

SUPPLEMENT NO. 1
dated 19 August 2024
to the Base Prospectus of
CoinShares Digital Securities Limited



*(Incorporated and registered in Jersey under the Companies
(Jersey) Law 1991 (as amended) with registered number 127061)*

LEI: 549300DR7967WVLR3P83

The prospectus

This document constitutes a supplement to CoinShares Digital Securities Limited's base prospectus approved and registered by the Swedish Financial Supervisory Authority (**SFSA**) on 1 March 2024 (SFSA reg. no. 24-700) in respect of the programme for the issue of Digital Index Securities and Digital Basket Securities (the **Base Prospectus**).

This supplement

This supplement forms an integral part of and should be read together with the other parts of the Base Prospectus. This supplement has been prepared by the Issuer pursuant to the provisions of Article 23 of the Prospectus Regulation (EU) 2017/1129. This supplement was approved and registered by the SFSA on 19 August 2024 (SFSA reg. no. 24-15774) and was published by the Issuer on said date.

Reasons for this supplement

This supplement has been prepared for the following reasons:

- The composition of the Issuer's Board of Directors has changed.
- The audited financial statements of the Issuer for the year ended 31 December 2023 have been published.
- The table regarding the largest shareholders in CSIL has changed.
- The Issuer has decided to expand the number of Classes of Digital Index Securities from two to three, with a new Applicable Index as specified herein.

The changes resulting therefrom are set out in the following pages of this supplement.

Right of withdrawal

Only investors who have already agreed to purchase or subscribe for any Digital Securities offered under the Base Prospectus before this supplement was published shall have the right, exercisable within

two working days after the publication of this supplement, to withdraw their acceptances, provided that the circumstances stated above arose or were noted before the closing of the relevant offer or the delivery of the Digital Securities, whichever occurs first. Such investors can exercise their right of withdrawal pursuant to Article 23(2) of the Prospectus Regulation (EU) 2017/1129 during the period from publication of this supplement up to and including **21 August 2024**. This right of withdrawal cannot be exercised after said date.

Such investors should contact the relevant financial intermediary through which the investor has purchased or subscribed for the Digital Securities in question should they wish to exercise the right of withdrawal.

AMENDMENTS TO THE SECTION “GENERAL DESCRIPTION OF THE PROGRAMME”

In the sub-section “Transaction Structure” starting on page 6 of the Base Prospectus, (i) in the second sentence of the first paragraph the word “two” shall be deleted and replaced by the word “three” and (ii) the table with Classes of Digital Index Securities and Applicable Index Assets shall be deleted in its entirety and replaced by the following table:

Classes of Digital Index Securities	Applicable Index
CoinShares Physical Top 10 Crypto Market ETP	CoinShares-Compass Top 10 Crypto Market Index
CoinShares Physical Smart Contract Platform ETP	CoinShares-Compass Smart Contract Platform Index
CoinShares Finanzen.net Top 10 Crypto ETP	Finanzen.net Top 10 Crypto Index

AMENDMENTS TO SECTION “RISK FACTORS”

Due to the change in the composition of the Issuer’s Board of Directors the risk factor “Risk of conflicts of interest” on page 27 of the Base Prospectus, shall be deleted in its entirety and be replaced with the following:

Risk of conflicts of interest

Save as set out below, none of the members of the Board of Directors has a private interest or other duties resulting from their directorship of other companies, enterprises, undertakings or otherwise, that may be in conflict with the interests of the Issuer.

Jean-Marie Mognetti, while not a member of the Board of Directors of the Issuer, is the Chief Executive Officer within the CoinShares group of companies. Mr. Mognetti is both an underlying beneficial owner and a member of the board of directors of each of (A) the Issuer's parent company (namely CoinShares International Limited) and (B) Komainu Holdings Limited, the holding company of Komainu (Jersey) Limited, the Custodian for the Issuer. Mr. Mognetti is also a member of the board of directors of the Coin Sales Agent, Determination Agent and the Staking Agent (CoinShares Capital Markets (Jersey) Limited).

Several legal entities belonging to or affiliated with the same group of companies may from time to time acquire, hold and/or divest any position in Digital Securities issued by the Issuer, including CoinShares Capital Markets (Jersey) Limited, an affiliate of the Issuer, which provides a number of services to the Issuer. Such entities will act in their respective capacity as purchaser, holder or seller of any such Digital Securities and not in the interest of any other holders of Digital Securities.

Situations could arise in which the interests of the Issuer and/or the Trustee could be adversarial to those of the Custodian, the Coin Sales Agent, Determination Agent and/or the Staking Agent.

