

**MEMORANDUM**

TO: File No. SR-NYSEARCA-2023-58

FROM: David Remus  
Office of Market Supervision, Division of Trading and Markets

DATE: October 24, 2023

SUBJECT: Meeting with Hashdex re: Hashdex Bitcoin ETF

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On October 13, 2023, David Shillman, Eric Juzenas, Molly Kim, Sarah Schandler, Stacia Sowerby, and David Remus from the Division of Trading and Markets participated in a meeting with the following individuals:

Bruno Caratori, Hashdex  
Samir Kerbage, Hashdex  
Julia Castelo Branco, Hashdex  
Michael Venuto, Tidal Financial Group  
Thomas Champion, NYSE Arca, Inc.  
Peter J. Shea, K&L Gates, LLP

The discussion concerned NYSE Arca, Inc.'s proposed rule change to list and trade shares of the Hashdex Bitcoin ETF under NYSE Arca Rule 8.500-E. Hashdex also provided the attached presentation.



# Hashdex

U.S. Securities and Exchange Commission Presentation

October 13, 2023



Hashdex launched the world's first crypto index ETF and is one of the **largest crypto asset managers**.



Our mission is to open the crypto ecosystem to investors through **best-in-class products**.



We **empower investors through education** with initiatives like the *Nasdaq Academy: Digital Assets*.



Nasdaq partnered with Hashdex to co-develop the **Nasdaq Crypto Index (NCI)**, a bellwether benchmark.

**380m+**

USD (AUM)\*

**14**

crypto ETPs  
across seven  
countries

**5,700+**

advisor registrants  
for the *Digital  
Assets* course

**200k+**

global  
investors\*

\* As of September 30, 2023.



# Hashdex Speakers



**Bruno Caratori**  
COO



**Samir Kerbage**  
CIO



We believe our filing addresses the Commission's stated concerns regarding price manipulation that have been raised in past spot bitcoin ETF rejections.

Our goal today is to explain why we believe the unique features of our filing resolve these concerns and provide major safeguards for investors.



# A novel proposal, building upon SEC guidance

1. The proposed changes are unique because the Fund will **buy physical bitcoin from a regulated market**, the CME, and it will be **entirely reliant on CME pricing**.
2. The proposed strategy **builds on the Commission's Teucrium Order** and its existing guidance regarding trading bitcoin futures ETPs.
3. The strategy has **several additional components to prevent market manipulation**, including meeting the same surveillance standards as the entire CME Market.

## The Teucrium Order and the Significant Market Test\*

The Commission defines a "significant market" for commodity ETPs as one where manipulation would likely require trading on that market (Prong 1) and where the ETP's trading does not significantly impact prices (Prong 2).

The Teucrium Order waives the need to prove Prong 1 if a bitcoin futures ETP shares surveillance and trades assets on the same regulated market.

The order also affirms the CME market's readiness for bitcoin futures ETPs, noting the market is "sufficiently developed" and there is no disruption or dominant influence from bitcoin futures ETFs on settlement prices, spreads, or roll costs, negating the need to prove Prong 2.



# Agenda

- **About the Hashdex Bitcoin Futures ETF (DEFI)**
- **Proposed Changes to the Fund's Strategy**
- **Significant Market Test**
  - What is the relevant regulated market?
  - Would a potential manipulator have to trade on that market?
  - Is the Fund the dominant influence on prices in that market?
- **Conclusion**





# The Hashdex Bitcoin Futures ETF



# Overview of the Hashdex Bitcoin Futures ETF

- On April 6, 2022 the Commission **approved the listing and trading** of the Teucrium Bitcoin Futures Fund.
- The Fund's name was changed** to the Hashdex Bitcoin Futures ETF (DEFI) shortly thereafter.
- However, as its name indicates, **DEFI continues to hold only bitcoin futures** and cash/cash equivalents.
- DEFI has been trading on NYSE Arca since September 15, 2022 and now proposes to **change its investment strategy**.
- A Form S-1 has been submitted and **DEFI will undertake further transactions to effect this change**, working with the Division of Corporation Finance.

