and outstanding at the end of the year	<u>8,340,536</u>	<u>8,340,536</u>

The accompanying notes are an integral part of these financial statements.

Osprey Bitcoin Trust

Notes to the Financial Statements

As of December 31, 2023

1. Organization

Osprey Bitcoin Trust (the “Trust”) is a Delaware Statutory Trust, formed on January 3, 2019, which commenced operations on January 22, 2019, and is governed by the Second Amended and Restated Declaration of Trust and Trust Agreement dated November 1, 2020, as amended by the Amendment to Trust Agreement dated April 15, 2022 (the “Trust Agreement”). In general, the Trust holds Bitcoin and, from time to time, issues common units of fractional undivided beneficial interest (“Units”) in exchange for Bitcoin. The investment objective of the Trust is for the Units to track the price of Bitcoin, less liabilities and expenses of the Trust. The Units are designed as a convenient and cost-effective method for investors to gain investment exposure to Bitcoin, similar to a direct investment in Bitcoin.

Osprey Funds, LLC (the “Sponsor”) acts as the sponsor of the Trust. Other funds under the Osprey name are also managed by the Sponsor. The Sponsor is responsible for the day-to-day administration of the Trust pursuant to the provisions of the Trust Agreement. The Sponsor is responsible for preparing and providing annual reports on behalf of the Trust to investors and is also responsible for selecting and monitoring the Trust’s service providers. As consideration for the Sponsor’s services, the Trust pays the Sponsor a Management Fee (as defined herein) as discussed in Notes 2 and 5.

Coinbase Custody Trust Company, LLC (the “Custodian”) is the digital asset custodian of the Trust. Fidelity Digital Assets Services, LLC (“FDAS”) served as our digital asset custodian until March 2022. The Custodian is responsible for safeguarding the Bitcoin held by the Trust.

The transfer agent for the Trust (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The Transfer Agent is responsible for the issuance and redemption of Units, the payment, if any, of distributions with respect to the Units, the recording of the issuance of the Units and the maintaining of certain records therewith.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are expressed in US dollars and have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The Trust qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, Financial Services – Investment Companies. The Trust is not registered with U.S. Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940.

Use of Estimates

GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The most significant estimate in the financial statements is the fair value of investments in Bitcoin. Actual results could differ from those estimates and these differences could be material.

Osprey Bitcoin Trust

Notes to the Financial Statements

As of December 31, 2023

Cash

Cash is received by the Trust from investors and converted into Bitcoin for investment. At times, bank deposits may be in excess of federally insured limits. In accordance with ASC 230 “Statement of Cash Flows,” the Trust qualifies for an exemption from the requirement to provide a statement of cash flows and has elected not to provide a statement of cash flows.

Subscriptions and Redemptions of Units

Proceeds received by the Trust from the issuance and sale of Units consist of Bitcoin deposits and forked or airdropped cryptocurrency coins from the Bitcoin Network, or their respective U.S. dollar cash equivalents. Such Bitcoins (or cash equivalent) will only be (1) owned by the Trust and held by the Custodian (or, if cash, used by the Sponsor to purchase Bitcoins to be held by the Custodian), (2) disbursed (or converted to U.S. dollars, if necessary) to pay the Trust’s expenses, (3) distributed to Accredited Investors (subject to obtaining regulatory approval from the SEC described below) in connection with the redemption of Units, (4) distributed (or converted to U.S. dollars, prior to distribution) to Unitholders as dividends, and (5) liquidated in the event that the Trust terminates or as otherwise required by law or regulation.

The Trust conducts its transactions in Bitcoin, including receiving Bitcoin for the creation of Units and delivering Bitcoin for the redemption of Units (if a redemption program were to be established) and for the payment of the Management Fee.

During June 2020, the Trust began a continuous offering of up to \$5,000,000 of Units with no par value, each Unit representing a fractional undivided beneficial interest in the Trust. 154,183 Units were sold to both accredited and non-accredited investors in an offering of up to \$5,000,000 of Units, dated June 1, 2020, registered in Connecticut and qualified in New York, pursuant to Rule 504 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) (“Rule 504 Offering”). The Rule 504 Offering closed on August 12, 2020.

On November 12, 2020, the Trust began an offering of an unlimited number of Units pursuant to Rule 506(c) under the Securities Act (“November 2020 Offering”). 4,206,224 Units were sold in the November 2020 Offering.

On January 14, 2021, the Financial Industry Regulatory Authority (“FINRA”) determined that the Trust’s Units met the criteria for trading on the over-the-counter market (“OTC Market”). On February 16, 2021, the Trust’s Units began trading in the OTC Market, operated by OTC Markets Group, Inc., under the ticker symbol “OBTC.” On March 3, 2021, the Trust’s Units began trading in the OTCQX tier of the OTC Market, under the ticker symbol “OBTC.”

Effective November 1, 2021, the Trust suspended the November 2020 Offering under Rule 506(c) under the Securities Act.

As of December 31, 2023, there were 8,340,536 Units issued and outstanding. 107,478 of the Units are restricted securities that may not be resold absent registration or an exemption from registration under the Securities Act, and 8,233,058 of the Units are unrestricted securities.

As of December 31, 2023 the Trust was not redeeming Units.

Osprey Bitcoin Trust

Notes to the Financial Statements

As of December 31, 2023

Investment Transactions and Revenue Recognition

The Trust identifies Bitcoin as an “other investment” in accordance with ASC 946. The Trust records its investment transactions on a trade date basis and changes in fair value are reflected as the net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using a first in, first out method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Management Fee and other expenses in Bitcoin.

Management Fee

The Trust is expected to pay the remuneration due to the Sponsor (the “Management Fee” or “Sponsor Fee”). The Management Fee is charged by the Sponsor to the Trust at an annual rate of 0.49% of the daily Net Asset Value of the Trust and accrues daily in Bitcoin. The Management Fee is payable at the Sponsor’s sole discretion, in Bitcoin or in U.S. Dollars for the Bitcoin Market Price (as defined herein) in effect for such Bitcoin at the time of payment.

Trust Expenses

In accordance with the Trust Agreement, the Sponsor bears the routine operational, administrative and other ordinary administrative operating expenses of the Trust (the “Assumed Expenses”) other than audit fees, index license fees, aggregate legal fees in excess of \$50,000 per annum and the fees of the Custodian (“Excluded Expenses”) and certain extraordinary expenses of the Trust, including but not limited to taxes and governmental charges, expenses and costs, expenses and indemnities related to any extraordinary services performed by the Sponsor (or any other service provider, including the Trustee) on behalf of the Trust to protect the Trust or the interest of Unitholders, indemnification expenses, fees and expenses related to public trading on OTCQX (“Extraordinary Expenses”).

Fair Value Measurements

The Trust's investment in Bitcoin is stated at fair value in accordance with ASC 820-10 “Fair Value Measurements,” which outlines the application of fair value accounting. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. ASC 820-10 requires the Trust to assume that Bitcoin is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Principal market is the market with the greatest volume and level of activity for Bitcoin, and the most advantageous market is defined as the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability, after taking into account transaction costs. The principal market is generally selected based on the most liquid and reliable exchange (including consideration of the ability for the Trust to access the specific market, either directly or through an intermediary, at the end of each period).

GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust.

Osprey Bitcoin Trust

Notes to the Financial Statements

As of December 31, 2023

Unobservable inputs reflect the Trust's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Trust.

Definition of Net Asset Value

The net asset value (“NAV”) of the Trust is used by the Trust in its day-to-day operations to measure the net value of the Trust’s assets. The NAV is calculated on each business day and is equal to the aggregate value of the Trust’s assets less its liabilities (which include accrued but unpaid fees and expenses, both estimated and finally determined), based on the Bitcoin Market Price. In calculating the value of the Bitcoin held by the Trust on any business day, the Trust will use the market price as of 4:00 p.m. New York time. The Trust will also calculate the NAV per Unit of the Trust daily, which equals the NAV of the Trust divided by the number of outstanding Units (the “NAV per Unit”). The Trust considers 4:00 p.m. New York time as a cut off for the end of day reporting.

3. Fair Value of Bitcoin

The investment measured at fair value on a recurring basis and categorized using the three levels of fair value hierarchy consisted of the following as of December 31, 2023, and December 31, 2022:

December 31, 2023	Number of Bitcoin	Per Bitcoin Fair Value	Amount at Fair Value	Fair Value Measurement Category		
				Level 1	Level 2	Level 3
Investment in Bitcoin	2,750.14	\$ 42,014.39	\$ 115,545,433	\$ -	\$ 115,545,433	\$ -
December 31, 2022	Number of Bitcoin	Per Bitcoin Fair Value	Amount at Fair Value	Fair Value Measurement Category		
				Level 1	Level 2	Level 3
Investment in Bitcoin	2,792.88	\$ 16,561.21	\$ 46,253,445	\$ -	\$ 46,253,445	\$ -

The Trust determined the fair value per Bitcoin using the price provided at 4:00 p.m., New York time, by principal market on the last business day of the reporting period.

Osprey Bitcoin Trust

Notes to the Financial Statements

As of December 31, 2023

The Management Fee payable accrued in Bitcoin is converted into United States dollar amount at the period-end Bitcoin Market Price. The fluctuations arising from the effect of changes in liability denominated in Bitcoin are included with the net realized or unrealized appreciation or depreciation on investment in Bitcoin in the statements of operations.

The following represents the changes in quantity and the respective fair value of Bitcoin for the year ended December 31, 2023:

	<u>Bitcoin</u>	<u>Fair Value</u>
Balance at January 1, 2023	2,792.88	\$ 46,253,445
Bitcoin distributed for Management Fee, related party	(13.57)	(376,173)
Bitcoin distributed for other fees	(29.17)	(832,036)
Net realized gain on investment in Bitcoin	-	1,055,021
Net change in unrealized appreciation on investment in Bitcoin	-	69,445,176
Balance at December 31, 2023	<u>2,750.14</u>	<u>\$ 115,545,433</u>

Net realized gain on the transfer of Bitcoins to pay the Management Fee and other expenses for the year ended December 31, 2023, was \$1,039,910, which includes \$1,055,021 net realized gain on investment in Bitcoin, and \$15,111 net realized loss resulted from the changes in liabilities denominated in Bitcoin. Net change in unrealized appreciation on investment in Bitcoin for the year ended December 31, 2023, was \$69,445,270, which includes net change in unrealized appreciation on investment in Bitcoin of \$69,445,176, and \$94 net unrealized appreciation due to changes in value of liabilities denominated in Bitcoin.

The following represents the changes in quantity and the respective fair value of Bitcoin for the year ended December 31, 2022:

	<u>Bitcoin</u>	<u>Fair Value</u>
Balance at January 1, 2022	2,828.93	\$ 129,756,984
Bitcoin distributed for Management Fee, related party	(13.78)	(407,612)
Bitcoin distributed for other fees	(22.27)	(531,601)
Net realized gain on investment in Bitcoin	-	809,988
Net change in unrealized depreciation on investment in Bitcoin	-	(83,374,314)
Balance at December 31, 2022	<u>2,792.88</u>	<u>\$ 46,253,445</u>

Net realized gain on the transfer of Bitcoins to pay the Management Fee and other expenses for the year ended December 31, 2022, was \$834,003, which includes \$809,988 net realized gain on investment in Bitcoin, and \$24,015 net realized gain resulted from the changes in liabilities denominated in Bitcoin. Net change in unrealized depreciation on investment in Bitcoin for the year ended December 31, 2022, was \$83,373,064, which includes net change in unrealized depreciation on investment in Bitcoin of \$83,374,314, and \$1,250 net unrealized appreciation due to changes in value of liabilities denominated in Bitcoin.

4. Income Taxes

The Trust is a grantor trust for U.S. federal income tax purposes. Accordingly, the Trust will not be subject to U.S. federal income tax. Rather, each beneficial owner of Units will be treated as directly owning its pro rata share of the Trust's assets and a pro rata portion of the Trust's income, gain, losses and deductions will "flow through" to each beneficial owner of Units.

Osprey Bitcoin Trust

Notes to the Financial Statements

As of December 31, 2023

In accordance with GAAP, the Trust has defined the threshold for recognizing the benefits of tax return positions in the financial statements as “more-likely-than-not” to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the “more-likely-than-not” threshold, based on the largest benefit that is more than 50% likely to be realized. As of December 31, 2023, the Trust did not have a liability for any unrecognized tax amounts for uncertain tax positions related to federal, state, and local income taxes.

However, the conclusions concerning the determination of “more-likely-than-not” tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance and on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Sponsor of the Trust has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related to federal, state and local income taxes existed as of December 31, 2023, and December 31, 2022. The Trust’s 2021, 2022, and 2023 tax returns are subject to audit by federal, state and local tax authorities.

5. Related Parties

The Sponsor pays certain expenses on behalf of, and is reimbursed by, the Trust. For the years ended December 31, 2023 and 2022 the Trust reimbursed the Sponsor the expenses in the amount of \$832,036 and \$531,601, respectively. As of December 31, 2023, and December 31, 2022, there were unreimbursed expenses of \$370 and \$166,804 due to the Sponsor, respectively.

For the year ended December 31, 2023 and 2022 the Trust incurred Management Fees of \$390,023 and \$388,890, respectively, which are recorded in the accompanying statements of operations. As of December 31, 2023, and December 31, 2022, there were unpaid Management Fees of \$48,081 and \$19,213, respectively, which are recorded as management fee payable in the accompanying statements of assets and liabilities.

The Trust’s Management Fee is accrued daily in Bitcoins and will be payable, at the Sponsor’s sole discretion, in U.S. dollars or in Bitcoins at the Bitcoin Market Price in effect at the time of such payment. From inception through December 31, 2023, all Management Fees have been paid in Bitcoin to the Sponsor.

On June 29, 2023, an affiliate to the Sponsor entered into an agreement to purchase 2,932,321 Units from an unaffiliated investor in a private transaction. This purchase represented approximately 35% of Units of the Trust. The transaction settled on July 14, 2023. The aggregate number of Units owned by related parties is 2,938,490, valued at \$40,679,711, and 6,169, valued at \$34,034 on December 31, 2023, and December 31, 2022, respectively.

Osprey Bitcoin Trust

Notes to the Financial Statements

As of December 31, 2023

6. Risks and Uncertainties

Investment in Bitcoin

The Trust is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in a single asset, Bitcoin. Investing in Bitcoin is currently unregulated, highly speculative, and volatile.

The net asset value of the Trust relates primarily to the value of Bitcoin held by the Trust, and fluctuations in the price of Bitcoin could materially and adversely affect an investment in the Units of the Trust. The price of Bitcoin has a limited history. During such history, Bitcoin prices have been volatile and subject to influence by many factors including the levels of liquidity.

If Bitcoin exchanges continue to experience significant price fluctuations, the Trust may experience losses. Several factors may affect the price of Bitcoin, including, but not limited to, global Bitcoin supply and demand, theft of Bitcoin from global exchanges or vaults, and competition from other forms of digital currency or payment services. The Bitcoin held by the Trust are commingled and the Trust's Unitholders have no specific rights to any specific Bitcoin. In the event of the insolvency of the Trust, its assets may be inadequate to satisfy a claim by its Unitholders.

There is currently no clearing house for Bitcoin, nor is there a central or major depository for the custody of Bitcoin. There is a risk that some or all of the Trust's Bitcoin could be lost or stolen. The Trust does not have insurance protection on its Bitcoin which exposes the Trust and its Unitholders to the risk of loss of the Trust's Bitcoin. Further, Bitcoin transactions are irrevocable. Stolen or incorrectly transferred Bitcoin may be irretrievable. As a result, any incorrectly executed Bitcoin transactions could adversely affect an investment in the Trust.

To the extent private keys for Bitcoin addresses are lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Trust may be unable to access the Bitcoin held in the associated addresses and the private keys will not be capable of being restored. The processes by which Bitcoin transactions are settled are dependent on the Bitcoin peer-to-peer network, and as such, the Trust is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of Bitcoin.

The Custodian

The digital assets owned by the Trust are held by the Custodian and secured in a segregated custody account. All digital asset private keys are stored in offline storage, or "cold" storage. "Cold" storage is a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet. As a result of digital assets being stored in "cold" storage, any withdrawal and subsequent transaction request to the Custodian by the Trust requires up to twenty-four (24) hour prior notice to process. Such time delay between the withdrawal request and processing of the withdrawal may negatively impact the price of the digital asset upon sale. The Custodian provides the Trust with monthly account statements. The Custodian is independent from the Sponsor.

Osprey Bitcoin Trust
Notes to the Financial Statements
As of December 31, 2023

7. Indemnifications

In the normal course of business, the Trust enters into contracts with service providers that contain a variety of representations and warranties and which provide general indemnifications. It is not possible to determine the maximum potential exposure or amount under these agreements due to the Trust having no prior claims. Based on experience, the Trust would expect the risk of loss to be remote.