If any conflict of interest were to arise, such conflict of interest would not be resolved by taking solely the interests of the non-affiliated holders of Digital Securities into account and, consequently, it could have an adverse impact on the interests of such holders. If any material conflict of interest were to arise and it could not be resolved, it could adversely affect the Issuer's ability to continue offering the Digital Securities.

Risk Rating: Low

AMENDMENT TO THE SECTION “PART 1 GENERAL”

In the sub-section “CSIL” on page 40 of the Base Prospectus, the second paragraph shall be deleted and replaced with the following:

The ten largest shareholders of CSIL as of 3 May 2024 were:

Shareholder	Number of Shares	% Holding of Issued Share Capital
Daniel Masters	14,382,166	21.26%
Mognetti Partners Limited	11,876,609	17.55%
Russell Newton	8,096,078	11.97%
Alan Howard	7,913,040	11.70%
Adam Levinson	3,896,618	5.76%
Paul Davidson	3,200,000	4.73%
Meltem Demirors	2,987,159	4.42%
Vitruvius Limited	2,749,820	4.06%
Dwight Anderson	2,566,213	3.79%
Horseferry Trading Pte Limited	1,535,604	2.27%

In the sub-section “Directors and Secretary of the Issuer” on the page 41 of the Base Prospectus, the list of the Issuer's Board of Directors shall be deleted and replaced by the following list:

Mr. Mike Fox (Member of the Board)

Mr. Fox joined CoinShares in November 2022 as the Head of Jersey Compliance and Regulatory Affairs. He holds several Key Person roles for CoinShares regulated entities.

Prior to joining CoinShares he worked in Banking, Trust and Company Administration and Fund Management and Administration. Initially, as a Compliance Assistant in 2006 but eventually as a Head of Compliance for the Channel Islands for a large TCB/FSB business in 2022.

He has completed his ICA Diplomas for AML and for Governance Risk and Compliance.

Mr. Townsend Lansing (Member of the Board)

Mr. Lansing has been employed as Head of Product for CoinShares Group since September 2019, where he is responsible for building and managing the product suite for the asset management division. Mr. Lansing has worked in ETPs and structured products for over 15 years, first at Bank of America, where he built out an equity structured products platform, and then ETF Securities, where he worked in product development and was part of the management team for almost a decade.

Mr. Lansing graduated with a Bachelor of Arts degree in 1995 and a juris doctorate in 2001, both from Columbia University in New York.

Mrs. Kirsty Lawrence (Member of the Board)

Mrs. Lawrence is employed as Finance Manager and has been part of the CoinShares Group since February 2019. Mrs. Lawrence has been integral with establishing the accounting and financial statement audit of CoinShares Digital Securities Limited since it began launching products in 2021. Prior to joining CoinShares, Mrs. Lawrence worked at the Government of Jersey as a Financial Accountant with responsibility for preparing the consolidated financial statements for the government, and for the interpretation of IFRS for public sector use.

Mrs. Lawrence graduated from University of Bath with an undergraduate Masters in Chemistry with Honours in 2009, before qualifying as a Chartered Accountant at PriceWaterhouse Coopers in Jersey in 2013.

Mr. Stuart Pinnington (Member of the Board)

Mr. Pinnington is a qualified solicitor of England and Wales, and a Chartered Director with the Institute of Directors specialising in all aspects of corporate governance. He has 20 years of experience in the financial services industry and currently serves as Group Director Fund Services to the IQEQ Group. Mr Pinnington acts as an independent, regulated non-executive director and board member on various alternative investment and Fintech structures.

Mr. Pinnington holds an LLB Law honours following graduating from the University of Leicester in 1998, he then qualified as a Solicitor of England and Wales in 2001, before also qualifying as a Solicitor of the Eastern Caribbean Court (British Virgin Islands) in 2006. In 2011, Mr Pinnington also obtained the IOD Diploma in Company Direction.

Mr. Pinnington is receiving remuneration for his role as a Member of the Board, which ultimately will be paid by the Programme Manager.

In the sub-section, "Conflicts of Interest", on page 42 of the Base Prospectus, the second paragraph shall be deleted in its entirety.

AMENDMENT TO THE SECTION “PART 2 HOW DOES A SECURITY HOLDER DETERMINE THE VALUE OF ITS INVESTMENT?”