	Before	After
<b>Fund Name</b>	Hashdex Bitcoin Futures ETF <i>(previously Teucrium Bitcoin Futures Fund)</i>	Hashdex Bitcoin ETF
<b>Benchmark</b>	Average of the closing settlement prices for the first to expire and second to expire bitcoin futures contracts listed on the CME	Nasdaq Bitcoin Reference Rate ("NQBTCS")
<b>Holdings</b>	<ul style="list-style-type: none"> <li>Bitcoin Futures Contracts traded on CME Bitcoin Futures Market</li> <li>Cash and Cash Equivalents</li> </ul>	<ul style="list-style-type: none"> <li>Bitcoin Futures Contracts traded on CME Bitcoin Futures Market</li> <li>Physical Bitcoin traded on CME Bitcoin Futures Market (Exchange for Physical Transactions), subject to Investment Restrictions</li> <li>Cash and Cash Equivalents</li> </ul>
<b>Significant Market</b>	CME Bitcoin Futures Market <i>(the only market which the proposed ETP trades its non-cash assets)</i>	
<b>Source of pricing for NAV</b>	Bitcoin Futures Contracts on CME	
<b>Creation/Redemption Process</b>	Cash Creations and Redemptions	





# Proposed Changes to the Fund's Strategy

# Hashdex's novel approach to mitigate the risk of manipulation

## Investment Strategy

- The Fund would invest in both physical bitcoin and bitcoin futures, enhancing anti-manipulation measures and differentiating itself from other proposed ETFs that are limited to spot market.

## Futures-based Pricing for Physical Bitcoin

- Physical bitcoin pricing would be based on the CME Bitcoin Futures Contracts forward curve, eliminating reliance on unregulated spot markets.

## Investment Restrictions

- The Fund is proposing dynamic investment restrictions on physical bitcoin holdings, ensuring that the CME remains its only significant market.

## Physical Bitcoin Operations on a CFTC-Regulated Exchange

- The Fund would exclusively use Exchange for Physical (EFP) transactions on the CME Bitcoin Futures Market to purchase and sell physical bitcoin, instead of using unregulated spot exchanges.
- This means that the only non-cash assets held by the Fund (bitcoin futures contracts and bitcoin) are traded on CME such that NYSE Arca's surveillance-sharing agreement with the CME can reasonably be relied upon to assist in detecting and deterring fraudulent or manipulative misconduct related to those assets.

## Cash Creations and Redemptions

- The Fund would exclusively use Cash Creations and Redemptions, deterring intraday price manipulation and potentially boosting liquidity by attracting market makers that can only trade on CME.



Our approach addresses the three key questions regarding a “**significant market.**”

**Question 1**

What is the relevant regulated market?

**Question 2**

Would a potential manipulator have to trade on that regulated market?

**Question 3**

Is the Fund the dominant influence on prices in that market?





**Question 1**

What is the relevant regulated market?

# What is the relevant regulated market?

Answer: The CME Bitcoin Futures Market.

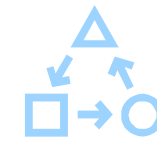
The Fund's core principle is to trade all non-cash assets held (i.e., bitcoin futures and physical bitcoin) on the CME Bitcoin Futures Market (which includes Exchange for Physical transactions). This is the same market with which NYSE Arca has a surveillance-sharing agreement.



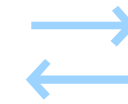
The interpretation of the term “market of significant size” depends on the **interrelationship** between the market with which the listing exchange has a surveillance-sharing agreement and the proposed ETP.



The core principle of our approach is to structure the operation of the Fund such that **the regulated market of significant size in relation to the Fund is the CME Market** because it is the same market on which the Fund trades its non-cash assets.



The strategy aims to **establish a comprehensive interrelationship between the CME Market and the Fund** to unequivocally classify the CME Market as the market of significant size in relation to the ETP.



While the Fund may hold physical bitcoin, it does not rely on any information or services from unregulated bitcoin spot exchanges. Therefore, **no spot bitcoin exchange could be a “market of relevant size” in relation to the Fund.**



## The Fund's novel features underscore its significant interrelationship with the CME



### 1. CME Market for physical Bitcoin

- Acquires physical bitcoin via CME's EFP transactions.
- Exclusively trades bitcoin futures contracts and bitcoin via EFP.
- Non-cash assets traded on the same market that NYSE Arca has surveillance-sharing agreement.