8. Financial Highlights

	Year ended December 31, 2023	Year ended December 31, 2022
Per Unit Performance (for a unit outstanding throughout the year)		
Net asset value per unit at beginning of year	\$ <u>5.52</u>	\$ <u>15.55</u>
<i>Net increase (decrease) in net assets resulting from operations</i>		
Net realized gain (loss) and change in unrealized appreciation (depreciation) on investment	8.45	(9.89)
Net investment loss	<u>(0.13)</u>	<u>(0.14)</u>
Net increase (decrease) in net assets resulting from operations	<u>8.32</u>	<u>(10.03)</u>
Net asset value per unit at end of year	\$ <u><u>13.84</u></u>	\$ <u><u>5.52</u></u>
Total return	<u><u>150.72 %</u></u>	<u><u>(64.50) %</u></u>
Ratios to average net asset value		
Expenses	<u><u>1.30 %</u></u>	<u><u>1.37 %</u></u>
Net investment loss	<u><u>(1.30) %</u></u>	<u><u>(1.37) %</u></u>

An individual Unitholder's return, ratios, and per Unit performance may vary from those presented above based on the timing of Unit transactions. Total return and ratios to average net asset value are calculated for the Unitholders taken as a whole.

Osprey Bitcoin Trust

Notes to the Financial Statements

As of December 31, 2023

9. Subsequent Events

On March 5, 2024, the Trust has filed a certification on Form 15 with the Securities and Exchange Commission to terminate the registration of the Trust's Units under Section 12(g) of the Securities Exchange Act of 1934, as amended. The Trust has also announced that, as part of the strategic process, the Sponsor plans to consider a wide range of options and is in various discussions about a potential sale of the Trust to, or merger with, an existing Bitcoin ETF. In the event such talks do not conclude positively, the Sponsor intends to liquidate and dissolve the Trust within 180 days from March 5, 2024.

There are no events that have occurred after December 31, 2023 through March 22, 2024, the date the financial statements were available to be issued, that require disclosure other than that which has already been disclosed in these notes to the financial statements.

Exhibit 2

Second Declaration of Trust and Trust Agreement dated November 1, 2020, as amended by the Amendment to Trust Agreement dated April 15, 2022, and the Second Amendment to Trust Agreement dated January 18, 2024.

EXECUTION COPY

**SECOND AMENDED AND RESTATED DECLARATION OF TRUST
AND TRUST AGREEMENT OF OSPREY BITCOIN TRUST**

Dated as of November 1, 2020

By and Among

OSPREY FUNDS, LLC,

DELAWARE TRUST COMPANY

and

THE UNITHOLDERS

from time to time hereunder

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS; THE TRUST	1
SECTION 1.1 <i>Definitions</i>	1
SECTION 1.2 <i>Name</i>	5
SECTION 1.3 <i>Delaware Trustee; Offices</i>	5
SECTION 1.4 <i>Declaration of Trust</i>	6
SECTION 1.5 <i>Purposes and Powers</i>	6
SECTION 1.6 <i>Tax Treatment</i>	6
SECTION 1.7 <i>Legal Title</i>	6
ARTICLE II THE TRUSTEE	7
SECTION 2.1 <i>Term; Resignation</i>	7
SECTION 2.2 <i>Powers</i>	7
SECTION 2.3 <i>Compensation and Expenses of the Trustee</i>	7
SECTION 2.4 <i>Indemnification</i>	8
SECTION 2.5 <i>Successor Trustee</i>	8
SECTION 2.6 <i>Liability of Trustee</i>	8
SECTION 2.7 <i>Reliance; Advice of Counsel</i>	10
SECTION 2.8 <i>Payments to the Trustee</i>	11
ARTICLE III UNITS; CAPITAL CONTRIBUTIONS; CREATIONS AND ISSUANCE OF UNITS.....	11
SECTION 3.1 <i>General</i>	11
SECTION 3.2 <i>Offer of Units; Procedures for Creation</i>	11
SECTION 3.3 <i>Book-Entry-Only System</i>	13
SECTION 3.4 <i>Assets of the Trust</i>	13
SECTION 3.5 <i>Liabilities of the Trust</i>	13
SECTION 3.6 <i>Distributions</i>	13
SECTION 3.7 <i>Voting Rights</i>	13
SECTION 3.8 <i>Equality</i>	13
ARTICLE IV THE SPONSOR	14
SECTION 4.1 <i>Management of the Trust</i>	14
SECTION 4.2 <i>Authority of Sponsor</i>	14

TABLE OF CONTENTS
(continued)

	Page
SECTION 4.3 <i>Obligations of the Sponsor</i>	15
SECTION 4.4 <i>General Prohibitions</i>	17
SECTION 4.5 <i>Liability of Covered Persons</i>	18
SECTION 4.6 <i>Fiduciary Duty</i>	18
SECTION 4.7 <i>Indemnification of the Sponsor</i>	19
SECTION 4.8 <i>Expenses and Limitations Thereon</i>	20
SECTION 4.9 <i>Business of Unitholders</i>	21
SECTION 4.10 <i>Voluntary Withdrawal of the Sponsor</i>	22
SECTION 4.11 <i>Authorization of Memorandum</i>	22
SECTION 4.12 <i>Litigation</i>	22
ARTICLE V TRANSFER OF UNITS	22
SECTION 5.1 <i>General Prohibition</i>	22
SECTION 5.2 <i>Transfer of Sponsor's Units</i>	22
SECTION 5.3 <i>Transfer of Units</i>	23
ARTICLE VI REDEMPTIONS	23
SECTION 6.1 <i>Redemption of Units</i>	23
ARTICLE VII UNITHOLDERS	23
SECTION 7.1 <i>No Management or Control; Limited Liability; Exercise of Rights through a Participant</i>	23
SECTION 7.2 <i>Rights and Duties</i>	24
SECTION 7.3 <i>Limitation of Liability</i>	24
SECTION 7.4 <i>Derivative Actions</i>	25
ARTICLE VIII BOOKS OF ACCOUNT AND REPORTS.....	25
SECTION 8.1 <i>Books of Account</i>	25
SECTION 8.2 <i>Quarterly Updates, Annual Updates and Account Statements</i>	25
SECTION 8.3 <i>Tax Information</i>	25
SECTION 8.4 <i>Calculation of Net Asset Value</i>	26
SECTION 8.5 <i>Maintenance of Records</i>	26
ARTICLE IX FISCAL YEAR.....	26

TABLE OF CONTENTS
(continued)

	Page
SECTION 9.1 <i>Fiscal Year</i>	26
ARTICLE X AMENDMENT OF TRUST AGREEMENT; MEETINGS	26
SECTION 10.1 <i>Amendments to the Trust Agreement</i>	26
SECTION 10.2 <i>Meetings of the Trust</i>	27
SECTION 10.3 <i>Action Without a Meeting</i>	28
ARTICLE XI TERM	28
SECTION 11.1 <i>Term</i>	28
ARTICLE XII TERMINATION	28
SECTION 12.1 <i>Events Requiring Dissolution of the Trust</i>	28
SECTION 12.2 <i>Distributions on Dissolution</i>	30
SECTION 12.3 <i>Termination; Certificate of Cancellation</i>	30
ARTICLE XIII MISCELLANEOUS	30
SECTION 13.1 <i>Governing Law</i>	30
SECTION 13.2 <i>Provisions In Conflict With Law or Regulations</i>	31
SECTION 13.3 <i>Merger and Consolidation</i>	31
SECTION 13.4 <i>Construction</i>	32
SECTION 13.5 <i>Notices</i>	32
SECTION 13.6 <i>Counterparts</i>	32
SECTION 13.7 <i>Binding Nature of Trust Agreement</i>	32
SECTION 13.8 <i>No Legal Title to Trust Estate</i>	33
SECTION 13.9 <i>Creditors</i>	33
SECTION 13.10 <i>Integration</i>	33
SECTION 13.11 <i>Goodwill; Use of Name</i>	33
EXHIBIT A	
Form of Certificate of Trust of Osprey Bitcoin Trust	A-1
EXHIBIT B	
Form of Subscription Agreement	B-1

OSPREY BITCOIN TRUST DECLARATION OF TRUST AND TRUST AGREEMENT

This SECOND AMENDED AND RESTATED **DECLARATION OF TRUST AND TRUST AGREEMENT** (“**Trust Agreement**”) of **OSPREY BITCOIN TRUST** is made and entered into as of the 1st day of November, 2020, by and among, **OSPREY FUNDS, LLC**, a Delaware limited liability company, **DELAWARE TRUST COMPANY**, a Delaware corporation, as trustee, and the **UNITHOLDERS** from time to time hereunder.

* * *

RECITALS

WHEREAS, the Sponsor created the Trust for the purpose of creating and issuing Units (as defined below) representing an in interest in Bitcoin;

WHEREAS; the Sponsor, the Trustee and the Unitholders, from time to time, intend to enter into this Trust Agreement to set forth the respective rights and responsibilities of the parties hereunder;

NOW, THEREFORE, in exchange for fair and reasonable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby enter in this Trust Agreement 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 the highest exchange rate and lowest fees the Sponsor can find within a reasonable time frame in order to pay the Management Fee in USD.

“Affiliate” — An “Affiliate” of a Person 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 Update” means the annual report that is prepared pursuant to the Alternative Reporting Standard of the OTCQX U.S. Disclosure Guidelines.

“Assumed Expenses” shall have the meaning set forth in Section 4.8(a).

“Bitcoin” means a type of a virtual currency based on an open source cryptographic protocol existing on the Bitcoin Network, and the assets underlying the Trust's Units and may include “forked” versions of such virtual currency as described in the Memorandum.

“Bitcoin Account” means a hot wallet which is online and connected to the internet. The Bitcoin Account is used along with the Trust Storage Account and the Trust Safekeeping Account, as applicable, to receive Unit deposits from Purchasers. Shortly after receipt of the appropriate number of Bitcoins, the Bitcoins are then transferred to the Trust Storage Account and/or the Trust Safekeeping Account, as applicable.

“Bitcoin Market Price” has the meaning assigned to such term as provided in the currently effective Memorandum.

“Bitcoin Network” means the open source protocol of the peer-to-peer bitcoin computer network upon which Bitcoin is based.

“Bitcoin Purchase Amount” means the amount of Bitcoin or cash submitted by a Purchaser to purchase Units.

“Business Day” means each weekday on which banks are open in New York, New York.

“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 the state of Delaware.

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

“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.

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

“Excluded Expenses” has the meaning set forth in Section 4.8(a).

“Extraordinary Expenses” has the meaning set forth in Section 4.8(b).

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

“Indemnified Parties” has the meaning assigned to such term in Section 2.4.

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

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

“Management Fee” means a fee that accrues daily at an annual rate of 0.49% of the NAV of the Trust and is payable to the Sponsor by the Trust monthly in arrears.

“Management Fee Exchange Rate” means the exchange rate that will be used to convert the Management Fee from USD to the appropriate number of Bitcoins. It is calculated based upon the Bitcoin Market Price at 4:00 p.m., Eastern time in the case of daily accruals and as of the last day of each month for withdrawal and payment in arrears. The Management Fee Exchange Rate does not include fees and expenses for converting USD into Bitcoins.

“Memorandum” means the Confidential Private Placement Memorandum, as the same may at any time and from time to time be amended or supplemented.

“Net Asset Value” means the aggregate value, expressed in USD, of the Trust's assets, less its liabilities (which include estimated accrued but unpaid fees and expenses). The Sponsor or its delegate shall calculate and publish the Trust's NAV each business day as of 4:00 p.m., Eastern time, or as soon thereafter as practicable.

In order to calculate the NAV, the Sponsor shall:

1. Determine the Bitcoin Market Price.
2. Multiply the Bitcoin Market Price by the Trust's aggregate number of Bitcoins owned as of 4:00 p.m., Eastern time on the immediately preceding day.
3. Add the dollar value of the Bitcoins receivable under pending Purchases.
4. Add the accrued but unpaid interest, if any and the value of other Trust assets, if any.
5. Subtract the accrued but unpaid Management Fee (and Extraordinary Expenses, if any).
6. Subtract other Trust expenses and liabilities, if any.

In the event that the Sponsor determines that the methodology used to determine the Bitcoin Market Price is not an appropriate basis for valuation of the Trust's Bitcoins, the Sponsor shall determine an alternative methodology.

“Net Asset Value Per Unit” means the Net Asset Value divided by the number of Units outstanding on the date of calculation.

“OTCQX” means the OTCQX tier of the OTC Markets Group Inc.

“OTCQX Application” means the application that is required by the OTCQX which, if approved, will then enable the Units to be traded on the OTCQX.

“OTCQX Fees” means the fees outlined by Part 5 of the OTCQX Rules for U.S. Companies, as amended from time to time.

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

“Permitted Investment” means short-term obligations of (or guaranteed by) the United States or any agency or instrumentality thereof and in certificates of deposit or interest-bearing bank accounts of any bank or trust companies having a minimum stated capital and surplus of \$50,000,000. All such obligations must mature prior to the next distribution date, and be held to maturity.

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

“Purchase Order” has the meaning assigned thereto in Section 3.2(a)(i).

“Purchase Order Date” has the meaning assigned thereto in Section 3.2(a)(i).

“Purchaser” means a Person that, (i) has entered into a Subscription Agreement with the Sponsor and the Trust, and (ii) has access to a Purchaser Self-Administered Account.

“Purchaser Self-Administered Account” means a Bitcoin wallet address previously known to the Custodian as belonging to the Purchaser.

“Quarterly Update” means the quarterly report that is prepared pursuant to the Alternative Reporting Standard of the OTCQX U.S. Disclosure Guidelines.

“Sponsor” means Osprey Funds, 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 Purchaser, substantially in the form of Exhibit B hereto, as it may be amended, modified or supplemented from time to time.

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

“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 Osprey 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 Declaration of Trust and Trust Agreement, as it may at any time or from time-to-time be amended.

“Trust Storage Account” means a wallet that is not online and not connected to the internet, used for storage of the Trust's Bitcoins where they are readily accessible and available to pay Redemption Units and Trust expenses.

“Trust Safekeeping Account” means a wallet that is not online and not connected to the internet, used for “deep” cold storage of the Trust's Bitcoins where they are not readily accessible and can only be accessed as provided by the rules of the Custodian.

“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 Estate” means the all the Bitcoins on deposit in the Trust's accounts, and all proceeds from the sale of Bitcoin while such proceeds are held on deposit in the Trust's accounts, as well as any rights of the Trust pursuant to any other agreements to which the Trust is a party.

“Unitholder” means any person or entity who is or becomes an owner of Units of the Trust.

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

SECTION 1.2 *Name.* The name of the Trust is “Osprey Bitcoin Trust” in which name the Sponsor shall 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.*

(i) 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 Unitholders. The Trustee shall receive service of process on the Trust in the State of Delaware at the foregoing address. In the event Delaware Trust Company resigns or is removed as the Trustee, the Trustee of the Trust in the State of Delaware shall be the successor Trustee, subject to Section 2.1.

(ii) 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

Unitholders. Initially, the principal office of the Trust shall be at c/o Osprey Funds, LLC, 44 Post Road West, Westport, Connecticut, 06880.

SECTION 1.4 *Declaration of Trust.* The Trust Estate shall be held in trust for the Unitholders. 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 Unitholders 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 Units in Bitcoin in accordance with Article III hereof, to distribute Bitcoin upon redemptions of Units 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 Bitcoin, forked or airdropped cryptocurrency coins from the Bitcoin Network or cash from the sale of Bitcoin, as provided in this Trust Agreement, or take any of the actions set forth in Section 4.4. The Trust shall have all of the powers specified in Section 3.1 hereof as powers which may be exercised by a Sponsor on behalf of the Trust under this Trust Agreement. Nothing in this Trust Agreement shall be construed to give the Trustee or the Sponsor the power to vary the investment of the Unitholders within the meaning of Section 301.7704-4(c) or similar provisions of the Treasury Regulations, nor shall the Trustee or the Sponsor take any action that would vary the investment of the Unitholders.

SECTION 1.6 *Tax Treatment.* Each of the parties hereto, by entering into this Trust Agreement, (i) expresses its intention that, unless the IRS determines otherwise, in a ruling issued to the Trust (provided that the Trust, the Trustee and the Sponsor are under no obligation to seek such ruling) or unless required to do so by a “determination” as defined in Section 1313 of the Code, this Trust shall be treated as a grantor trust for U.S. federal income tax purposes; (ii) the Units will qualify under applicable tax law as interests in a grantor trust which holds the Trust Estate, (iii) 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 (iv) 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 Units with respect to the treatment of the Units 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 where applicable law in any jurisdiction requires any part of the Trust Estate to be vested otherwise, the Sponsor may cause legal title to the Trust Estate

or any portion thereof to be held by or in the name of the Sponsor or any other Person (other than a Unitholder) as nominee.

ARTICLE II

THE TRUSTEE

SECTION 2.1 *Term; Resignation.* 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 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 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 Delaware Trust Statute that the Trust 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.

The Trustee is permitted to resign upon at least sixty (60) days' notice to the Sponsor upon which date such resignation shall be effective.

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, (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, and (iii) any other duties specifically allocated to the Trustee in this Trust Agreement. 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.

SECTION 2.3 *Compensation and Expenses of the Trustee.* The Trustee shall be entitled to receive from the Trust or the Sponsor, as applicable, reasonable compensation for its services hereunder as set forth in a separate fee agreement and shall be entitled to be reimbursed by the Trust or the Sponsor, as applicable, 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 and such other agents as the Trustee may employ in connection with the exercise and performance of its rights and duties hereunder. Though it is not intended or expected that the Trustee will ever handle funds, however, to the extent that the Trustee receives Trust funds 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, deposits awaiting investment direction or received too late to be invested overnight in previously directed investments.