In the sub-section “Management Fee” on page 44 of the original Base Prospectus, the table with the Management Fee for each Class of Digital Index Securities shall be deleted in its entirety and replaced by the following table:

	<i>Class of Digital Index Security</i>	<i>Management Fee</i>
	CoinShares Physical Top 10 Crypto Market ETP	1.00%
	CoinShares Physical Smart Contract Platform ETP	1.00%
	CoinShares Finanzen.net Top 10 Crypto ETP	1.50%

In the sub-section “How the value a Digital Security is affected by changes in the value of the underlying Digital Currencies”, the last paragraph with the table of Digital Index Securities on page 48 of the Base Prospectus shall be deleted in its entirety and be replaced by the following:

As of the date of this Prospectus, the Issuer has included two Indices as reference underlyings for the following Classes of Digital Index Securities:

Digital Security	Reference Index	Bloomberg Code
CoinShares Physical Top 10 Crypto Market ETP	CoinShares-Compass Top 10 Crypto Market Index	COIN10 Index
CoinShares Physical Smart Contract Platform ETP	CoinShares-Compass Smart Contract Platform Index	COINSMRT

CoinShares Finanzen.net Top 10 Crypto ETP	Finanzen.net Top 10 Crypto Index	FCI4PMUK
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In the sub-section “Description of the Indices” starting on page 48 of the Base Prospectus, the following information shall be added after the sub-section “Description of the CoinShares-Compass Smart Contract Platform Index”:

Description of the Finanzen.net Top 10 Crypto Index

The Finanzen.net Top 10 Crypto Index (the FCI Index) seeks to track the performance of the ten largest digital assets weighted according to their market capitalization. The Finanzen.net Top 10 Crypto Index selects its underlying constituents from a range of eligible digital assets and seeks to reflect large trends in the digital asset market. The index methodology is managed by the index steering committee, which consists of representatives from both the index provider Compass and the CoinShares group company (the “Steering Committee”).

None of Finanzen.net GmbH ("**Finanzen**") or any of its Affiliates has separately verified the information contained or incorporated by reference in this Prospectus. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by Finanzen or any of its Affiliates as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with Digital Securities or their distribution. Each person applying for Digital Securities in accordance with this Prospectus acknowledges that (i) such person has not relied on Finanzen or any of its Affiliates in connection with its investment decision or its investigation of the accuracy of the information contained herein; (ii) Digital Securities are direct, limited recourse obligations of the Issuer alone and not obligations of Finanzen or any of its Affiliates; and (iii) the obligations of the Issuer to Security Holders under the Digital Securities are not guaranteed by Finanzen or any of its Affiliates.

Underlying Constituents:

The Finanzen.net Top 10 Crypto Index comprises the ten largest digital assets, weighted according to their market capitalization, and drawn from a list of eligible assets according to the following criteria:

Each underlying constituent digital asset must respect the following criteria:

- Must trade in USD
- Must not be linked to the value of a fiat currency or fiat stablecoin
- Must have a liquid trading market on a reputable digital asset exchange
- Has at least a 3 month history of trading on an eligible exchange
- Must not be a digital asset focused on privacy (e.g., Monero; ZCash; etc.)
- Has no known security vulnerabilities
- Must be eligible for a listing on XETRA (unless otherwise decided by the Index Committee).
- Must be supported by eligible custodians and market makers on relevant exchanges (each as defined by the Index Committee from time to time)
- Is traded on at least one of the eligible exchanges (or equivalent)

- Must not be considered as a "Prohibited Coins"

Compass will create a single digital asset index (the "Compass Crypto Reference Index") for each eligible digital asset (the "Eligible Underlying Components"), and the Finanzen.net Top 10 Crypto Index will track the prices of the selected Compass Crypto Reference Indices (the "Underlying Components"). The prices used to compute the index are the Underlying Component closing prices corresponding to the 4:00 pm London Time of the Compass Crypto Reference Index (CCRI) for the end of day fixing and the real time prices of the Compass Crypto Reference Index (CCRT) for the real time indices. The Compass Crypto Reference Indices have been designed to provide investors with independent and robust cryptocurrency reference prices. Based on a resilient and BMR-ready compliant methodology, they serve as independent and transparent reference prices to value cryptocurrency portfolio or as benchmarks for investors willing to issue investment products tracking cryptocurrencies prices. More details on the index including the methodology are available on the Compass website (www.compass-ft.com).

Methodology summary:

The calculation methodology for the Finanzen.net Top 10 Crypto Index follows the below steps:

- Every quarter, the ten Underlying Components that have the highest market capitalization (in USD) will be selected to compose the Index. In the unlikely event eligibility criteria are not met for 10 underlying digital assets, the Index may be composed of fewer than ten Underlying Components.
- The Underlying Components will be weighted according to their market capitalization, and the non-selected Eligible Underlying Components will have their weights set to zero for this specific quarter.
- Each day, the Index is calculated based on the 4:00 pm closing price of each Underlying Component (defined as the Compass Crypto Reference Indices associated with the Underlying Component) and their respective weights as determined every quarter.

AMENDMENTS TO THE SECTION "PART 4 DESCRIPTION OF THE DIGITAL SECURITIES"

In the last paragraph of the introductory section of "Part 4 Description of Digital Securities on page 57 of the Base Prospectus, the word "two" shall be deleted and replaced by the word "three".