### 2. Futures-Based Pricing

- Physical bitcoin price for NAV is derived from CME's bitcoin futures forward curve.
- Relies solely on CME's bitcoin futures settlement prices, with no influence from outside the CME.



### 3. Dynamic Investment Restrictions

- Mitigates potential manipulation risks coming from outside the CME.
- Ensures that the CME is the sole "significant market" for the Fund.



### 4. Cash Creations & Redemptions

- Deters potential intraday share price manipulation.
- Physical bitcoin investment aligns with target portfolio exposure, not direct creation/redemptions.

Given these features of the Fund, the CME Bitcoin Futures Market (which includes within it, EFP) is therefore the regulated market of significant size for the Fund.



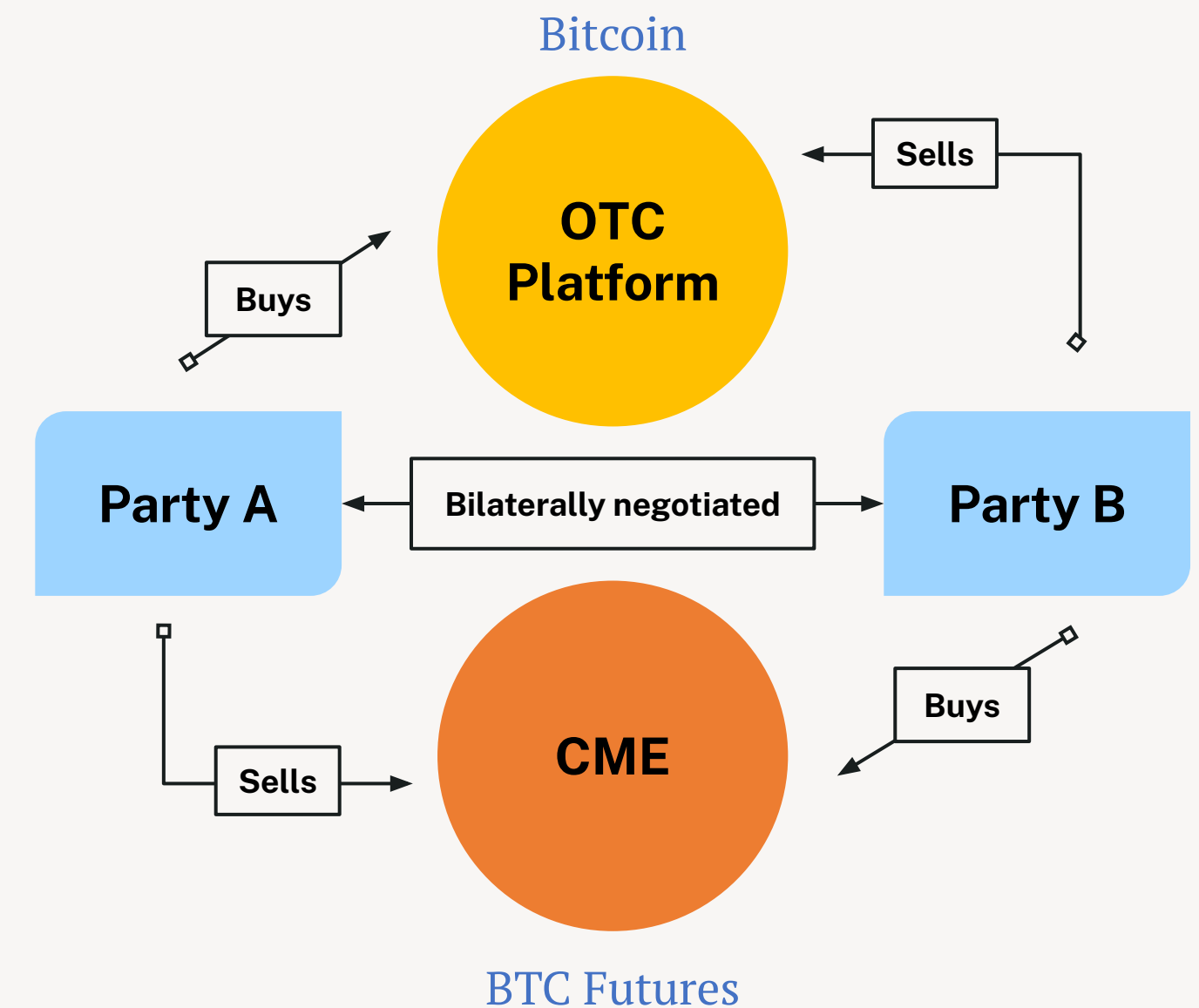
## Overview of Exchange for Physical (EFP) transactions