SECTION 2.4 *Indemnification.*

(i) The Trust hereby agrees to be primary obligor and shall (i) compensate (to the extent not paid by the Sponsor on the Trust's behalf) the Trustee in accordance with a separate fee agreement with the Trustee, (ii) reimburse the Trustee for all reasonable expenses (including reasonable fees and expenses of counsel and other experts) and (iii) 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 including legal fees and expenses in connection with the 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. 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, Sponsor prior to the final disposition of any matter upon receipt by Osprey of an undertaking by, or on behalf of, such Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified under this Agreement.

(ii) 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 beneficial owner of the Trust. The obligations of the Trust and the Sponsor to indemnify the Indemnified Persons under this Section 2 shall survive the termination of this Trust Agreement and the resignation or removal of the Trustee.

SECTION 2.5 *Successor Trustee.* Upon the resignation or removal of the Trustee, the Sponsor shall appoint a successor Trustee 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. Any business entity into which the Trustee may be merged or converted or with which it may be consolidated, or any entity resulting from any merger, 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, 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:

(i) the Trustee shall not be personally liable for any error of judgment made in good faith by the Trustee;

(ii) The Trustee shall have no liability or responsibility for the validity or sufficiency of this Trust Agreement or for the form, character, genuineness, sufficiency, value or validity of the Trust Estate;

(iii) The Trustee has not prepared or verified, and shall not be responsible or liable for, any information, disclosure or other statement in the Memorandum or in any other document issued or delivered in connection with the sale or transfer of the Units;

(iv) The Trustee shall not be responsible or liable for the genuineness, enforceability, collectability, value, sufficiency, location or existence of any of the Bitcoins or other assets of the Trust;

(v) The Trustee shall have no duty to, make any investigation as to the accuracy and completeness of any representation or warranty made by the Trust in any agreement entered into by the Trust;

(vi) 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;

(vii) The Trustee shall not have any liability for the acts or omissions of the Sponsor, the Custodian, their respective delegates or any other Person;

(viii) The Trustee shall have no duty or obligation to supervise the performance of any obligations of the Sponsor, the Custodian, or their respective delegates, any Purchaser or any other Person;

(ix) No provision of this Trust Agreement shall require the Trustee to act or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its rights or powers hereunder;

(x) Under no circumstances shall the Trustee be liable for indebtedness evidenced by or other obligations of the Trust arising under this Trust Agreement or any other agreements to which the Trust is a party;

(xi) The Trustee 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 Delaware Trust Company (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;

(xii) 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 under the laws of any jurisdiction or any political subdivision thereof in existence as of the date hereof other than the State of Delaware becoming payable by the Trustee 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 transactions by the Trustee, as the case may be, contemplated hereby; and

(xiii) To the extent that, at law or in equity, the Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust, the Unitholders or to any other Person, the Trustee acting under this Trust Agreement shall not be liable to the Trust, the Unitholders or to any other Person for its good faith reliance on the provisions of this Trust Agreement. 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.

(xiv) The Trustee shall not be liable for punitive, exemplary, consequential, special or similar damages however styled, including without limitation, lost profits, or for any losses due to forces beyond the control of the Trustee, including, without limitation, strikes, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services provided to the Trustee by third parties.

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 or in any such document; provided, however, that the Trustee shall have examined any certificates or opinions so as to reasonably determine compliance of the same 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 the same is in full force and effect. As to any fact or matter the method of the determination of which is not specifically prescribed herein, the Trustee may for all purposes hereof rely on a certificate, signed by the president or any vice president or by the treasurer or 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 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

UNITS; CAPITAL CONTRIBUTIONS; CREATIONS AND ISSUANCE OF UNITS

SECTION 3.1 *General.* The Sponsor shall have the power and authority, without Unitholder approval, to issue Units from time to time as it deems necessary or desirable. The number of Units authorized shall be unlimited, and the Units so authorized may be represented in part by fractional Units, calculated to one one-hundred-millionth of one Bitcoin. From time to time, the Sponsor may divide or combine the Units into a greater or lesser number without thereby changing the proportionate beneficial interests. The Sponsor may issue Units in exchange for contributions of Bitcoin or cash (or for no consideration if pursuant to a Unit dividend or split-up), all without action or approval of the Unitholders. All Units when so issued on the terms determined by the Sponsor shall be fully paid and non-assessable. Every Unitholder, by virtue of having purchased or otherwise acquired a Unit, shall be deemed to have expressly consented and agreed to be bound by the terms of this Trust Agreement.

SECTION 3.2 Offer of Units; Procedures for Creation.

(a) General. The following procedures, as supplemented by the more detailed procedures specified in the Exhibits, annexes, attachments and procedures, as applicable, to the Subscription Agreement, which may be amended from time to time in accordance with the provisions of the Subscription Agreement (and any such amendment will not constitute an amendment of this Trust Agreement), will govern the Trust with respect to the creation and issuance of Units. Subject to the limitations upon and requirements for issuance of Units stated herein and in such procedures, the number of Units which may be issued by the Trust is unlimited.

(i) On any Business Day, a Purchaser may deposit the Bitcoin Purchase Amount with the Custodian and submit an order to create Units (a “**Purchase Order**”) from the Trust via notification to the Sponsor or its delegate in the manner provided in the Subscription Agreement. Creation Orders must be received by 3:00 p.m., Eastern time on a Business Day (the “**Purchase Order Date**”). The Sponsor or its delegate will process Purchase Orders only from Purchasers with respect to whom a Subscription Agreement is in full force and effect.

(ii) Any Purchase Order is subject to rejection by the Sponsor or its delegate pursuant to Section 3.2(b).

(iii) After receiving the Bitcoin Purchase Amount and accepting a Purchaser's Purchase Order, the Sponsor or its delegate will have the Transfer Agent credit the Units to fill the Purchaser's Purchase Order within one Business Day immediately following the Purchase Order Date.

(iv) Determination of Units Issue. The number of Units to be issued with respect to the Bitcoin Purchase amount shall be determined using the most recently available Bitcoin Market Price. Each Unit will be worth \$5.00 at inception of the Trust. The Sponsor or its delegate has final determination of all questions as to the determination of the number of Units issuable with respect to a particular Bitcoin Purchase Amount.

(v) Delivery of Required Deposits. A Purchaser who places a Purchase Order shall deliver the Bitcoin Purchase Amount to the (i) Bitcoin Account, the Trust Storage Account, the Trust Safekeeping Account, at the Sponsor's instruction or (ii) a cash denominated account, at the direction of the Sponsor or its delegate, in each case by no later than 6:00 p.m., Eastern time on the Purchase Order Day. If the Bitcoin Purchase Amount is denominated in Bitcoin, the Purchaser may only initiate delivery of the Bitcoin Purchase Amount from a Participant Self-Administered Account. Such Bitcoin denominated Bitcoin Purchase Amount deposits other than those received from a Participant Self-Administered Account shall be rejected. The expense and risk of delivery, ownership and safekeeping of Bitcoins, until such Bitcoins have been received by the Trust, shall be borne solely by the Purchaser. Upon receipt of the Bitcoin Purchase Amount, the Custodian or delegated agent, as the case may be, shall transfer the Bitcoin Purchase Amount to the Trust Storage Account, the Trust Safekeeping Account or a cash account, as applicable. The Sponsor or its delegate shall then direct the Transfer Agent to credit the number of Units ordered to the Purchaser's account on the next Business Day after the Purchase Order Date.

(vi) The Custodian may accept delivery of Bitcoins by such other means as the Sponsor, from time to time, may determine to be acceptable for the Trust.

(a) Notwithstanding anything to the contrary in this Section 3.2, the Sponsor shall have the authority to issue Units, from time to time, pursuant to Rule 504 under the Securities Act, under such terms and conditions as are disclosed to purchasers in the relevant offering documents and as the Sponsor deems necessary or advisable to comply with applicable law or regulation.

(b) Rejection. The delivery of the Units against deposit of the Bitcoin Purchase Amount may be suspended generally, or refused with respect to particular requested creations, during any period when the transfer books of the Sponsor or its delegate are closed or if any such action is deemed necessary or advisable by the Sponsor or its delegate or for any reason at any time or from time to time. None of the Sponsor, its delegates, or the Custodian shall be liable for the rejection or acceptance of any Purchase Order or Bitcoin Purchase Amount.

SECTION 3.3 *Book-Entry-Only System.*

(a) Units shall be held in book-entry form by the Transfer Agent. The Sponsor or its delegate shall direct the Transfer Agent (which may be the Sponsor or an Affiliate) to credit or debit the number of Units to the applicable Purchaser. The Transfer Agent shall issue or cancel each Purchaser's Units, as applicable.

(c) Secondary or Successor Custodian. If a successor to the 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.

SECTION 3.4 *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 except as may otherwise be required by applicable tax laws, and shall be so recorded upon the books of account of the Trust.

SECTION 3.5 *Liabilities of the Trust.* The Trust Estate shall be charged with the liabilities of the Trust; and 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 Unitholders.

SECTION 3.6 *Distributions.*

(d) Distributions on Units, if any, may be paid with such frequency as the Sponsor may determine, which may be daily or otherwise, to the Unitholders from the Trust Estate, after providing for actual and accrued liabilities. All distributions on Units thereof shall be distributed pro rata to the Unitholders in proportion to the total outstanding Units held by such Unitholders at the date and time of record established for the payment of such distribution. Such distributions may be made in cash or Units as determined by the Sponsor or pursuant to any program that the Sponsor may have in effect at the time for the election by each Unitholder of the mode of the making of such distribution to that Unitholder.

(e) The Units shall represent units of beneficial interest in the Trust Estate. Each Unitholder shall be entitled to receive its pro rata share of distributions in accordance with Section 3.6(a).

SECTION 3.7 *Voting Rights.* Notwithstanding any other provision hereof, on each matter submitted to a vote of the Unitholders, each Unitholder shall be entitled to a single vote for each Unit held by such Person, or a proportionate fraction thereof if such Unit is fractional, with the number of Units held by such Person determined by the number of Units in its name on the books of the Trust in accordance with Section 3.3.

SECTION 3.8 *Equality*. All Units shall represent an equal proportionate beneficial interest in the assets of the Trust subject to the liabilities of the Trust, and each Unit shall be equal to each other Unit. The Sponsor may from time to time divide or combine the Units into a greater or lesser number of Units without thereby changing the proportionate beneficial interest in the assets of the Trust or in any way affecting the rights of Unitholders.

ARTICLE IV

THE SPONSOR

SECTION 4.1 *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 affairs of 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 constructing 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 4.2 *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 and objectives of the Trust, which shall include, without limitation, the following:

(a) To enter into, execute, deliver and maintain, and to cause the Trust to perform its obligations under, contracts, agreements (including but not limited to Subscription Agreements substantially in the form of Exhibit B hereto) and any or all other documents and instruments, and to do and perform all such things as may be in furtherance of Trust purposes or necessary or appropriate for the offer and sale of the Units, including, but not limited to, contracts with third parties various services, 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 which it proposes to engage to perform such services is qualified to do so (considering the prior experience of the Affiliate or the individuals employed thereby); (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, and such agreement shall be terminable without penalty upon one hundred twenty (120) days' prior written notice by the Trust;

(b) To establish, maintain, deposit into, sign checks and/or otherwise draw upon accounts on behalf of the Trust with appropriate banking and savings institutions, and execute and/or accept any instrument or agreement incidental to the Trust's purposes, any such instrument or agreement 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;

(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 Memorandum and supplements and amendments thereto;

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

(f) To act as Transfer Agent and perform functions customarily preferred by a transfer agent;

(g) To prepare, or cause to be prepared, and file, or cause to be filed, an application to enable the Units to be traded on the OTCQX or any other financial market deemed by the Sponsor to be in the interest of Unitholders and to take any other action and execute and deliver any certificate or documents that may be necessary to effectuate such trading; and

(h) In the sole and absolute discretion of the Sponsor, to admit an additional Sponsor. Notwithstanding the foregoing, the Sponsor may not admit Affiliate(s) of the Sponsor as an additional Sponsor if it has received notice of its removal as a Sponsor, pursuant to Section 7.2(d).

SECTION 4.3 *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 for the benefit of the Trust and the Unitholders;

(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 Trust's Trustee and any other service provider;

(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 fiduciary responsibility for the safekeeping and use of the Trust Estate, whether or not in the Sponsor's immediate possession or control, and the Sponsor will 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. The Sponsor shall 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;

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

(j) Invest (except purchasing Bitcoins pursuant to a Purchase Order) or reinvest any cash held by the Trust (including reserves) in anything other than Permitted Investments.

(k) In connection with Purchase Orders, receive directly or through its delegates the number of Bitcoins in an amount equal to the Bitcoin Purchase Amount from Purchasers;

(l) In connection with Purchase Orders, after receiving the Bitcoin Purchase Amount and accepting a Purchaser's Purchase Order, the Sponsor or its delegate will direct the Transfer Agent to credit the Units to fill the Purchaser's Purchase Order within one Business Day immediately following the Purchase Order Date;

(m) Receive directly or through its delegates from Purchasers and process properly submitted Redemption Orders, as described in Section 6.1(a);

(n) In connection with Redemption Orders, after receiving the Redemption Order specifying the number of Units that the Unitholder wishes to redeem and confirming the Unitholder's Self-Administered Account information, the Sponsor or its delegates instructs the Custodian to send the Unitholder a number of Bitcoins equal to the Bitcoin Redemption Amount and directs the Transfer Agent to debit the number of Units redeemed from the Unitholder's account on the next business day after the redemption order date;

(o) Interact with the Custodian and any other party as required;

(p) The Sponsor, on behalf of the Trust, shall cause the Trust to comply with all rules, orders and regulations of the OTCQX to which the Trust is subject as a result of the approval of the OTCQX Application and the Sponsor will take all such other actions which may reasonably be taken which are necessary for the Units to remain traded on the OTCQX until the Trust is either terminated or if the Units are no longer traded on the OTCQX. In addition, the Sponsor is authorized and shall take, all actions to prepare and, to the extent required by this Agreement or by law, mail to Unitholders any reports, press releases or statements, financial or otherwise, that the Sponsor determines are required to be provided to Unitholders by applicable law or governmental regulation or the requirements of OTCQX, as applicable;

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

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

(s) In general, to do everything necessary, suitable or proper for the accomplishment of any purpose or the attainment of any object 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.

The foregoing clauses 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 4.4 *General Prohibitions.* The Trust shall not:

(a) Receive any property other than Bitcoin or U.S. Dollars upon the issuance or sale of Units;

(b) Hold any property other than cash, Permitted Investments, Bitcoins (including any forked version thereof) or airdropped cryptocurrency coins;

(c) Redeem the Units other than to fund a redemption request from a Unitholder, as provided in Section 4.10 or Section 5.2 or upon the dissolution of the Trust;

(d) Borrow money from or loan money to any Unitholder (including the Sponsor) or other Person;

(e) Except as expressly contemplated by this Agreement, create, incur, assume or suffer to exist any lien, mortgage, pledge conditional sales or other title retention agreement, charge, security interest or encumbrance, except for liens for taxes not delinquent or being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established;

(f) Commingle its assets with those of any other Person, except to the extent as permitted under applicable law and the regulation;

(g) 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;

(h) Enter into any contract with the Sponsor or an Affiliate of the Sponsor (except for selling agreements for the sale of Units) which has a term of more than one year and which does not provide that it may be canceled by the Trust without penalty on one hundred twenty (120) days prior written notice or for the provision of services, except at rates and terms at least as favorable as those which may be obtained from third parties in arm's length negotiations;

(i) Cause the Trust to elect to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

SECTION 4.5 Liability of Covered Persons. A Covered Person shall have no liability to the Trust or to any Unitholder or 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 fraud, gross negligence, bad faith or willful misconduct of such Covered Person. 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 Unitholder 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 delegatee selected by the Sponsor with reasonable care.

SECTION 4.6 Fiduciary Duty.

(a) To the extent that, at law or in equity, the Sponsor has duties (including fiduciary duties) and liabilities relating thereto to the Trust, the Unitholders or to any other Person, the Sponsor acting under this Trust Agreement shall not be liable to the Trust, the Unitholders or to any other Person for its good faith reliance on the provisions of this Trust Agreement subject to the standard of care in Section 4.6 herein. The provisions of this Trust Agreement, to the extent that they restrict or eliminate the duties and liabilities of the Sponsor otherwise existing at law or in equity are agreed by the parties hereto to replace such other duties and liabilities of the Sponsor. To the fullest extent permitted by law, no person other than the Sponsor and the Trustee shall have any duties (including fiduciary duties) or liabilities at law or in equity to the Trust and the Unitholder or any other person.

(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 or any Unitholder or any other Person, on the other hand; or

(ii) whenever this Trust Agreement or any other agreement contemplated herein or therein provides that the Sponsor shall act in a manner that is, or provides terms that are, fair and reasonable to the Trust, any Unitholder 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 other 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 Unitholders 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 Unitholder 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 Unitholders or any Affiliate of the Trust or the Unitholders.

(d) To the fullest extent permitted by law and notwithstanding any other provision of this 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 Unitholders 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 4.7 *Indemnification of the Sponsor.*

(a) The Sponsor shall be indemnified by the Trust 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 Sponsor was acting on behalf of or performing services for the Trust and such liability or loss was not the result of fraud, gross negligence, bad faith, willful misconduct, or a material breach of this Trust Agreement on the part of the Sponsor and (ii) any such indemnification will only be recoverable from the Trust Estate. All rights to indemnification permitted herein and payment of associated expenses shall not be affected by the dissolution or other cessation to exist 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 4.7(a) above, the Sponsor and any Person acting as 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 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 which 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 Unitholder or the legal action is initiated by a Unitholder 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 4.7.