In the sub-section "Management Fee" on page 59 of the Base Prospectus, the table with the Management Fee for each Class of Digital Securities shall be deleted in its entirety and replaced by the following table:

<i>Class of Digital Security</i>	<i>Management Fee</i>
CoinShares Physical Top 10 Crypto ETP	1.00 per cent. per annum

CoinShares Physical Smart Contract Platform ETP	1.00 per cent. per annum
CoinShares Finanzen.net Top 10 Crypto ETP	1.50 per cent. per annum
CoinShares Physical Bitcoin and Ethereum	1.00 per cent. per annum

AMENDMENTS TO THE SECTION “PART 6 TRUST INSTRUMENT AND CONDITIONS”

Amendments to Class Schedule

In the sub-section Part B – Classes of Index Securities in the “Class Schedule” beginning on 126 of the Base Prospectus, the table is replaced by the following:

Short name of class of Index Securities:	Full name of class of Index Securities:	Index*:	Index Handbook*:	Underlying Types*:	Reference Price*:	Base Currency:	Principal Amount:	Initial Index Entitlement*:	Staking Class (Y/N)*:	Physical Delivery Fee*:
CoinShares Physical Top 10	CoinShares Physical Top 10 Crypto ETP class undated, limited recourse, secured Index Securities of CoinShares Digital Securities Limited of USD 0.40 in Principal Amount each	CoinShares-Compass Top 10 Crypto Market Index	As set out in applicable Final Terms	As set out in applicable Final Terms	As set out in applicable Final Terms	USD	0.40	As set out in applicable Final Terms	As set out in applicable Final Terms	5 per cent.
CoinShares Physical Smart Contract	CoinShares Physical Smart Contract Platform ETP class undated, limited recourse, secured Index Securities of CoinShares Digital Securities Limited of USD 0.40 in Principal Amount each	CoinShares-Compass Smart Contract Platform Index	As set out in applicable Final Terms	As set out in applicable Final Terms	As set out in applicable Final Terms	USD	0.40	As set out in applicable Final Terms	As set out in applicable Final Terms	5 per cent.

Short name of class of Index Securities:	Full name of class of Index Securities:	Index*:	Index Handbook*:	Underlying Types*:	Reference Price*:	Base Currency:	Principal Amount:	Initial Index Entitlement*:	Staking Class (Y/N)*:	Physical Delivery Fee*:
CoinShares Finanza.net Top 10 Crypto	CoinShares Finanza.net Top 10 Crypto ETP class undated, limited recourse, secured Index Securities of CoinShares Digital Securities Limited of USD [•] in Principal Amount each	Finanza.net Top 10 Crypto Index	As set out in the applicable Final Terms	As set out in the applicable Final Terms	As set out in the applicable Final Terms	USD	0.40	As set out in the applicable Final Terms	As set out in the applicable Final Terms	5 per cent.

AMENDMENTS TO THE SECTION “PART 10 ADDITIONAL INFORMATION”

In paragraph 1.6 on page 137 of the Base Prospectus, the list of Directors of the Issuer shall be replaced with the following:

Mike Fox, Townsend Lansing, Kirsty Lawrence and Stuart Pinnington.

In sub-section ISINs and Principal Amounts of the Digital Securities on page 140 of the Base Prospectus, the word “Two” in the first sentence of the first paragraph, shall be replaced by the word “Three”.

In paragraph 6.1 on page 141 of the Base Prospectus, the third sentence shall be replaced by the following: “The Issuer’s financial statements for the periods ended 31 December 2023 and 31 December 2022, respectively, have been audited by the auditor.”

In paragraph 7.12 of the sub-section “7 Documents available for inspection” on page 142 of the Base Prospectus, the financial statements of the Issuer for the financial period ended 31 December 2023, shall be added.

AMENDMENTS TO THE SECTION “PART 11 DOCUMENTS INCORPORATED BY REFERENCE”

The following shall be added to the section subsequent to the paragraph: “The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus” on page 146 of the Base Prospectus:

the audited financial statements of the Issuer as at 31 December 2023, including:

Independent Auditor's Report	Pages 13-16
Statement of Comprehensive Income	Page 17
Statement of Financial Position	Page 18
Statement of Changes in Equity	Page 19
Statement of Cash Flows	Page 20
Notes to the Financial Statements	Pages 21-41

AMENDMENTS TO THE SECTION “DIRECTORS, SECRETARY AND ADVISERS”

On page 168 of the Base Prospectus, the list of Directors of the Issuer shall be replaced with the following:

Mike Fox
Townsend Lansing
Kirsty Lawrence
Stuart Pinnington