- Exchange for Physical (EFP) is a **facility for the trading of physical commodities** available on the CME Bitcoin Futures Market.
- EFP transactions are **private agreements between two parties** to trade a futures position for the underlying asset.
- For the Fund, EFPs will be used to **purchase and sell physical bitcoin by delivering or receiving the equivalent futures position**.
- EFPs **transactions must be reported to the CME Market**, subject to the CME's market regulation oversight.
- The **same surveillance standards apply to EFP** transactions as apply to the rest of the CME Market.

## Pricing and Regulations

- EFPs are **market-neutral**, with pricing quoted in terms of the difference between the futures contract and the underlying bitcoin.
- Prices are dependent on the related bitcoin futures contracts and **subject to the same CME Market Surveillance**.
- EFP transactions are reviewed by CME's Market Regulation and **cannot be priced off-market** ([CME's Rule 538](#)).

### Mechanics of an EFP Transaction



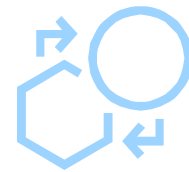


# Advantages of EFP transactions



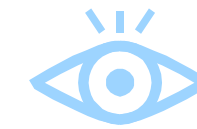
## 1. Regulated Environment

- EFPs occur on the CME, a regulated exchange.
- Intermediated by regulated FCMs.
- Parties must maintain transaction records and cooperate with surveillance inquiries/investigations.



## 2. Surveillance-Sharing Agreement

- NYSE Arca & CME are Intermarket Surveillance Group (ISG) members.
- Enhanced information sharing and investigative cooperation.



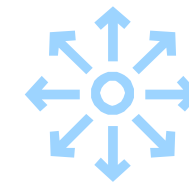
## 3. Transparency

- EFPs are reported to CME.
- Prices subject to surveillance and review by CME.
- Increases visibility and deters manipulative practices.



## 4. Market-Neutrality

- EFPs maintain market balance.
- Reduces potential for exploitative manipulation.