(e) The term “Sponsor” as used only in this Section 4.7 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 Unitholder's (or assignee's) obligations or liabilities unrelated to Trust business, such Unitholder (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 4.8 *Expenses and Limitations Thereon.*

(a) Management Fee.

(i) The Trust shall pay a Management Fee (“**Management Fee**”) which accrues daily at an annual rate of 0.49% of the NAV of the Trust and is payable to the Sponsor monthly in arrears.

(ii) Although the Management Fee is calculated in USD, the Management Fee shall be paid in the equivalent number of Bitcoins monthly in arrears. The exchange rate that shall be used to convert the Management Fee from USD to the appropriate number of Bitcoins shall be calculated based upon the Bitcoin Market Price at 4:00 p.m., Eastern time in the case of daily accruals and as of the last day of each month for withdrawal and payment in arrears (“**Management Fee Exchange Rate**”). The Management Fee Exchange Rate does not include fees and expenses for converting USD into Bitcoins.

(iii) After converting the Management Fee from USD into the required number of Bitcoins based upon the Actual Exchange Rate, the Sponsor, its delegates, or the Custodian shall withdraw the corresponding number of Bitcoins from the Trust Storage Account.

(iv) In order to pay the Management Fee in USD, the Sponsor may be required to convert the Management Fee, as reflected by the appropriate number of Bitcoins, into USD. The Sponsor shall use its best efforts within a reasonable time frame in order to seek the Actual Exchange Rate. It is expected that the Management Fee Exchange Rate and the Actual Exchange Rate may differ.

(v) At the Sponsor's election, the Sponsor may elect to (i) direct its delegates or the Custodian to withdraw the Bitcoin amount comprising the Management Fee, (ii) convert the Management Fee to USD and (iii) pay such dollar amount to the Sponsor, who will then pay itself as well as the relevant Assumed Expenses (as defined below). Alternatively, the Sponsor may elect to (i) direct its delegates or the Custodian to withdraw the Bitcoin amount comprising the Management Fee, (ii) convert the Management Fee to USD and (iii) pay certain Assumed Expenses from the Management Fee and the remaining amount, if any, to the Sponsor.

(vi) As consideration for receipt of the Management Fee, the Sponsor shall assume and pay all routine and ordinary administrative and operating expenses of the Trust (the “**Assumed Expenses**”) other than audit fees, index license fees, aggregate legal fees in excess of \$50,000 and the fees of the Custodian (the “**Excluded Expenses**”) and Extraordinary Expenses (as defined below).

(b) Extraordinary Expenses. In certain extraordinary circumstances, the Trust may pay expenses in addition to the Management Fee and the Excluded Expenses, such as, but not limited to, taxes and governmental charges, expenses and costs, expenses and indemnities related to any extraordinary services performed by the Sponsor (or any other Service Provider, including the Trustee) on behalf of the Trust to protect the Trust or the interests of Unitholders, indemnification expenses, fees and expenses related to public trading on OTCQX (collectively, “**Extraordinary Expenses**”).

(c) The Sponsor, its delegates or the Custodian shall withdraw Bitcoins as needed from the Trust Storage Account to pay the Management Fees (as well as the Excluded Expenses and Extraordinary Expenses, if any).

The Sponsor or any Affiliate of the Sponsor may only be reimbursed for the actual cost to the Sponsor or such Affiliate of any expenses which it advances on behalf of the Trust for which payment 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 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.

SECTION 4.9 *Business of Unitholders.* Except as otherwise specifically provided herein, any of the Unitholders and any shareholder, officer, director, employee or other person holding a legal or beneficial interest in an entity which is a Unitholder, 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 competitive with the business of the Trust, shall not be deemed wrongful or improper.

SECTION 4.10 *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 Unitholders and the Trustee. If the withdrawing Sponsor is the last remaining Sponsor, the Trust shall liquidate in accordance with Section 12.1(a)(vi) hereof. In the event of its removal or withdrawal, the Sponsor shall be entitled to a redemption of its Units at the Net Asset Value. If the Sponsor withdraws and a successor Sponsor is named, the withdrawing Sponsor shall pay all expenses as a result of its withdrawal.

SECTION 4.11 *Authorization of Memorandum.* Each Unitholder (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 Memorandum on behalf of the Trust without any further act, approval or vote of the Unitholders, notwithstanding any other provision of this Trust Agreement, the Delaware Trust Statute or any applicable law, rule or regulation.

SECTION 4.12 *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 Agreement) of the Sponsor.

ARTICLE V

TRANSFER OF UNITS

SECTION 5.1 *General Prohibition.* A Unitholder may not sell, assign, transfer or otherwise dispose of, or pledge, hypothecate or in any manner encumber any or all of his Units or any part of his right, title and interest in the capital or profits in the Trust except as permitted in this *Article* and any act in violation of this Article shall not be binding upon or recognized by the Trust (regardless of whether the Sponsor shall have knowledge thereof), unless approved in writing by the Sponsor.

SECTION 5.2 Transfer of Sponsor's Units.

(a) Upon an Event of Withdrawal (as defined in Section 12.1(0)), the Sponsor's Units shall be purchased by the Trust for a purchase price in cash equal to the Net Asset Value thereof. The Sponsor will 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 full extent permitted by law, and on sixty (60) days' prior written notice to the Unitholders, 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 or 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 Units 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 4.10 or an Event of Withdrawal for purposes of Section 5.2(a).

SECTION 5.3 *Transfer of Units.* (a) Except for Units originally offered and sold in a transaction pursuant to Rule 504 under the Securities Act and freely transferable under applicable law or regulation, the Units are 'restricted securities' that cannot be resold, pledged, or otherwise transferred without registration under the Securities Act and state securities laws or exemption therefrom and may not be resold, pledged or otherwise transferred without the prior written consent of the Sponsor, which it may withhold in its sole discretion for any reason or for no reason. The Sponsor may provide such written consent in the Memorandum.

(b) Units shall be transferable on the books of account for the Trust only by the record holder thereof or by his or her duly authorized agent upon delivery to the Sponsor or the Transfer Agent or similar agent of a duly authorized instrument of transfer, and such evidence of the genuineness of each such execution of such other matters as may be required by the Sponsor. Upon such delivery, and subject to any further requirements specified by the Sponsor, the transfer shall be recorded on the books of account for the Trust. Until a transfer is so recorded, the Unitholder of record of the Units shall be deemed to be the Unitholder with respect to such Units for all purposes hereunder and neither the Sponsor nor the Trust, the Transfer Agent nor any similar agent or registrar or any officer, employee or agent of the Trust shall be affected by any notice of a proposed transfer.

ARTICLE VI

REDEMPTIONS

SECTION 6.1 *Redemption of Units.* The Trust may redeem Units upon receiving regulatory approval from the SEC or otherwise as determined by the Sponsor in its sole discretion. Prior to the Trust accepting such redemptions, the Sponsor shall amend this Trust Agreement to include Unit redemption procedures consistent with any such regulatory approval, pursuant to Section 10.1 hereof. Notwithstanding any provision herein to the contrary, a Unit may be redeemed no earlier than twelve (12) months after its date of issuance by the Trust.

ARTICLE VII

UNITHOLDERS

SECTION 7.1 *No Management or Control; Limited Liability; Exercise of Rights through a Participant.* The Unitholders 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 hereof, no Unitholder shall be bound by, or be personally liable for, the expenses, liabilities or obligations of the Trust in excess of his share of the Trust Estate. Except as provided in Section 7.3 hereof, each Unit owned by a Unitholder shall be fully paid and no assessment shall be made against any Unitholder. No salary shall be paid to any Unitholder in his capacity as a Unitholder, nor shall any Unitholder have a drawing account or earn interest on its share of the Trust Estate. By the purchase and acceptance or other lawful delivery and acceptance of Units, each owner shall be deemed to be a Unitholder and beneficiary of the Trust and vested with beneficial undivided interest in the Trust to the extent of the Units owned beneficially by such Unitholder, subject to the terms and conditions of this Trust Agreement.

SECTION 7.2 *Rights and Duties.* The Unitholders shall have the following rights, powers, privileges, duties and liabilities:

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

(b) The Unitholders 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 Unitholders' redemption rights set forth in Article VI hereof, Unitholders shall have the right to demand the return of their capital 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 Unitholder be entitled to demand or receive property other than cash upon the dissolution and winding up of the Trust. No Unitholder shall have priority over any other Unitholder as to distributions. The Unitholder shall not have any right to bring an action for partition against the Trust.

(d) Except as expressly set forth in this Trust Agreement, the Unitholders shall have no voting or other rights with respect to the Trust.

SECTION 7.3 *Limitation of Liability.*

(a) Except as provided in Section 4.7(f) hereof, and as otherwise provided under Delaware law, the Unitholders 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 Unitholder shall be liable for claims against, or debts of the Trust in excess of his share of the Trust Estate, except in the event that the liability is founded upon misstatements or omissions contained in such Unitholder's Participant Agreement delivered in connection with his purchase of Units. In addition, and subject to the exceptions set forth in the immediately preceding sentence, the Trust shall not make a claim against a Unitholder with respect to amounts distributed to such Unitholder or amounts received by such Unitholder upon redemption unless, under Delaware law, such Unitholder is liable to repay such amount.

(b) The Trust shall indemnify to the full extent permitted by law and the other provisions of this Agreement, and to the extent of the applicable Trust Estate, each Unitholder against

any claims of liability asserted against such Unitholder solely because he is a beneficial owner of one or more Units as a Unitholder.

(c) Every written note, bond, contract, instrument, certificate or undertaking made or issued by the Sponsor 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 Unitholders individually but are binding only upon the assets and property of the Trust, and no resort shall be had to the Unitholders' 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 which the Sponsor deems appropriate, but the omission thereof shall not operate to bind the Unitholders 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 and 3.5 hereof.

SECTION 7.4 *Derivative Actions.*

In addition to any other requirements of applicable law including Section 3816 of the Delaware Trust Statute, no Unitholder 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 Unitholders who (i) are not affiliates of one another and (ii) collectively hold at least 10% of the outstanding Units 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. The books of account shall be kept at the principal office of the Trust and each Unitholder (or any duly constituted designee of a Unitholder) shall have, at all times during normal business hours, free access to and the right to inspect and copy the same for any purpose reasonably related to the Unitholder's interest as a beneficial owner of the Trust. 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 X.

SECTION 8.2 *Quarterly Updates, Annual Updates and Account Statements.*

(a) The Sponsor will prepare and publish the Trust's Quarterly Updates and Annual Updates as required by the OTCQX's Alternative Reporting Standards and any other applicable rules and regulations of the OTCQX, in each case as and when applicable.

(b) The Unitholders will have access to the Trust's website, which shall allow Unitholders to view their unaudited account statements, as available.

SECTION 8.3 *Tax Information.* Appropriate tax information (adequate to enable each Unitholder to complete and file its U.S. federal tax return) shall be delivered to each Unitholder as soon as practicable following the end of each Fiscal Year but generally no later than March 15. All such tax returns and information will 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 United States federal withholding requirements respecting distributions to, or receipts of amounts on behalf of, Unitholders that the Sponsor reasonably believes are applicable under the Code. The consent of Unitholders shall not be required for such withholding.

SECTION 8.4 *Calculation of Net Asset Value.* Net Asset Value shall be calculated at such times as the Sponsor shall determine from time to time.

SECTION 8.5 *Maintenance of Records.* The Sponsor shall maintain: (a) for a period of at least six Fiscal Years all books of account required by Section 8.1 hereof; a list of the names and last known address of, and number of Units owned by, all Unitholders, a copy of the Certificate of Trust and all certificates of amendment thereto, together with executed copies of any powers of attorney pursuant to which any certificate has been executed; copies of the Trust's U.S. federal, state and local income tax returns and reports, if any; and (b) for a period of at least six Fiscal Years copies of any effective written Trust Agreements, Participant Agreements, including any amendments thereto, and 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 at the Sponsor may determine in its sole discretion, provided the Sponsor uses reasonable care to prevent the loss or destruction of such records. If there is a conflict between this Section 8.5 and the rules and regulations of the OTCQX with respect to the maintenance of records, the records will be maintained pursuant to the rules and regulations of the OTCQX.

ARTICLE IX

FISCAL YEAR

SECTION 9.1 *Fiscal Year.* The Fiscal Year shall begin on the 1st day of January and end on the 31st day of December of each year. The first Fiscal Year of the Trust commenced on January 3, 2019 and shall end on December 31, 2019. 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) The Sponsor may, without the approval of the Unitholders, make such amendments to this Trust Agreement which (i) are necessary to add to the representations, duties or obligations of the Sponsor or surrender any right or power granted to the Sponsor herein, for the benefit of the Unitholders, (ii) are necessary to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or in the Memorandum, or to make any other provisions with respect to matters or questions arising under this Trust

Agreement or the Memorandum which will not be inconsistent with the provisions of the Trust Agreement or the Memorandum, or (iii) the Sponsor deems advisable, provided, however, that no amendment shall be adopted pursuant to this clause 10.1(a) unless the adoption thereof (A) is not adverse to the interests of the Unitholders; (B) is consistent with Section 1.5 and Section 4.1 hereof; and (C) does not adversely affect the limitations on liability of the Unitholders, as described in Article VII hereof or the status of the Trust as a grantor trust for U.S. federal income tax purposes. Amendments to this document which adversely affect (i) the rights of Unitholders, (ii) the appointment of a new Sponsor pursuant to Section 4.2(h) above, (iii) the dissolution of the Trust pursuant to Section 12.1(a) below and (iv) any material changes in the Trust's purpose or structure shall occur only upon the written approval or affirmative vote of Unitholders holding Units equal to at least a majority (over 50%) of the Units.

Notwithstanding any provision to the contrary contained in Sections 10.1(a) hereof, the Sponsor may, without the approval of the Unitholders, 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.

(b) 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.

(c) 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 the rights, duties or liabilities of the Trustee. 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 and certification 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. The Trustee may, but is not required to enter into any amendment that has an adverse effect on the Trustee.

(d) 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 Unitholders may be called by the Sponsor and will be called by it upon the written request of Unitholders holding Units equal to at least 30% of the Units. Such call for a meeting shall be deemed to have been made upon the receipt by the Sponsor of a written request from Unitholders representing the requisite percentage of Units. The Sponsor shall deposit in the United States mails, within 15 days after receipt of said

request, written notice to all Unitholders thereof of the meeting and the purpose of the meeting, which shall be held on a date, not less than 30 nor more than 60 days after the date of mailing of said notice, at a reasonable time and place. Any notice of meeting shall be accompanied by a description of the action to be taken at the meeting and an opinion of independent counsel as to the effect of such proposed action on the liability of Unitholders for the debts of the Trust. Unitholders may vote in person or by proxy at any such meeting.

SECTION 10.3 *Action Without a Meeting.* Any action required or permitted to be taken by Unitholders 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 Unitholder to any action of the Trust or any Unitholder, as contemplated by this Trust Agreement, is solicited by the Sponsor, the solicitation shall be effected by notice to each Unitholder given in the manner provided in Section 13.5. The vote or consent of each Unitholder 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 Unitholder, unless the Unitholder expresses written objection to the vote or consent by notice given in the manner provided in Section 13.5 below and actually received by the Trust within 20 days after the notice of solicitation is affected. The Covered Persons dealing with the Trust shall be entitled to act in reliance on any vote or consent which is deemed cast or granted pursuant to this Section 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 Unitholders shall not be void or voidable by reason of timely communication made by or on behalf of all or any of such Unitholders 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 *Dissolution of the Trust.*

(a) *Events Requiring Dissolution of the Trust.* The Trust shall dissolve at any time upon the happening of any of the following events

(i) a United States federal or state regulator requires the Trust to shut down or forces the Trust to liquidate its Bitcoins or seizes, impounds or otherwise restricts access to Trust assets;

(ii) the Trust is determined to be a “money service business” under the regulations promulgated by FinCEN under the authority of the US 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 business, providers of prepaid or stored value or similar entities, virtual currency business, 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 Bitcoin Market Price;

(v) any ongoing event exists that either prevents the Trust from converting or makes impractical the Trust's reasonable efforts to convert Bitcoins to USD;

(vi) the filing of a certificate of dissolution or revocation of the Sponsor's charter (and the expiration of 90 days after the date of notice to the Sponsor of revocation without a reinstatement of its charter) or upon the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Sponsor, or an event of withdrawal (each of the foregoing events an **“Event of Withdrawal”**) unless at the time there is at least one remaining;

(vii) the Custodian resigns or is removed without replacement; or

(viii) if as of December 31, 2021, the Units are not quoted and trading on a secondary market in the United States (which may include the OTCQX Venture Market tier of the OTC Markets Group, Inc., any other market operated by the OTC Markets Group, Inc, or a national securities exchange), the Sponsor shall dissolve the Trust on or before January 31, 2022.

(b) *Discretionary Dissolution of the Trust.* The Sponsor may, in its sole discretion, dissolve the Trust if any of the following events occur:

(i) the SEC determines that the Trust is an investment company required to be registered under the Investment Company Act of 1940;

(ii) the CFTC determines that the Trust is a commodity pool under the Commodity Exchange Act;

(iii) the Trust becomes insolvent or bankrupt;

(iv) all of the Trust's assets are sold;

(v) the determination of the Sponsor that the ongoing management and operation of the Trust is imprudent or impractical and contrary to the interest of Unitholders, or that the aggregate net assets of the Trust in relation to the expenses of the Trust make it unreasonable or imprudent to continue the business of the Trust;

(vi) the Sponsor receives notice from the IRS or from counsel for the Trust or the Sponsor that the Trust fails to qualify for treatment, or will not be treated, as a grantor trust under the Code; and

(vii) if the Trustee notifies the Sponsor of the Trustee's election to resign and the Sponsor does not appoint a successor trustee within 60 days, the Trust will dissolve.

(c) The death, legal disability, bankruptcy, insolvency, dissolution, or withdrawal of any Unitholder (as long as such Unitholder is not the sole Unitholder of the Trust) shall not result in the termination of the Trust, and such Unitholder, his estate, custodian or personal representative shall have no right to withdraw or value such Unitholder's Units. Each Unitholder (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 assets of the Trust 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 (in such capacity, the “**Liquidating Trustee**”) shall take full charge of the Trust Estate. The Liquidating Trustee 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 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 Unitholders 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 Unitholders, and (b) to the Sponsor and each Unitholder 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 Sponsor or 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 Unitholders 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 which 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 or other applicable U.S. federal or state laws or the rules and regulations of the OTCQX, 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. The Sponsor may cause (i) the Trust to be merged into or consolidated with, converted to or to sell all or substantially all of its assets to,

another trust or entity; (ii) the Units of the Trust to be converted into beneficial interests in another statutory trust (or series thereof); or (iii) the Units of the Trust to be exchanged for units 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, the Sponsor, with written notice to the Unitholders, may approve and effect any of the transactions contemplated under (i) — (iii) above without any vote or other action of the Unitholders.

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 Units, and reports and notices by the Sponsor to the Unitholders) 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 Units 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, Delaware 19808

All notices that the Trustee is required to provide shall be sent

to: if to the Trust, at

Osprey Bitcoin Trust
520 White Plains Road, Suite 500
Tarrytown, NY 10591
Attention: Chief Financial Officer

if to the Sponsor, at

Osprey Funds, LLC
520 White Plains Road
Tarrytown, NY 10591
Attention: Chief Financial Officer

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 Unitholders. For purposes of determining the rights of any Unitholder or assignee hereunder, the Trust and the Sponsor may rely upon the Trust records as to who are Unitholders and permitted assignees, and all Unitholders and assignees agree that the Trust and the Sponsor, in determining such rights, shall rely on such records and that Unitholders and 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 Unitholders shall not have legal title to any part of the Trust Estate.

SECTION 13.9 *Creditors*. No creditors of any Unitholders 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 Osprey Funds, LLC.

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

DELAWARE TRUST COMPANY, as Trustee

By: _____
Name:
Title:

OSPREY FUNDS, LLC, as Sponsor

By: _____
Name:
Title:

Exhibit 3

Amendment to the Second Declaration of Trust and Trust Agreement of Osprey Bitcoin Trust,
dated as of April 15, 2022.

AMENDMENT TO TRUST AGREEMENT

This Amendment (the “Amendment”) to the Second Declaration of Trust and Trust Agreement of Osprey Bitcoin Trust, by and among Osprey Funds, LLC, a Delaware limited liability company (“Sponsor”), Delaware Trust Company (“Trustee”), and the Unitholders, dated as of November 1, 2020 (the “Trust Agreement”) is dated and effective as of April 15, 2022. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

WHEREAS, Section 10.1 of the Trust Agreement provides that the Sponsor may amend the Trust Agreement without the consent of Unitholders, subject to certain exceptions, including without limitation that the Sponsor deems the amendment necessary or advisable and the amendment is not adverse to the interest of Unitholders;

WHEREAS, the Sponsor deems it necessary or advisable to amend the Trust Agreement to replace the current custodian of the Trust’s assets, to clarify the Trust’s status as a grantor trust for federal income tax purposes, to change the principal address of the Trust from the State of New York State to the State of Connecticut, and to make minor additional changes to the Trust Agreement; which changes in each case are not adverse to the interests of Unitholders;

WHEREAS, the Sponsor further deems it necessary or advisable to specify that the limitations on derivative actions under Section 7.4 of the Trust Agreement does not apply to derivative actions brought in the name of the Trust under the federal securities laws and rules and regulations thereunder, which change is not adverse to the interest of Unitholders;

WHEREAS, the Sponsor further deems it necessary or advisable to specify that the rights of the Sponsor to cause the Trust to enter into certain merger or consolidation transactions under Section 13.3 of the Trust Agreement does not permit the Sponsor to cause the Trust to enter into such a transaction if it would result in the Trust not being treated as a grantor trust under applicable federal tax law, which change is not adverse to the interest of Unitholders;

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree to amend the Trust Agreement as follows:

- A. The definition of “Custodian” in Section 1.1 of the Trust Agreement is hereby amended, by replacing the reference to “Fidelity Digital Asset Services, LLC.” in the definition of “Custodian” to read “Coinbase Custody Trust Company, LLC.”
- B. The second full sentence of Section 1.5 of the Trust Agreement is hereby amended to state as follows: “The Trust shall not engage in any business activity and shall not acquire or own any assets other than Bitcoin, forked or airdropped cryptocurrency coins from the Bitcoin Network, Permitted Investments, or cash from the sale of Bitcoin, as provided in this Trust Agreement, or take any of the actions set forth in Section 4.4.”;
- C. The reference to “Section 301.7704-4(c) or similar provisions of the Treasury Regulations” in the last sentence of Section 1.5 is hereby amended to reference “Section 301.7701-4(c) or similar provisions of the Treasury Regulations.”

- D. Sections 3.6(d) and 3.6(e) of the Trust Agreement are hereby renumbered Sections 3.6(a) and 3.6(b), respectively.
- E. Section 3.6(a) of the Trust Agreement (prior Section 3.6(d)) is hereby amended by replacing the statement that distributions may be made in “cash or Units” to state that distributions may be made in “cash, Units or Bitcoin;”
- F. The Trust Agreement is hereby further amended to include the following statement at the end of Section 3.6: “If the Trust comes to own any airdropped cryptocurrency (other than Bitcoin), the Sponsor shall distribute such airdropped cryptocurrency within forty-five days of receipt of such assets (or such longer time as the Sponsor reasonably requires to effect such distribution) on a pro rata basis to Unitholders. If the Trust comes to own any forked versions of Bitcoin, the Sponsor shall distribute such forked version or versions within forty-five days of receipt (or such longer time as the Sponsor reasonably requires to effect such distribution) on a pro rata basis to Unitholders if and to the extent that the Sponsor determines in its reasonable discretion that such a distribution is necessary to preserve the federal tax treatment of the Trust set forth in Section 1.6 of the Trust Agreement, and may distribute such forked version or versions within forty-five days of receipt (or such longer time as the Sponsor reasonably requires to effect such distribution) on a pro rata basis to Unitholders if and to the extent the Sponsor determines it is in the best interests of the Unitholders.”
- G. Section 4.3(n) of the Trust Agreement is hereby amended to clarify that the terms “Redemption Order” and “Bitcoin Redemption Amount” shall each be defined upon the adoption of applicable policies and procedures governing the redemption of Units.
- H. The first sentence in Section 4.8(a)(ii) hereby deleted and replaced with the following: “The Management Fee is calculated daily in Bitcoin, and such fee shall be paid in the aggregate number of such Bitcoin accrued monthly in arrears.”
- I. Section 7.4 of the Trust Agreement is hereby amended to read as follows: “In addition to any other requirement under applicable law include Section 3816 of the Delaware Trust Statute, no Unitholder 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 Unitholders who (i) are not affiliates of one another and (ii) collectively hold at least 10% of the outstanding Units join in bringing or maintaining such actions, suit or proceeding; provided, however, that the preceding limitation shall not apply to derivative actions brought in the name of the Trust under the federal securities laws and the rules and regulations thereunder.”
- J. Section 13.3 of the Trust Agreement is hereby amended to add the following sentence at the end of the Section: “This Section 13.3 shall not permit the Sponsor to cause the Trust to enter into a transaction that would result in the Trust not being treated as a grantor trust under applicable federal tax law.”
- K. Section 13,5 of the Trust Agreement is hereby amended, in relevant part, to read as follows: “All notices that the Trustee is required to provide shall be sent to:

if to the Trust, at:

Osprey Bitcoin Trust
1241 Post Road/Suite 200
Fairfield, CT 06824
Att: Chief Executive Officer

if to the Sponsor:

Osprey Funds, LLC
1241 Post Road/Suite 200
Fairfield, CT 06824
Att: Chief Executive Officer

All other terms and conditions of the Trust Agreement not hereby amended shall otherwise remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized signatories as of the date first indicated above.

OSPREY FUNDS, LLC:

By _____
Name:
Title:

DELAWARE TRUST COMPANY:

By _____
Name:
Title:

Exhibit 4

Second Amendment to the Second Declaration of Trust and Trust Agreement of Osprey Bitcoin Trust, dated as of January 18, 2024.

AMENDMENT TO TRUST AGREEMENT

This Second Amendment (the “Amendment”) to the Second Declaration of Trust and Trust Agreement of Osprey Bitcoin Trust, by and among Osprey Funds, LLC, a Delaware limited liability company (“Sponsor”), Delaware Trust Company (“Trustee”), and the Unitholders, dated as of November 1, 2020 (the “Trust Agreement”) is dated and effective as of January 18, 2024. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

WHEREAS, Section 10.1 of the Trust Agreement provides that the Sponsor may amend the Trust Agreement without the consent of Unitholders, subject to certain exceptions, including without limitation that the Sponsor deems the amendment necessary or advisable and the amendment is not adverse to the interest of Unitholders;

WHEREAS, the Sponsor deems it necessary or advisable to amend the Trust Agreement to facilitate redemption of Trust Units at the election of individual Unitholders or as otherwise determined by the Sponsor and to make corresponding changes to the Trust Agreement, which changes in each case are not adverse to the interests of Unitholders;

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree to amend the Trust Agreement as follows:

- A. Section 4.3(n) of the Trust Agreement is hereby deleted in its entirety and replaced with the following: “In connection with Unitholder requests for redemption, as permitted by the Sponsor under this Agreement, to facilitate such redemptions in accordance with procedures adopted by the Sponsor and made a part of this Agreement;”
- B. The Trust Agreement is hereby amended, to add an additional sentence at the end of Section 6.1 to read as follows: “The Redemption Procedures provided on Schedule A hereto shall be considered adopted and a part of this Agreement.”

All other terms and conditions of the Trust Agreement not hereby amended shall otherwise remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized signatories as of the date first indicated above.

OSPREY FUNDS, LLC:

By _____
Name: Gregory King
Title: CEO

DELAWARE TRUST COMPANY:

By _____
Name: Dana Dugan
Title: Assistant Vice President

Exhibit 5

Custodial Services Agreement with Coinbase Custody Trust Company, LLC

COINBASE CUSTODY CUSTODIAL SERVICES AGREEMENT

This Custodial Services Agreement (“**Agreement**”) is made by and between Osprey Bitcoin Trust (“**Client**”) and Coinbase Custody Trust Company, LLC, with an address at 200 Park Avenue South, Suite 1208, New York, NY 10003 (“**Coinbase Custody**”). This Agreement governs Client’s use of the Custodial Services (as defined herein) provided by Coinbase Custody as a fiduciary to Client’s assets.

1. CUSTODIAL SERVICES.

- 1.1. Custodial Services.** Client hereby appoints Coinbase Custody as its provider of Custodial Services in accordance with the terms and conditions of this Agreement. Coinbase Custody shall provide Client with a segregated custody account controlled and secured by Coinbase Custody (“**Custodial Account**”) to store certain digital assets supported by Coinbase Custody (“**Digital Assets**”), on Client’s behalf (“**Custodial Services**”). Coinbase Custody 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, and is licensed to custody Client’s Digital Assets in trust on Client’s behalf. Digital Assets in Client’s Custodial Account are not treated as general assets of Coinbase Custody. Rather, Coinbase Custody serves as a fiduciary and custodian on Client’s behalf, and the Digital Assets in Client’s Custodial Account are considered fiduciary assets that remain Client’s property.
- 1.2. Opt-in to Division 8 of the New York Commercial Code.** Coinbase Custody is a “securities intermediary” as that term is defined in Division 8 of the Commercial Code of the State of New York. Although it holds only Digital Assets, Client’s Custodial Account is considered a “securities account” under Division 8, and Client is the “entitlement holder” of the securities account under Division 8. Digital Assets in Client’s Custodial Account are treated as “financial assets” under Division 8. Coinbase Custody is obligated by Division 8 to maintain sufficient Digital Assets to satisfy all entitlements of its customers to the same Digital Assets. Coinbase Custody may not grant a security interest in the Digital Assets in Client’s Custodial Account. Digital Assets in Client’s Custodial Account are custodial assets. Under Division 8, the Digital Assets in Client’s Custodial Account are not general assets of Coinbase Custody and are not available to satisfy claims of creditors of Coinbase Custody. The treatment of Digital Assets in Client’s Custodial Account as financial assets under Division 8 does not determine the characterization or treatment of the Digital Assets under any other law or rule.
- 1.3. Custodial Services Fees.** Subject to any addenda or attachments hereto, the fees for Custodial Services shall be calculated in accordance with Schedule A (“**Fee Schedule**”). Coinbase Custody may propose modifications to the Fee Schedule at any time, upon at least thirty (30) days’ advance notice of such modifications to Client. Such modifications to the Fee Schedule shall be agreed to by Client and Coinbase

Coinbase Custodial Services Agreement

Custody in writing or to the extent the parties cannot reach an agreement, either party may elect to terminate this Agreement in accordance with Section 4.5 and discontinue the Custodial Services without charge or penalty.

- 1.4. No Investment Advice or Brokerage.** Coinbase Custody does not provide investment, tax, or legal advice, nor does Coinbase Custody broker transactions on Client's behalf. Client acknowledges that Coinbase Custody has not provided any advice or guidance or made any recommendations to Client with regard to the suitability or value of any Digital Assets, and that Coinbase Custody has no liability regarding Client's decision of any selection of a Digital Asset that is held by Client through Client's Custodial Account and the Custodial Services. All deposit and withdrawal transactions are executed based on Client's Instructions and in accordance with posted deposit and withdrawal execution procedures, and Client is solely responsible for determining whether any investment, investment strategy, or related transaction involving Digital Assets is appropriate for Client based on Client's personal investment objectives, financial circumstances, and risk tolerance. Client should consult its legal or tax professional regarding Client's specific situation.
- 1.5. Acknowledgement of Risks.** Client acknowledges that Digital Assets are not covered by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation.

2. CREATING A CUSTODIAL ACCOUNT.

- 2.1. Registration of Custodial Account.** The Custodial Services are provided through the website located at <https://custody.coinbase.com/>, associated websites and application programming interfaces ("APIs") (collectively, the "**Coinbase Custody Site**"). To use the Custodial Services, Client must create a Custodial Account by providing Coinbase Custody with all information requested. Coinbase Custody may, in its sole discretion, limit the number of Custodial Accounts a Client may operate.
- 2.2. Authorized Representatives.** Client shall provide the names of authorized employees and/or agents who shall be authorized to access the Coinbase Custody Site and issue instructions to Coinbase Custody on behalf of Client (each an "**Authorized Representative**"). Each Authorized Representative will continue in such capacity until such time as Coinbase Custody receives instructions from Client that its Authorized Representatives have changed. Client shall promptly notify Coinbase Custody in the event that the Authorized Representatives have changed.