## 5. Unpredictability

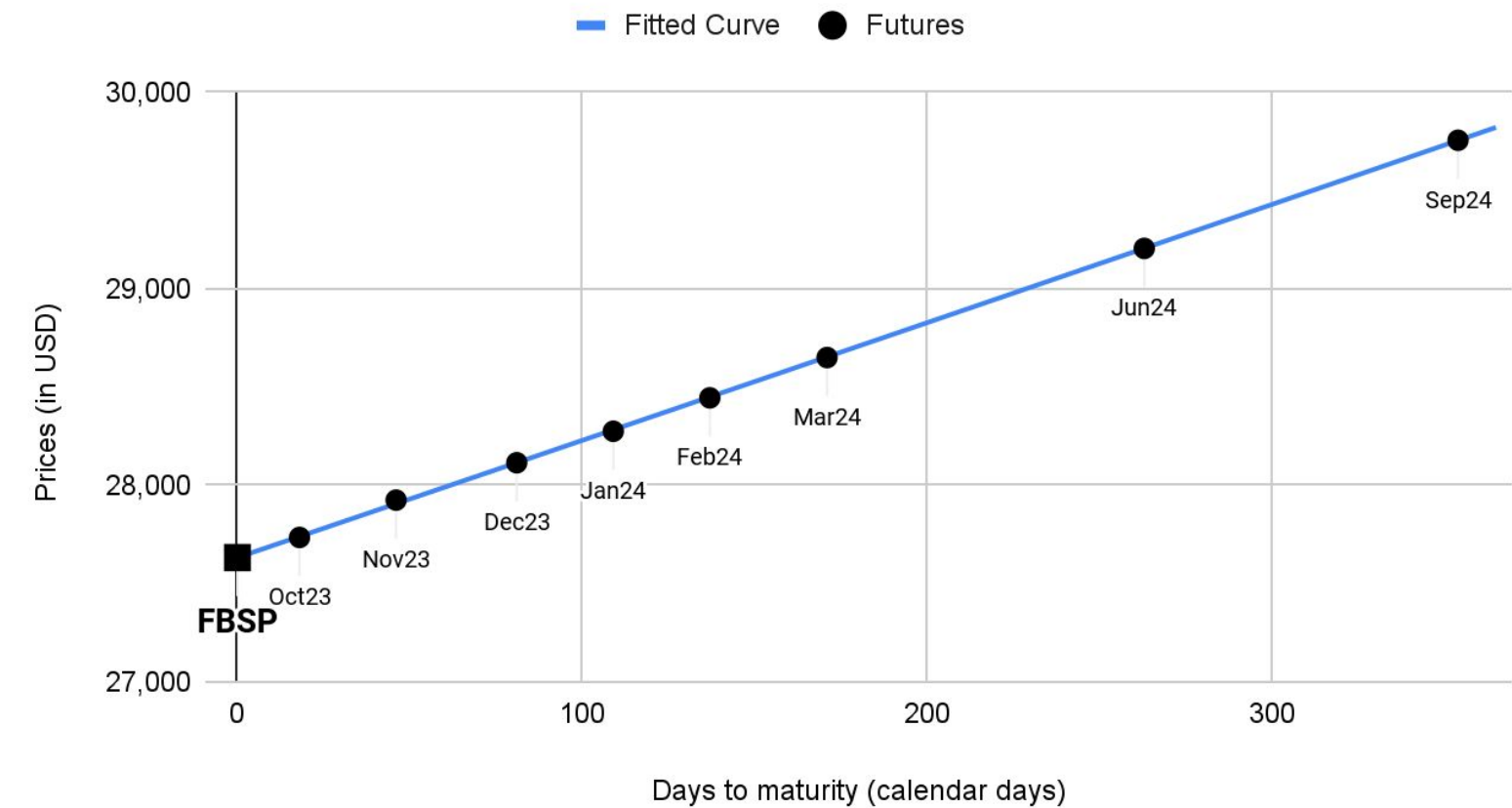
- Privately negotiated EFPs.
- Less predictability deters manipulation attempts.



## NAV Determination: Regulated spot bitcoin price FBSP - Futures-Based Spot Price

- Based on academic research,\* we developed a pricing methodology—the **Futures-Based Spot Price (FBSP)**—that creates a weighted average of bitcoin futures settlement prices.
- Our research has demonstrated that the correlation between the FBSP and spot bitcoin prices is **greater than 99.9%**.
- The FBSP is calculated **using the CME Bitcoin Futures Contracts forward curve**, which represents the relationship between the price of a futures contract and its time to maturity.
- FBSP is used as the **physical bitcoin price for calculating the NAV** and intraday Indicative Fund Value (IFV).

### CME Bitcoin Futures Forward Curve and FBSP - 10/09/2023



#### What is the CME Bitcoin Futures Contracts forward curve?

A forward curve shows the relationship between the prices of futures contracts over different maturity dates, illustrating the market's expectations of future prices.

#### Why does this matter?

The forward curve provides a foundation for the FBSP calculation, ensuring a robust and highly correlated representation of spot bitcoin prices. The structure of the curve is also a key component that influences the spread on EFP transactions.

\*The most relevant papers in this segment are: [Nelson, Charles R., and Andrew F. Siegel. "Parsimonious modeling of yield curves." Journal of Business \(1987\)](#) and [Svensson, Lars EO. "Estimating and interpreting forward interest rates: Sweden 1992-1994." \(1994\).](#)