3. CUSTODIAL ACCOUNT.

- 3.1. In General.** The Custodial Services allow (i) Client to deposit supported Digital Assets from a public blockchain address controlled by Client into its Custodial Account, (ii) withdraw supported Digital Assets from its Custodial Account to a public blockchain address controlled by Client, and (iii) certain additional services as

Coinbase Custodial Services Agreement

may be agreed to between the Client and Coinbase Custody from time to time in an addendum or attachment hereto. Each such deposit or withdrawal shall be a **“Custody Transaction”** and conform to Instructions (as defined below) provided by Client through the Coinbase Custody Site. Client shall withdraw Digital Assets only to public blockchain addresses and accounts owned by Client. Digital Assets are stored in Client’s Custodial Account in accordance with the terms of this Agreement and are not commingled with other client’s Digital Assets. **Coinbase Custody reserves the right to refuse to process or to cancel any pending Custody Transaction as required by law or in response to a subpoena, court order, or other binding government order or to enforce transaction, threshold, and condition limits or if Coinbase Custody reasonably believes that the Custody Transaction may violate or facilitate the violation of an applicable law, regulation or applicable rule of a governmental authority or self-regulatory organization. Coinbase Custody cannot reverse a Custody Transaction which has been broadcast to a Digital Asset network.**

- 3.2. Instructions.** Coinbase Custody may act upon instructions received from Client (if Client is a natural person) or Client’s Authorized Representatives (**“Instructions”**). When taking action upon Instructions, Coinbase Custody shall act in a reasonable and proper manner, and provided that (i) Instructions shall continue in full force and effect until cancelled or superseded (except in respect of Instructions executed by Coinbase Custody, which can no longer be cancelled), (ii) if any Instructions are ambiguous, Coinbase Custody shall refuse to execute such Instructions until any such ambiguity has been resolved to Coinbase Custody’s satisfaction, (iii) Coinbase Custody may refuse to execute Instructions if in Coinbase Custody’s opinion such Instructions are outside the scope of its obligations under this Agreement or are contrary to any applicable law, rule or other regulatory requirement (whether arising from any governmental authority or self-regulatory organization), and (iv) Coinbase Custody may rely in the performance of its duties under this Agreement and without liability on its part, upon any Instructions believed by it in good faith to be given by Client’s Authorized Representatives (or otherwise to have been given on Client’s behalf) and upon any notice, request, consent, certificate or other instrument believed by it in good faith to be genuine and to be signed or furnished by the proper party or parties thereto, including (without limitation) Client or any of Client’s Authorized Representatives. Client is responsible for losses resulting from inaccurate Instructions (e.g., if Client provides the wrong destination address to Coinbase Custody for executing a withdrawal transaction). Coinbase Custody is responsible for losses resulting from Coinbase Custody’s errors in executing a transaction (e.g., if Client provides the correct destination address for executing a withdrawal transaction, but Coinbase Custody erroneously sends Client’s Digital Assets to another destination address).
- 3.3. Digital Asset Deposits and Withdrawals.** Coinbase Custody processes supported Digital Asset deposits and withdrawals according to Instructions received from Client or Client’s Authorized Representatives, and Coinbase Custody does not guarantee the

Coinbase Custodial Services Agreement

identity of any user, receiver, requestee, or other party. Client should verify all transaction information prior to submitting instructions to Coinbase Custody. Coinbase Custody shall have no liability, obligation, or responsibility whatsoever for Client Digital Asset transfers sent to or received from a wrong party or sent or received with inaccurate Instructions. Client should manage and keep secure any and all information or devices associated with deposit and withdrawal verification procedures, including YubiKeys and passphrases or other security or confirmation information. Client agrees that it will not withdraw Digital Assets to a blockchain address that is not under Client's control or an address for which Client has not conducted the necessary Know Your Customer (KYC) and AML due diligence. Coinbase Custody reserves the right to charge network fees (miner fees) to process a Digital Asset transaction on Client's behalf. Coinbase Custody will calculate the network fee, if any, in its discretion, although Coinbase Custody will always notify Client of the network fee at or before the time Client authorizes the transaction. Coinbase Custody reserves the right to delay any Custody Transaction if it perceives a risk of fraud or illegal activity.

- 3.4. Digital Asset Storage and Transmission Delays.** Coinbase Custody requires up to twenty-four (24) hours between any request to withdraw Digital Assets from Client's Custodial Account and submission of Client's withdrawal to the applicable Digital Asset network. Since Coinbase Custody securely stores all Digital Asset private keys in offline storage, it may be necessary to retrieve certain information from offline storage in order to facilitate a withdrawal in accordance with Client's Instructions, which may delay the initiation or crediting of such withdrawal. Client acknowledges and agrees that a Custody Transaction may be delayed, and that Digital Assets shall not be deposited or withdrawn upon less than twenty-four (24) hours' notice initiated from Client's Custodial Account. The time of such request shall be the time such notice is transmitted from Client's Custodial Account. Coinbase Custody makes no representations or warranties with respect to the availability and/or accessibility of (1) the Digital Assets, (2) a Custody Transaction, (3) the Custodial Account, or (4) the Custodial Services.

While Coinbase Custody will make reasonable efforts to process Client initiated deposits in a timely manner, Coinbase Custody makes no representations or warranties regarding the amount of time needed to complete processing as such processing is dependent upon many factors outside of Coinbase Custody's control.

- 3.5. Supported Digital Assets.** The Custodial Services are available only in connection with those Digital Assets that Coinbase Custody, in its sole discretion, decides to support. The Digital Assets that Coinbase Custody supports may change from time to time. Prior to initiating a deposit of Digital Asset to Coinbase Custody, Client must confirm that Coinbase Custody offers Custodial Services for that specific Digital Asset. By initiating a deposit of Digital Asset to a Custodial Account, Client attests that Client has confirmed that the Digital Asset being transferred is a supported Digital Asset offered by Coinbase

Coinbase Custodial Services Agreement

- Custody.** Under no circumstances should Client attempt to use the Custodial Services to deposit or store Digital Assets in any forms that are not supported by Coinbase Custody. Depositing or attempting to deposit Digital Assets that are not supported by Coinbase Custody will result in such Digital Asset being irretrievable by Client and Coinbase Custody. Client shall be fully responsible and liable, and Coinbase Custody assumes no obligation or liability whatsoever regarding any unsupported Digital Asset sent or attempted to be sent to it, or regarding any attempt to use the Custodial Services for Digital Assets that Coinbase Custody does not support. To confirm which Digital Assets are supported by Coinbase Custody, Client should login at [Coinbase Custody Site](#) and carefully review the list of supported Digital Assets. Coinbase Custody recommends that Client deposit a small amount of supported Digital Asset as a test prior to initiating a deposit of a significant amount of supported Digital Asset. Coinbase Custody may from time to time determine types of Digital Asset that will be supported or cease to be supported by the Custodial Services. Coinbase Custody shall provide Client with thirty (30) days' written notice before ceasing to support a Digital Asset, unless Coinbase Custody is required to cease such support by court order, statute, law, rule (including a self-regulatory organization rule), regulation, code, or other similar requirement.
- 3.6. Advanced Protocols.** Unless specifically announced on the [Coinbase Custody Site](#) or through some other official public statement of Coinbase Custody, Coinbase Custody does not support airdrops, metacoins, colored coins, side chains, or other derivative, enhanced, or forked protocols, tokens, or coins which supplement or interact with a Digital Asset supported by Coinbase Custody (collectively, “**Advanced Protocols**”). Client shall not use Client’s Custodial Account to attempt to receive, request, send, store, or engage in any other type of transaction involving an Advanced Protocol. The Coinbase Custody platform is not configured to detect and/or secure Advanced Protocol transactions and neither Client nor Coinbase Custody will be able to retrieve any unsupported Advanced Protocol. Coinbase Custody assumes absolutely no liability, obligation or responsibility whatsoever in respect to Advanced Protocols.
- 3.7. Operation of Digital Asset Protocols.** Coinbase Custody does not own or control the underlying software protocols which govern the operation of Digital Assets supported in the Coinbase Custody platform. In general, the underlying protocols are open source and anyone can use, copy, modify, and distribute them. By using the Custodial Services, Client acknowledges and agrees (i) that Coinbase Custody makes no guarantee of the functionality, security, or availability of underlying protocols; (ii) that some underlying protocols are subject to consensus-based proof of stake validation methods which may allow, by virtue of their governance systems, changes to the associated blockchain or digital ledger (“**Governance Modifiable Blockchains**”), and that any Custody Transactions made by Client validated on such Governance Modifiable Blockchains may be affected accordingly; and (iii) that the underlying protocols are subject to sudden changes in operating rules (a/k/a “**forks**”), and that such forks may materially affect the value, function, and/or even the name of

Coinbase Custodial Services Agreement

the Digital Asset Client stores in Client's Custodial Account. In the event of a fork, Client agrees that Coinbase Custody may temporarily suspend Coinbase Custody operations (with or without notice to Client) and that Coinbase Custody may, in its sole discretion, decide whether or not to support (or cease supporting) either branch of the forked protocol entirely. Client acknowledges and agrees that Coinbase Custody assumes absolutely no liability, obligation or responsibility whatsoever in respect to the operation of underlying software protocols, transactions affected by Governance Modifiable Blockchains, or an unsupported branch of a forked protocol and, accordingly, Client acknowledges and assumes the risk of the same.

- 3.8. Use of the Custodial Services.** Client acknowledges and agrees that Coinbase Custody may monitor use of the Custodial Account and the Custodial Services and the resulting information may be utilized, reviewed, retained and or disclosed by Coinbase Custody for its internal purposes or in accordance with the rules of any applicable legal, regulatory or self-regulatory organization or as otherwise may be required to comply with relevant law, sanctions programs, legal process or government request.
- 3.9. Privacy.** Coinbase Custody shall only use Client's non-personal information in order to provide Services to the Client as outlined in this Agreement, to comply with its legal obligations, and for research and development. Coinbase Custody may only disclose Client information externally in an anonymized or aggregated form that does not identify Client and is stripped of any persistent identifiers (such as device identifiers, IP addresses, and cookie IDs).

Coinbase, Inc.'s Privacy Policy, available at <https://www.coinbase.com/legal/privacy>, sets out Coinbase Custody's use of any personal data collected by Coinbase Custody relating to any natural persons, which may include representatives of the Client.

- 3.10. Security.** Coinbase Custody has implemented and will maintain a reasonable information security program that includes policies and procedures that are reasonably designed to safeguard Coinbase Custody's electronic systems and Client's Confidential Information from, among other things, unauthorized access or misuse. In the event of a Data Security Incident (defined below), Coinbase Custody shall promptly notify Client and such notice shall include the following information: (i) the timing and nature of the Data Security Incident, (ii) the information related to Client that was compromised, including the names of any individual acting on Client's behalf in his or her corporate capacity whose personal information was compromised, (iii) when the Data Security Incident was discovered, and (iv) remedial actions that have been taken and that Coinbase Custody plans to take. "**Data Security Incident**" is defined as any incident whereby (a) an unauthorized person (whether within Coinbase Custody or a third party) acquired or accessed Client's information, or (b) Client's information is otherwise lost, stolen or compromised.

Coinbase Custodial Services Agreement

- 3.11. Confidentiality.** The parties agree that the recipient of any non-public, confidential or proprietary information of the other party including without limitation the existence and terms of this Agreement and information relating to the other party's business operations or business relationships or pursuant to this Agreement, including without limitation the pricing schedule (collectively "**Confidential Information**") will not disclose such Confidential Information to any third party except to such party's officers, directors, agents, employees, consultants, contractors and professional advisors who need to know the Confidential Information for the purpose of assisting in the performance of this Agreement and who are informed of, and agree to be bound by obligations of confidentiality no less restrictive than those set forth herein, and will protect such Confidential Information from unauthorized use and disclosure. Each party shall use any Confidential Information that it receives pursuant to or in connection with this Agreement solely for performance of this Agreement, and no other purpose. Confidential Information shall not include any (i) information that is or becomes generally publicly available through no fault of the recipient, (ii) information that the recipient obtains from a third party (other than in connection with this Agreement) that, to the recipient's best knowledge, is not bound by a confidentiality agreement prohibiting such disclosure; (iii) information that is independently developed or acquired by the recipient without the use of Confidential Information provided by the disclosing party; (iv) disclosure with the prior written consent of the disclosing party.

Notwithstanding the foregoing, each party may disclose Confidential Information of the other party to the extent required by a court of competent jurisdiction or governmental authority or otherwise required by law; provided, however, the party making such required disclosure shall first notify the other party (to the extent legally permissible) and shall afford the other party a reasonable opportunity to seek confidential treatment if it wishes to do so. For the purposes of this Agreement, no affiliate of Coinbase Custody shall be considered a third party; provided that Coinbase Custody causes such entity to undertake the obligations in this section. All documents and other tangible objects containing or representing Confidential Information and all copies or extracts thereof or notes derived therefrom that are in the possession or control of the recipient shall be and remain the property of the disclosing party and shall be promptly returned to the disclosing party or destroyed, each upon the disclosing party's request; provided, however, notwithstanding the foregoing, the recipient may retain one (1) copy of Confidential Information if (a) required by law or regulation, or (b) retained pursuant to a bona fide and consistently applied document retention policy; provided, further, that in either case, any Confidential Information so retained shall remain subject to the confidentiality obligations of this Agreement.

- 3.12. Account Statements.** Coinbase Custody will provide Client with an electronic account statement: (1) every calendar quarter, at a minimum; or (2) for any month in which Client deposited or withdrew Digital Assets. Each account statement will identify the amount of each Digital Asset in Client's Custodial Account at the end of

Coinbase Custodial Services Agreement

the period and set forth all transactions in Client's account during that period. Coinbase Custody will send a notice to the email of record given to Coinbase Custody when a new account statement is made available.

3.13. Independent Verification. If Client is subject to Rule 206(4)-2 under the Investment Advisers Act of 1940, Coinbase Custody shall, upon written request, provide Client authorized independent public accountant confirmation of or access to information sufficient to confirm (i) Client's Digital Assets as of the date of an examination conducted pursuant to Rule 206(4)-2(a)(4), and (ii) Client's Digital Assets are held either in a separate account under Client's name or in accounts under Client's name as agent or trustee for Client's clients.

3.14. Third-Party Payments. The Custodial Services are not intended to facilitate third-party payments of any kind. As such, Coinbase Custody has no control over, or liability for, the delivery, quality, safety, legality or any other aspect of any goods or services that Client may purchase or sell to or from a third party (including other users of Custodial Services) involving Digital Assets that Client intends to store, or have stored, in Client's Custodial Account.

4. GENERAL USE, PROHIBITED USE, AND TERMINATION.

4.1. Limited Licenses

4.1.1. Coinbase Custody Site and Content. During the term of this Agreement, Coinbase Custody hereby grants Client a limited, nonexclusive, non-transferable, non-sublicensable, revocable, and royalty-free license, subject to the terms of this Agreement, to access and use the Coinbase Custody Site and related content, materials, information (collectively, the "**Content**") solely for Client's internal business use and other approved purposes as permitted by Coinbase Custody in writing from time to time. Any other use of the Coinbase Custody Site or Content is expressly prohibited. All other right, title, and interest (including all copyright, trademark, patent, trade secrets, and all other intellectual property rights) in the Coinbase Custody Site or Content and Custodial Services is and will remain the exclusively the property of Coinbase Custody and its licensors. Client shall not copy, transmit, distribute, sell, license, reverse engineer, modify, publish, or participate in the transfer or sale of, create derivative works from, or in any other way exploit any of the Custodial Services or Content, in whole or in part. "custody.coinbase.com," "Coinbase," "Coinbase Custody," "Coinbase Custody" and all logos related to the Custodial Services or displayed on the Coinbase Custody Site are either trademarks or registered marks of Coinbase Custody or its licensors. Client may not copy, imitate or use them without Coinbase Custody's prior written consent. The license granted under this Section 4.1.1 will automatically terminate upon termination of this Agreement, or the

Coinbase Custodial Services Agreement

suspension or termination of Client's access to the Coinbase Custody Site or Custodial Services.

4.1.2. Limited License of Coinbase Custody Brand. Notwithstanding Section 6.1(vi) of this Agreement, during the term of this Agreement, each party hereby grants to the other a nonexclusive, non-transferable, non-sublicensable, revocable, and royalty-free right, subject to the terms of this Agreement, to display its trademark or logo, or otherwise refer to its name and likeness (the "**Brand**"), for the sole and limited purpose of identifying such other party as a service provider or client of the Custodial Services, as applicable, on its website or to investors or the public, as required by its investment activities. Client may also use the Coinbase Custody Brand in published form, including but not limited to investor or related marketing materials using only the content pre-approved by Coinbase Custody ("**Pre-Approved Marketing Content**") as set forth in Exhibit A hereto. Client (1) shall not deviate from nor modify the Pre-Approved Marketing Content or brand guidelines found in Exhibit A, except as provided therein, and (2) shall not make any representations or warranties regarding the Custodial Services provided by Coinbase Custody (other than factually accurate statements that Coinbase Custody is a provider of Custodial Services). Each party acknowledges that it shall not acquire any right of ownership to the other parties' copyrights, patents, trade secrets, trademarks, trade dresses, service marks, or other intellectual property rights, and further agrees that it will cease using any materials that bear the other parties' Brand upon termination of this Agreement. All uses of each parties' Brand hereunder shall inure to the benefit of such party and the other party shall not do or cause to be done any act or thing that may in any way adversely affect any rights of the party owning the Brand in and to its Brand or otherwise challenge the validity of its Brand or any application for registration thereof, or any trademark registration thereof, or any rights therein. Notwithstanding the foregoing, Coinbase Custody shall retain the right to request that Client modify or terminate its use of the Coinbase Custody Brand if Coinbase Custody, in its sole and absolute discretion, disapproves of Client's use of the Coinbase Custody Brand.

4.2. Website Accuracy. Although Coinbase Custody intends to provide accurate and timely information on the Coinbase Custody Site, the Coinbase Custody Site (including, without limitation, the Content) may not always be entirely accurate, complete, or current and may also include technical inaccuracies or typographical errors. In an effort to continue to provide Client with as complete and accurate information as possible, information may be changed or updated from time to time without notice, including without limitation information regarding Coinbase Custody policies, products and services. Accordingly, Client should verify all information before relying on it, and all decisions based on information contained on the Coinbase

Coinbase Custodial Services Agreement

Custody Site are Client's sole responsibility and Coinbase Custody shall have no liability for such decisions. Links to third-party materials (including without limitation websites) may be provided as a convenience but are not controlled by Coinbase Custody. Coinbase Custody is not responsible for any aspect of the information, content, or services contained in any third-party materials or on any third-party sites accessible from or linked to the Coinbase Custody Site.

- 4.3. Third-Party or Non-Permissioned Use.** Except for fund administrators, Client shall not grant permission to a third party or non-permissioned user to access or connect to Client's Custodial Account, either through the third party's product or service or through the Coinbase Custody Site. Client acknowledges that granting permission to a third party or non-permissioned user to take specific actions on Client's behalf does not relieve Client of any of Client's responsibilities under this Agreement and may violate the terms of this Agreement. Client is fully responsible for all acts or omissions of any third party or non-permissioned user with access to Client's Custodial Account. Further, Client acknowledges and agrees that Client will not hold Coinbase Custody responsible for, and will indemnify Coinbase Custody from, any liability arising out of or related to any act or omission of any third party or non-permissioned user with access to Client's Custodial Account. Client must notify Coinbase Custody immediately if a third party or non-permissioned user accesses or connects to Client's Custodial Account by contacting Client's Custodial Account representative or by emailing custody@coinbase.com from the email address associated with Client's Custodial Account.
- 4.4. Prohibited Use.** Client represents and warrants that Client will not use the Custodial Services or Custodial Account for any illegal activity, including without limitation illegal gambling, money laundering, fraud, blackmail, extortion, ransoming data, the financing of terrorism, other violent activities or any prohibited market practices, including without limitation activities and business set forth in [Appendix 1](#).
- 4.5. Termination for Convenience.** Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party. Notwithstanding the foregoing, Client may cancel Client's Custodial Account at any time by withdrawing all balances and contacting Coinbase Custody at custody@coinbase.com. Client will not be charged for canceling Client's Custodial Account, although Client will be required to pay any outstanding amounts owed to Coinbase Custody. Client authorizes Coinbase Custody to cancel or suspend any pending deposits or withdrawals at the time of cancellation.
- 4.6. Suspension, Termination, and Cancellation.** Coinbase Custody may: (a) suspend or restrict Client's access to the Custodial Services, and/or (b) deactivate, terminate or cancel Client's Custodial Account if:

Coinbase Custodial Services Agreement

- 4.6.1. Coinbase Custody is so required by a facially valid subpoena, court order, or binding order of a government authority;
- 4.6.2. Coinbase Custody reasonably suspects Client of using Client's Custodial Account in connection with a Prohibited Use or Prohibited Business, as set forth in Appendix 1;
- 4.6.3. Coinbase Custody perceives a heightened risk of legal or regulatory non-compliance associated with Client's Custodial Account activity;
- 4.6.4. Coinbase Custody service partners are unable to support Client's use;
- 4.6.5. Client takes any action that Coinbase Custody deems as circumventing Coinbase Custody's controls, including, but not limited to, opening multiple Custodial Accounts, abusing promotions which Coinbase Custody may offer from time to time, or otherwise making a misrepresentation of Client's Custodial Account; or
- 4.6.6. Client breaches or violates the terms of this Agreement.

If Coinbase Custody suspends or closes Client's Custodial Account or terminates Client's use of the Custodial Services for any reason, Coinbase Custody will provide Client with notice of Coinbase Custody's actions unless a court order or other legal or regulatory process prohibits Coinbase Custody from providing Client with such notice. Client acknowledges that Coinbase Custody's decision to take certain actions, including limiting access to, suspending, or closing Client's Custodial Account, may be based on confidential criteria that are essential to Coinbase Custody's risk management and security protocols. Client agrees that Coinbase Custody is under no obligation to disclose the details of its risk management and security procedures to Client.

Client will be permitted to withdraw Digital Assets associated with Client's Custodial Account for ninety (90) days after Custodial Account deactivation or cancellation unless such withdrawal is otherwise prohibited (i) under the law, including but not limited to applicable sanctions programs, or (ii) by a facially valid subpoena, court order, or binding order of a government authority. If a shorter time frame than the ninety (90) days prescribed in the preceding sentence is required by an applicable court order, subpoena or regulatory or governmental authority, Client shall use best efforts to withdraw such Digital Assets within such shorter time frame.

- 4.7. **Relationship of the Parties.** Nothing in this Agreement shall be deemed or is intended to be deemed, nor shall it cause Client and Coinbase Custody to be treated as partners, joint ventures, or otherwise as joint associates for profit, or either Client or Coinbase Custody to be treated as the agent of the other.

Coinbase Custodial Services Agreement

- 4.8. Password Security; Contact Information.** Client is responsible for maintaining adequate security and control of any and all IDs, passwords, hints, personal identification numbers (PINs), API keys, YubiKeys, other security or confirmation information or hardware, or any other codes that Client uses to access the Custodial Services. Any loss or compromise of the foregoing information and/or Client's personal information may result in unauthorized access to Client's Custodial Account by third-parties and the loss or theft of any Digital Assets held in Client's Custodial Account. Client is responsible for keeping Client's email address and telephone number up to date in Client's Custodial Account profile in order to receive any notices or alerts that Coinbase Custody may send Client. Coinbase Custody **assumes no responsibility for any loss that Client may sustain due to compromise of Custodial Account login credentials due to no fault of Coinbase Custody and/or failure to follow or act on any notices or alerts that Coinbase Custody may send to Client.** In the event Client believes Client's Custodial Account information has been compromised, Client must contact Coinbase Custody Support immediately at custody@coinbase.com.
- 4.9. Taxes.** Client shall be fully responsible and liable for, and Coinbase Custody shall have no liability, obligation, or responsibility whatsoever for determining whether, and to what extent, any taxes apply to any deposits or withdrawals Client conducts through the Custodial Services, and to withhold, collect, report and remit the correct amounts of taxes to the appropriate tax authorities. Client's deposit and withdrawal history is available by accessing Client's Custodial Account through the Coinbase Custody Site or by contacting Client's account representative.
- 4.10. Additional Matters.** In addition to any additional service providers that may be described in an addendum or attachment hereto, Client acknowledges and agrees that the Custodial Services may be provided from time to time by, through or with the assistance of affiliates of, or vendors to, Coinbase Custody. Client shall receive notice of any material change in the entities that provide the Custodial Services. Unless Client terminates this Agreement as permitted herein, any new agreements or amended terms and conditions, associated with such change shall be governed by Sections 8.2 and 8.3 herein.
- 4.11. Death of Account Holder.** To the extent Client is a natural person, if Coinbase Custody receives legal documentation confirming Client's death or other information leading Coinbase Custody to believe Client is deceased, Coinbase Custody will freeze Client's Custodial Account ("**Freeze Period**"). During the Freeze Period, no transactions may be completed until: (i) Client's designated fiduciary has opened a new Custodial Account, as further described below, and the entirety of Client's Custodial Account has been transferred to such new Custodial Account, or (ii) Client has received proof in a form satisfactory to Coinbase Custody that Client is not deceased. If Coinbase Custody has reason to believe Client is deceased but Coinbase Custody does not have proof of Client's death in a form satisfactory to Coinbase Custody, Client authorizes Coinbase Custody to make inquiries, whether directly or

Coinbase Custodial Services Agreement

through third parties, that Coinbase Custody considers necessary to ascertain whether Client is deceased. Upon receipt by Coinbase Custody of proof satisfactory to Coinbase Custody that Client is deceased, the fiduciary Client designated in a valid Will or similar testamentary document will be required to open a new Custodial Account. If Client has not designated a fiduciary, then Coinbase Custody reserves the right to (i) treat as Client's fiduciary any person entitled to inherit Client's Custodial Account, as determined by Coinbase Custody upon receipt and review of the documentation Coinbase Custody, in its sole and absolute discretion, deems necessary or appropriate, including (but not limited to) a Will, a living trust or a Small Estate Affidavit, or (ii) require an order designating a fiduciary from a court having competent jurisdiction over Client's estate. In the event Coinbase Custody determines, in its sole and absolute discretion, that there is uncertainty regarding the validity of the fiduciary designation, Coinbase Custody reserves the right to require an order resolving such issue from a court of competent jurisdiction before taking any action relating to Client's Custodial Account. Pursuant to the above, the opening of a new Custodial Account by a designated fiduciary is mandatory following the death of Client, and Client hereby agrees that his/her fiduciary shall be required to open a new Custodial Account and provide the information required under Section 2 of this Agreement in order to gain access to the contents of Client's Custodial Account.

5. COINBASE CUSTODY CONTACT INFORMATION AND DISPUTE RESOLUTION.

- 5.1. Contact Coinbase Custody; Complaints.** If Client has any feedback, questions, or complaints, Client may contact Coinbase Custody Customer Support, located at 200 Park Avenue South, Suite 1208, New York, NY 10003, via email at custody@coinbase.com or by telephone to Coinbase Custody at +1 (646) 760-6195.

If Client is a customer of Coinbase Custody in the United States, Client may also direct a complaint to the attention of: New York State Department of Financial Services, One State Street, New York, NY 10004-1511; +1 (212) 480-6400. Please visit www.dfs.ny.gov for additional information.

- 5.2. Arbitration.** Any dispute arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation or validity thereof, including the termination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration in the state of New York or another mutually agreeable location, before one neutral arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, and the award of the arbitrator (the "Award") shall be accompanied by a reasoned opinion. Judgment on the Award may be entered in any court having jurisdiction. This Agreement shall not preclude the parties from seeking provisional relief, including injunctive relief, in any court of competent jurisdiction. Seeking any such provisional relief shall not be deemed to be a waiver of such party's right to compel arbitration. The parties expressly waive their right to a jury trial to the extent permitted by applicable law.

Coinbase Custodial Services Agreement

In any arbitration arising out of or related to this Agreement, the arbitrator shall award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees. "Costs and fees" mean all reasonable pre-award expenses of the arbitration, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, court costs, witness fees, and attorneys' fees.

JAMS and the arbitrator shall maintain the confidential nature of the arbitration proceeding and the award, including the hearing, except as necessary in connection with a judicial challenge to or enforcement of an Award, or unless otherwise required by law or judicial decision. The parties shall also maintain the confidential nature of the arbitration proceeding and the Award, including the hearing, except as may be necessary to prepare for or conduct the arbitration hearing on the merits, or except as may be necessary in connection with a court application for a preliminary remedy, a judicial challenge to an Award or its enforcement, or unless otherwise required by law or judicial decision.

6. REPRESENTATIONS AND WARRANTIES.

6.1. Client's Representations and Warranties. In addition to the obligations arising under this Agreement and as a condition of and in consideration of Client accessing the Custodial Services, Client represents and warrants the following:

6.1.1. Client is and shall remain in full compliance with all applicable laws, rules, and regulations in each jurisdiction in which Client operates or otherwise uses the Custodial Services, including U.S. securities laws and regulations, as well as any applicable state and federal laws, including, but not limited to, U.S. efforts to fight the funding of terrorism and money laundering, and USA PATRIOT Act and Bank Secrecy Act requirements. Client further understands that any fines or penalties imposed on Coinbase Custody as a result of a violation by Client of any applicable securities regulation or law may, at Coinbase Custody's discretion, be passed on to Client and Client acknowledges and represents that Client will be responsible for payment to Coinbase Custody of such fines;

6.1.2. Client is and shall remain in good standing with all relevant government agencies, departments, regulatory or supervisory bodies in all relevant jurisdictions in which Client does business, including but not limited to FINRA, the Municipal Securities Rulemaking Board, SIPC, the National Futures Association, the Commodity Futures Trading Commission and the Securities and Exchange Commission, and Client will immediately notify Coinbase Custody if Client ceases to be in good standing with any regulatory authority;

Coinbase Custodial Services Agreement

- 6.1.3.** Client will promptly provide such information as Coinbase Custody may reasonably request in their sole discretion from time to time regarding (a) Client's policies, procedures, and activities which relate to the Custodial Services in any manner, as determined by Coinbase Custody in its sole and absolute discretion, and (b) any transaction which involves the use of the Custodial Services, to the extent reasonably necessary to comply with applicable law, or the guidance or direction of, or request from, any regulatory authority or financial institution, provided that such information may be redacted to remove confidential commercial information not relevant to the requirements of this Agreement;
 - 6.1.4.** Client will not deposit to a Custodial Account any Digital Asset that is not supported by the Custodial Services;
 - 6.1.5.** Client either owns or possesses lawful authorization to transact with all Digital Assets involved in the Custody Transactions;
 - 6.1.6.** Client will not make any public statement, including any press release, media release, or blog post which mentions or refers to Coinbase Custody or a partnership between Client and Coinbase Custody, without the prior written consent of Coinbase Custody;
 - 6.1.7.** Client has the full capacity and authority to enter into and be bound by this Agreement and the person executing or otherwise accepting this Agreement for Client has full legal capacity and authorization to do so; and
 - 6.1.8.** All information provided by Client to Coinbase Custody in the course of negotiating this Agreement and the onboarding of Client as Coinbase Custody's customer and user of the Custodial Services is complete, true, and accurate in all material respects, and no material information has been excluded.
- 6.2. Coinbase Custody Representations and Warranties.** Coinbase Custody represents and warrants the following:
- 6.2.1.** Coinbase Custody will safekeep the Digital Assets and segregate all Digital Assets from both the (a) property of Coinbase Custody, and (b) assets of other customers of Coinbase Custody;
 - 6.2.2.** Coinbase Custody has no right, interest, or title in Client's Digital Assets;
 - 6.2.3.** Coinbase Custody will maintain adequate capital and reserves to the extent required by applicable law;

Coinbase Custodial Services Agreement

- 6.2.4. Coinbase Custody will not, directly or indirectly, lend, pledge, hypothecate or re-hypothecate any Digital Assets;
- 6.2.5. Coinbase Custody possess, and will maintain, all licenses, registrations, authorizations and approvals required by any governmental agency, regulatory authority or other party necessary for it to operate its business and engage in the business relating to its provision of the Custodial Services;
- 6.2.6. Coinbase Custody will not make any public statement, including any press release, media release, or blog post which mentions or refers to Client or a partnership between Coinbase Custody and Client, without the prior written consent of Client; and
- 6.2.7. Coinbase Custody has the full capacity and authority to enter into and be bound by this Agreement and the person executing or otherwise accepting this Agreement for Coinbase Custody has full legal capacity and authorization to do so.

7. DISCLAIMERS; INDEMNIFICATION; LIMITATION OF LIABILITY.

- 7.1. **Computer Viruses.** Coinbase Custody shall not bear any liability, whatsoever, for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect Client's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption directly resulted from Coinbase Custody's gross negligence, fraud, or willful misconduct. Coinbase Custody advises the regular use of a reputable and readily available virus screening and prevention software. Client should also be aware that SMS and email services are vulnerable to spoofing and phishing attacks and should use care in reviewing messages purporting to originate from Coinbase Custody. Client should always log into Client's Custodial Account through the Coinbase Custody Site to review any deposits or withdrawals or required actions if Client has any uncertainty regarding the authenticity of any communication or notice.
- 7.2. **Indemnification.** Each party agrees to indemnify and hold the other party, its affiliates, and each of its or their respective officers, directors, employees and representatives, harmless from any third-party claim or third-party demand (including attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of a party's (1) breach of this Agreement, (2) breach of the confidentiality obligations under or in connection with this Agreement, (3) violation of any law, rule or regulation, or the rights of any third party, or (4) gross negligence, fraud or willful misconduct.
- 7.3. **Limitation of Liability; No Warranty.** IN NO EVENT SHALL COINBASE CUSTODY, ITS AFFILIATES AND SERVICE PROVIDERS, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS,

Coinbase Custodial Services Agreement

EMPLOYEES OR REPRESENTATIVES, BE LIABLE (A) FOR ANY AMOUNT GREATER THAN THE VALUE OF THE SUPPORTED DIGITAL ASSETS ON DEPOSIT IN CLIENT'S CUSTODIAL ACCOUNT(S) AT THE TIME OF THE EVENTS GIVING RISE TO THE LIABILITY (THE VALUE OF WHICH SHALL BE CALCULATED AT THE AVERAGE UNITED STATES DOLLAR ASK PRICE, AT THE TIME OF THE LOSS, OF THE THREE (3) LARGEST EXCHANGES (BY TRAILING 30-DAY VOLUME) WHICH OFFER THE RELEVANT DIGITAL CURRENCY OR DIGITAL ASSET/USD TRADING PAIR, AS RELEVANT, SUBJECT TO THE PER ADDRESS LIMITATION AS DESCRIBED BELOW) AND/OR (B) FOR ANY LOST PROFITS OR ANY SPECIAL, INCIDENTAL, INDIRECT, INTANGIBLE, OR CONSEQUENTIAL DAMAGES, WHETHER BASED IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH AUTHORIZED OR UNAUTHORIZED USE OF THE COINBASE CUSTODY SITE OR THE COINBASE CUSTODY CUSTODIAL SERVICES, OR THIS AGREEMENT, EVEN IF AN AUTHORIZED REPRESENTATIVE OF COINBASE CUSTODY HAS BEEN ADVISED OF OR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES SO THE ABOVE LIMITATION MAY NOT APPLY TO CLIENT..

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE COINBASE CUSTODY CUSTODIAL SERVICES ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS, IMPLIED OR STATUTORY. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, COINBASE CUSTODY SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND/OR NON-INFRINGEMENT. COINBASE CUSTODY DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES THAT ACCESS TO THE SITE, ANY PART OF THE COINBASE CUSTODY CUSTODIAL SERVICES, OR ANY OF THE MATERIALS CONTAINED THEREIN, WILL BE CONTINUOUS, UNINTERRUPTED, OR TIMELY; BE COMPATIBLE OR WORK WITH ANY SOFTWARE, SYSTEM OR OTHER SERVICES; OR BE SECURE, COMPLETE, FREE OF HARMFUL CODE, OR ERROR-FREE.