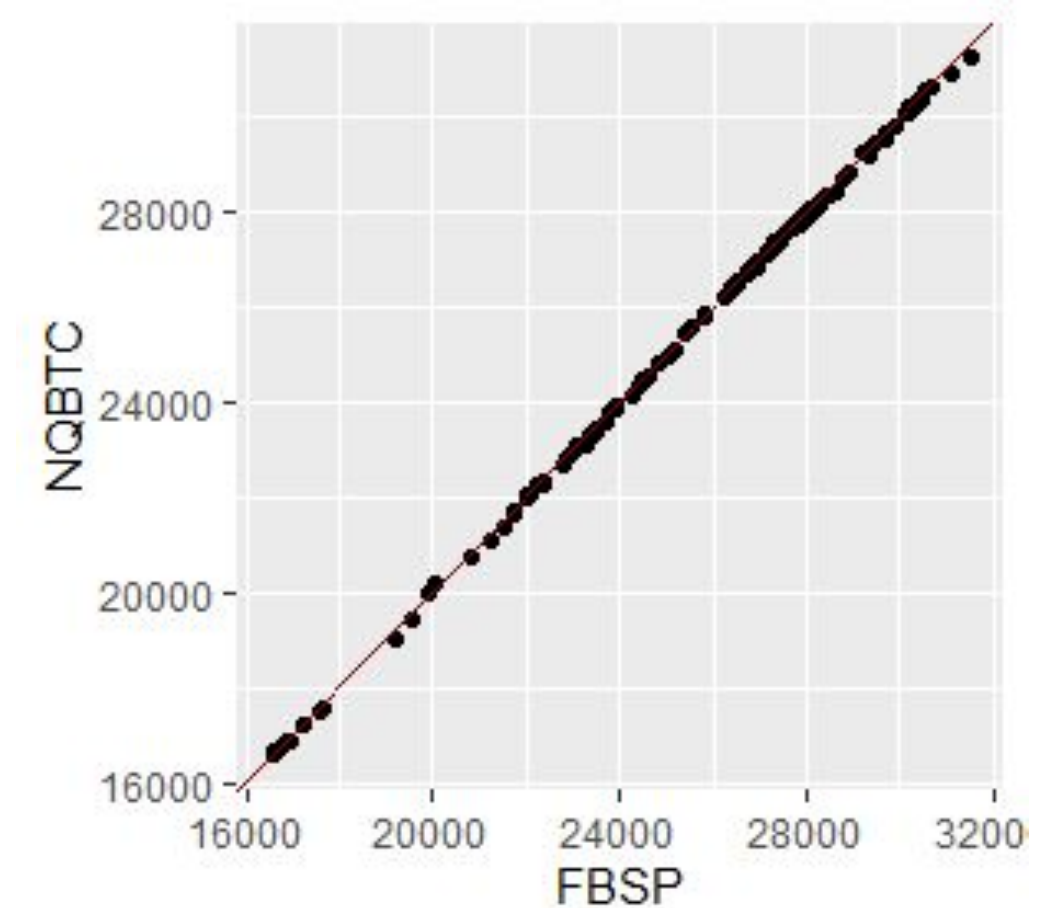
## NAV Determination: Regulated spot bitcoin price FBSP - Futures-Based Spot Price

- The methodology produces a spot price that is **very accurate for determining the physical bitcoin price** for the Fund.
- All information required to replicate the methodology is going to be **available daily** on the Fund's website.
- The Fund will be trading physical bitcoin via EFPs on the CME Bitcoin Futures Market, so it's **more replicable than prices from outside the CME**.
- Market makers can **hedge their exposure** to the Fund by either trading physical bitcoin directly or trading the basket of futures contracts that represent the FBSP.

### Example of FBSP calculation on a specific day

FBSP on 10/09/2023			
Future	Weight (W)	Settlement Price (SP)	Product (W x SP)
Oct23	122.10%	\$27,735.00	\$33,864.44
Nov23	-0.70%	\$27,925.00	-\$195.48
Dec23	-6.70%	\$28,115.00	-\$1,883.71
Jan24	-5.90%	\$28,275.00	-\$1,668.23
Feb24	-4.90%	\$28,445.00	-\$1,393.81
Mar24	-3.70%	\$28,650.00	-\$1,060.05
Jun24	-1.50%	\$29,205.00	-\$438.08
Sep24	-0.30%	\$29,755.00	-\$89.27
Dec24	0.50%	\$30,305.00	\$151.53
Mar25	1.10%	\$30,860.00	\$339.46
<b>FBSP</b>			\$27,626.82
<b>NQBTC</b>			\$27,619.94
<b>Divergence (%)</b>			0.02%

Chart representing the accuracy of the FBSP compared to the Fund's Benchmark Index





## Question 2

Would a potential manipulator have to trade on that regulated market?

# Would a potential manipulator have to trade on that regulated market?

**Answer:** Yes. The only way to effectively manipulate the ETP is by manipulating the CME Market.

This proposal follows the Teucrium Order: The CME is **the only market where the fund trades its non-cash assets**. As a result...

- It is unnecessary for the listing exchange to establish a reasonable likelihood that the would-be manipulator would have to trade on CME to manipulate the proposed ETP, and
- It is unnecessary to establish a "lead-lag" relationship between CME and non-CME markets.

Because the Fund only trades on the CME, it can be reasonably assumed a potential manipulator would have to trade on this market.



The Fund is designed so that manipulation attempts would require trading on the CME Market.



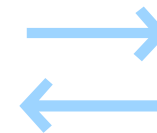
## 1. Futures-Based Pricing

- Physical bitcoin price derived from CME futures forward curve.
- Manipulating the Fund's price requires directly influencing CME's bitcoin futures curve.
- CME Market prices lead the Fund's NAV and market price.



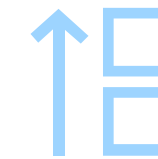
## 2. Investment Restrictions

- Dynamic restrictions prevent the Fund's physical bitcoin holdings from dominating the unregulated spot markets.
- Ensures that the cost-benefit tradeoff of manipulating the Fund outside CME is not favorable.



## 3. Physical Bitcoin Operations via EFP

- All operations occur via CME Market EFP transactions.
- Ties potential Fund manipulation closely to the CME.



## 4. Creations and Redemptions

- Use of cash creations and redemptions eliminates the direct arbitrage between unregulated spot markets and the Fund's Market Price.
- Investment in physical bitcoin is not directly related to creations or redemptions.





**Question 3**

Is the Fund the dominant influence  
on prices in that market?

# Is the Fund the dominant influence on prices in that market?

Answer: The CME market is sufficiently developed to support this product.

In the Teucrium Order, the Commission stated:

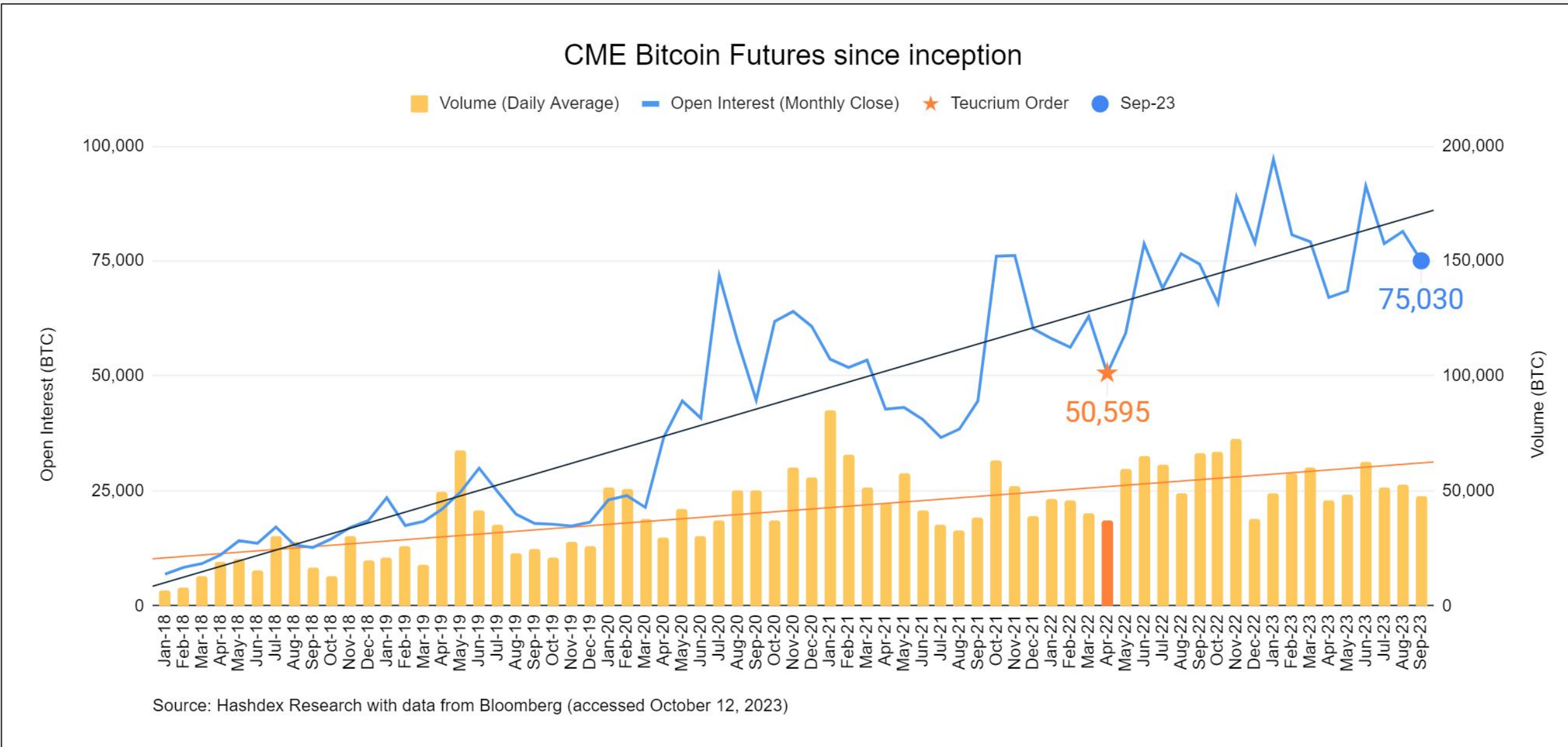
- “the CME bitcoin futures market **has sufficiently developed to support ETPs seeking exposure to bitcoin by holding CME Bitcoin Futures Contracts**” and
- the Commission has not “**observed any disruption to or dominant influence from Bitcoin Futures ETFs** on settlement prices, spreads or roll costs of CME bitcoin futures contracts.”