NOTWITHSTANDING THE FOREGOING, COINBASE CUSTODY'S MAXIMUM LIABILITY FOR EACH COLD STORAGE ADDRESS SHALL BE LIMITED TO ONE HUNDRED MILLION US DOLLARS (US\$100,000,000). AS A BEST PRACTICE, COINBASE CUSTODY RECOMMENDS LIMITING THE VALUE OF DIGITAL ASSETS DEPOSITED IN EACH COLD STORAGE ADDRESS TO LESS THAN EIGHTY MILLION US DOLLARS (US\$80,000,000). IF ELECTED BY CLIENT, COINBASE CUSTODY WILL PROVIDE CLIENT WITH ALL NECESSARY ASSISTANCE TO IMPLEMENT SUCH LIMITATIONS.

Coinbase Custodial Services Agreement

8. MISCELLANEOUS.

- 8.1. Entire Agreement.** This Agreement, any addendum or attachments thereto, the Coinbase Custody [Privacy Policy](#), and all disclosures, notices or policies available on the [Coinbase Custody Site](#), comprise the entire understanding and agreement between Client and Coinbase Custody as to the Custodial Services, and supersedes any and all prior discussions, agreements and understandings of any kind (including without limitation any prior versions of this Agreement), and every nature between and among Client and Coinbase Custody. Section headings in this Agreement are for convenience only and shall not govern the meaning or interpretation of any provision of this Agreement.
- 8.2. Amendments.** Any modification or addition to this Agreement must be in writing and either (i) signed by a duly authorized representative of each of party, or (ii) accepted and agreed to by Client through the Custodial Services user interface. Client agrees that Coinbase Custody shall not be liable to Client or any third party for any modification or termination of the Custodial Services, or suspension or termination of Client's access to the Custodial Services, except to the extent otherwise expressly set forth herein.
- 8.3. Assignment.** Client may not assign any rights and/or licenses granted under this Agreement without the prior written consent of Coinbase Custody. Coinbase Custody reserves the right to assign its rights without restriction except notice to Client, including without limitation to any Coinbase Custody affiliates or subsidiaries, or to any successor in interest of any business associated with the Custodial Services. Any attempted transfer or assignment in violation hereof shall be null and void. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties, their successors and permitted assigns.
- 8.4. Severability.** If any provision of this Agreement shall be determined to be invalid or unenforceable under any rule, law, or regulation or any governmental agency (local, state, or federal), such provision will be changed and interpreted to accomplish the objectives of the provision to the greatest extent possible under any applicable law and the validity or enforceability of any other provision of this Agreement shall not be affected.
- 8.5. Survival.** All provisions of this Agreement which by their nature extend beyond the expiration or termination of this Agreement, including, without limitation, sections pertaining to suspension or termination, Custodial Account cancellation, debts owed to Coinbase Custody, general use of the Coinbase Custody Site, disputes with Coinbase Custody, and general provisions, shall survive the termination or expiration of this Agreement.
- 8.6. Governing Law.** Client agrees that the laws of the State of New York, without regard to principles of conflict of laws, will govern this Agreement and any claim or dispute

Coinbase Custodial Services Agreement

that arises from, or relates thereto, between Client and Coinbase Custody, except to the extent governed by federal law.

- 8.7. Force Majeure.** Coinbase Custody shall not be liable for delays, suspension of operations, whether temporary or permanent, failure in performance, or interruption of service which result directly or indirectly from any cause or condition beyond the reasonable control of Coinbase Custody, including but not limited to, any delay or failure due to any act of God, natural disasters, act of civil or military authorities, act of terrorists, including but not limited to cyber-related terrorist acts, hacking, government restrictions, exchange or market rulings, civil disturbance, war, strike or other labor dispute, fire, interruption in telecommunications or Internet services or network provider services, failure of equipment and/or software, other catastrophe or any other occurrence which is beyond the reasonable control of Coinbase Custody and shall not affect the validity and enforceability of any remaining provisions.
- 8.8. Non-Waiver of Rights.** This agreement shall not be construed to waive rights that cannot be waived under applicable laws in the jurisdiction where Client is located.

9. COINBASE CUSTODY OBLIGATIONS.

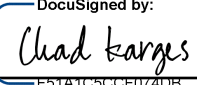
- 9.1. Bookkeeping.** Coinbase Custody will keep timely and accurate records as to the deposit, disbursement, investment, and reinvestment of the Digital Assets. Coinbase Custody will maintain accurate records and bookkeeping of the Custodial Services as required by applicable law and in accordance with Coinbase Custody's internal document retention policies.
- 9.2. Insurance.** Coinbase Custody will obtain and maintain, at its sole expense, insurance coverage in such types and amounts as are commercially reasonable for the Custodial Services provided hereunder.
- 9.3. Business Continuity Plan.** Coinbase Custody has established a business continuity plan that will support its ability to conduct business in the event of a significant business disruption ("SBD"). This plan is reviewed and updated annually, and can be updated more frequently, if deemed necessary by Coinbase Custody in its sole discretion. Should Coinbase Custody be impacted by an SBD, Coinbase Custody aims to minimize business interruption as quickly and efficiently as possible. To receive more information about Coinbase Custody's business continuity plan, please send a written request to security@coinbase.com.

[Signatures on the following page]

Coinbase Custodial Services Agreement

IN WITNESS WHEREOF, this Agreement is executed as of the date below.

COINBASE CUSTODY TRUST COMPANY, LLC.

By: DocuSigned by:

F51A1C5CCF074DB...
Name: Chad Karges
Title: Authorized Signatory
Date: February 4, 2022

CLIENT: Osprey Bitcoin Trust

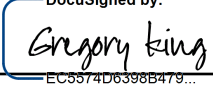
By: DocuSigned by:

EC5574D0398B479...
Name: Gregory King
Title: CEO
Date: February 3, 2022

EXHIBIT A

PRE-APPROVED MARKETING CONTENT

“Coinbase Custody Trust Company, LLC 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.”

Client may make factually accurate statements (in accordance with Section 4.1.2 of the Agreement) limited to describing the Custodial Services provided by Coinbase Custody to Client, which contain the information in the statement above; provided, however, Client may **not** make any statements (A) implying that Coinbase Custody is listing, buying, trading, issuing, selling, offering for sale, distributing or promoting any investment products (including without limitation, Digital Assets, fiat currency, securities, commodities, trading products, derivatives, structured products, investment funds, investment portfolios, commodity pools, swaps, securitizations or synthetic products), including where the price, return, outcome, and/or performance of the investment product is based on, derived from, or related to Coinbase Custody, or (B) implying any endorsement or assessment by Coinbase Custody of the quality of Client’s Digital Assets or Client’s business, without Coinbase Custody’s written agreement.

All Pre-Approved Marketing Content shall comply with Coinbase Custody’s Brand Guidelines located [here](#).

APPENDIX 1:**PROHIBITED USE, PROHIBITED BUSINESSES AND CONDITIONAL USE**

This policy sets forth the limitations concerning Client's use of Client's Custodial Account. Coinbase Custody may amend this policy at any time by providing a revised version on [Coinbase Custody Site](#). The revised version will be effective at the time Coinbase Custody posts it. Coinbase Custody will provide Client with prior notice of any material changes via [Coinbase Custody Site](#).

1. **PROHIBITED USE.** Client may not use Client's Custodial Account to engage in the following categories of activity ("**Prohibited Uses**"). The Prohibited Uses extend to any third party that gains access to the Custodial Services through Client's account or otherwise, regardless of whether such third party was authorized or unauthorized by Client to use the Custodial Services associated with the Custodial Account. The specific types of use listed below are representative, but not exhaustive. If Client is uncertain as to whether or not Client's use of Custodial Services involves a Prohibited Use, or have questions about how these requirements apply to Client, please contact Coinbase Custody at custody@coinbase.com. By opening a Custodial Account, Client confirms that Client will not use Client's Custodial Account to do any of the following:
 - 1.1. **Unlawful Activity:** Activity which would violate, or assist in violation of, any law, statute, ordinance, or regulation, sanctions programs administered in the countries where Coinbase Custody conducts business, including, but not limited to, the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), or which would involve proceeds of any unlawful activity; publish, distribute or disseminate any unlawful material or information.
 - 1.2. **Abusive Activity:** Actions which impose an unreasonable or disproportionately large load on Coinbase Custody's infrastructure, or detrimentally interfere with, intercept, or expropriate any system, data, or information; transmit or upload any material to the Site that contains viruses, Trojan horses, worms, or any other harmful or deleterious programs; attempt to gain unauthorized access to the Site, other Custodial Accounts, computer systems or networks connected to the Site, through password mining or any other means; use Custodial Account information of another party to access or use the Site; or transfer Client's Custodial Account access or rights to Client's Custodial Account to a third party, unless by operation of law or with the express permission of Coinbase Custody.
 - 1.3. **Abuse Other Users:** Interfere with another Coinbase Custody user's access to or use of any Custodial Services; defame, abuse, extort, harass, stalk, threaten or otherwise violate or infringe the legal rights (such as, but not limited to, rights of privacy, publicity and intellectual property) of others; harvest or otherwise collect

Coinbase Custodial Services Agreement

information from the Site about others, including, without limitation, email addresses, without proper consent.

- 1.4. **Fraud:** Activity which operates to defraud Coinbase Custody, Coinbase Custody users, or any other person; provide any false, inaccurate, or misleading information to Coinbase Custody.
 - 1.5. **Gambling:** Lotteries; bidding fee auctions; sports forecasting or odds making; fantasy sports leagues with cash prizes; Internet gaming; contests; sweepstakes; games of chance.
 - 1.6. **Intellectual Property Infringement:** Engage in transactions involving items that infringe or violate any copyright, trademark, right of publicity or privacy or any other proprietary right under the law, including but not limited to sales, distribution, or access to counterfeit music, movies, software, or other licensed materials without the appropriate authorization from the rights holder; use of Coinbase Custody intellectual property, name, or logo, including use of Coinbase Custody trade or service marks, without express consent from Coinbase Custody or in a manner that otherwise harms Coinbase Custody, or Coinbase Custody's brand; any action that implies an untrue endorsement by or affiliation with Coinbase Custody.
 - 1.7. **Written Policies:** Client may not use the Custodial Account or the Custodial Services in a manner that violates, or is otherwise inconsistent with, any operating instructions promulgated by Coinbase Custody.
2. **PROHIBITED BUSINESSES.** Although Coinbase Custody may offer a Custodial Account to any entity that can successfully create an account in accordance with the terms of this Agreement, the following categories of businesses, business practices, and sale items are barred from the Custodial Services ("**Prohibited Businesses**"). The specific types of use listed below are representative, but not exhaustive. If Client is uncertain as to whether or not Client's use of the Custodial Services involves a Prohibited Business, or have questions about how these requirements apply to Client, please contact us at custody@coinbase.com.

By opening a Custodial Account, Client confirm that Client will not use the Custodial Services in connection with any of following businesses, activities, practices, or items:

- 2.1. **Restricted Financial Services:** Check cashing, bail bonds, collections agencies.
- 2.2. **Intellectual Property or Proprietary Rights Infringement:** Sales, distribution, or access to counterfeit music, movies, software, or other licensed materials without the appropriate authorization from the rights holder

Coinbase Custodial Services Agreement

- 2.3. Counterfeit or Unauthorized Goods:** Unauthorized sale or resale of brand name or designer products or services; sale of goods or services that are illegally imported or exported or which are stolen.
- 2.4. Regulated Products and Services:** Marijuana dispensaries and related businesses; sale of tobacco, e-cigarettes, and e-liquid; online prescription or pharmaceutical services; age-restricted goods or services; weapons and munitions; gunpowder and other explosives; fireworks and related goods; toxic, flammable, and radioactive materials; products and services with varying legal status on a state-by-state basis.
- 2.5. Drugs and Drug Paraphernalia:** Sale of narcotics, controlled substances, and any equipment designed for making or using drugs, such as bong, vaporizers, and hookahs.
- 2.6. Pseudo-Pharmaceuticals:** Pharmaceuticals and other products that make health claims that have not been approved or verified by the applicable local and/or national regulatory body.
- 2.7. Substances designed to mimic illegal drugs:** Sale of a legal substance that provides the same effect as an illegal drug (*e.g.*, salvia, kratom).
- 2.8. Adult Content and Services:** Pornography and other obscene materials (including literature, imagery and other media); sites offering any sexually-related services such as prostitution, escorts, pay-per view, adult live chat features.
- 2.9. Multi-level Marketing:** Pyramid schemes, network marketing, and referral marketing programs.
- 2.10. Unfair, Predatory or Deceptive Practices:** Investment opportunities or other services that promise high rewards; sale or resale of a service without added benefit to the buyer; resale of government offerings without authorization or added value; sites that we determine in our sole discretion to be unfair, deceptive, or predatory towards consumers.
- 2.11. Gambling Services.**
- 2.12. Weapons Manufacturers/Vendors.**
- 2.13. Money Services:** Gift cards; prepaid cards; sale of in-game currency unless the merchant is the operator of the virtual world; act as a payment intermediary or aggregator or otherwise resell any of the Custodial Services.
- 2.14. Crowdfunding.**
- 2.15. High-risk Businesses:** any businesses that we believe pose elevated financial risk or legal liability.

Coinbase Custodial Services Agreement

3. **CONDITIONAL USE.** Express written consent and approval from Coinbase Custody must be obtained prior to using Custodial Services for the following categories of business and/or use (“**Conditional Uses**”). Consent may be requested by contacting us at custody@coinbase.com. Coinbase Custody may also require Client to agree to additional conditions, make supplemental representations and warranties, complete enhanced on-boarding procedures, and operate subject to restrictions if Client uses the Custodial Services in connection with any of following businesses, activities, or practices:
 - 3.1. **Charities:** Acceptance of donations for nonprofit enterprise.
 - 3.2. **Games of Skill:** Games which are not defined as gambling under this Agreement or by law, but which require an entry fee and award a prize.
 - 3.3. **Religious/Spiritual Organizations:** Operation of a for-profit religious or spiritual organization.

APPENDIX 2:**E-SIGN DISCLOSURE AND CONSENT**

This policy describes how Coinbase Custody delivers communications to Client electronically. Coinbase Custody may amend this policy at any time by providing a revised version on [Coinbase Custody Site](#). The revised version will be effective at the time Coinbase Custody posts it. Coinbase Custody will provide Client with prior notice of any material changes via [Coinbase Custody Site](#).

1. **ELECTRONIC DELIVERY OF COMMUNICATIONS.** Client agrees and consents to receive electronically all communications, agreements, documents, notices and disclosures (collectively, “**Communications**”) that Coinbase Custody provides in connection with Client’s Custodial Account and Client’s use of Custodial Services. Communications include:
 - 1.1. Terms of use and policies Client agrees to (*e.g.*, this Agreement, any addendum thereto, and Privacy Policy), including updates to these agreements or policies;
 - 1.2. Custodial Account details, history, transaction receipts, confirmations, and any other Custodial Account, deposit, withdrawal or transfer information;
 - 1.3. Legal, regulatory, and tax disclosures or statements we may be required to make available to Client; and
 - 1.4. Responses to claims or customer support inquiries filed in connection with Client’s Custodial Account.

We will provide these Communications to Client by posting them on the Site, emailing them to Client at the primary email address on file with Coinbase Custody, communicating to Client via instant chat, and/or through other electronic communication.

For the sake of clarity, the parties hereby acknowledge and agree that Client’s consent herein allows for electronically delivered Communications to be accepted and agreed to by Client through the Custodial Services interface. Furthermore, Coinbase Custody may use electronic signatures and obtain them from Client in connection with Client’s use of the Custodial Services. Client consents and agrees that Client’s electronic signature on Communications, including but not limited to agreements, terms of use, addenda, consents, authorizations or updates relating thereto has the same effect as if Client signed them in ink.

2. **HARDWARE AND SOFTWARE REQUIREMENTS.** In order to access and retain electronic Communications, Client will need the following computer hardware and software:
 - 2.1. A device with an Internet connection;

Coinbase Custodial Services Agreement

- 2.2. A current web browser that includes 128-bit encryption (*e.g.*, Internet Explorer version 9.0 and above, Firefox version 3.6 and above, Chrome version 31.0 and above, or Safari 7.0 and above) with cookies enabled;
 - 2.3. A valid email address (Client's primary email address on file with Coinbase Custody); and
 - 2.4. Sufficient storage space to save past Communications or an installed printer to print them.
3. **HOW TO WITHDRAW CLIENT'S CONSENT.** Client may withdraw Client's consent to receive Communications electronically by contacting Coinbase Custody at custody@coinbase.com. If Client fails to provide or if Client withdraws Client's consent to receive Communications electronically, Coinbase Custody reserves the right to immediately close Client's Custodial Account or charge Client additional fees for paper copies.
 4. **UPDATING CLIENT'S INFORMATION.** It is Client's responsibility to provide Coinbase Custody with a true, accurate, and complete e-mail address and Client's contact information, and to keep such information up to date. Client understands and agrees that if Coinbase Custody sends Client an electronic Communication but Client does not receive it because Client's primary email address on file is incorrect, out of date, blocked by Client's service provider, or Client is otherwise unable to receive electronic Communications, Coinbase Custody will be deemed to have provided the Communication to Client.

Client may update Client's information by logging into Client's Custodial Account and visiting settings or by contacting the Custody support team at custody@coinbase.com.