The CME bitcoin futures market has grown significantly since the Teucrium Order on April 6, 2022, with **Open Interest growing almost 50%**. This is making it even less likely trading in this ETP would be a predominant influence on CME prices.





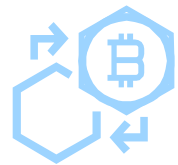
Since the Teucrium Order, the CME bitcoin futures market has grown significantly.



Chicago Mercantile Exchange Bitcoin Futures			
	April, 2022	September, 2023	Growth (%)
<b>Average Daily Trading Volume</b>	36,965 BTC	47,675 BTC	29%
<b>Open Interest</b>	50,595 BTC	75,030 BTC	48%

## We believe it is unlikely that trading in the Fund would be the predominant influence on prices on the CME Market.

The addition of physical bitcoin to the Fund's holdings, using EFP transactions on the CME Market, does not significantly alter the influence of the Fund's trading on the CME Market for the following three reasons.



### Limited influence of bitcoin futures ETPs on CME

- Reference to the Teucrium Order: No observed disruption or dominant influence of bitcoin futures ETPs on CME bitcoin futures prices.



### Investment strategy reduces recurrent trading activity and price pressure

- Rollover operations will be minimized, reducing regular trading activity on CME.
- The Fund may adjust trading based on significant price shifts or on the structure of the forward curve, especially during significant contango/backwardation.
- Typically, the Fund will trade counter to the structure of the forward curve, being a net seller of futures in contango and net buyer in backwardation.



### Market-neutral EFP transactions

- EFP transactions are market-neutral, with pricing influenced solely by the forward curve.





Conclusion

# A novel, investor-centric approach to bitcoin price exposure

We believe the unique features of our filing address the Commission's market manipulation concerns and will provide major safeguards for investors.

- The CME Bitcoin Futures Market is the relevant market for the proposed ETP. It's the only market where the Fund trades its non-cash assets is the only market used for pricing determination and creation/redemptions.
- It is very likely that a would-be manipulator of the proposed ETP would have to trade on the CME Bitcoin Futures market.
- The CME Bitcoin Futures market has grown significantly, making it far less likely that trading in this ETP would be a predominant influence on prices of CME.

Since 2018, Hashdex has worked hard to provide investors access to the crypto ecosystem through best-in-class, regulated products.

We greatly appreciate the Commission's work to understand the impact of these products on investors, and look forward to continuing this important dialogue.





Thank you!



# Appendix

# SEC guidance for approval of spot commodity ETPs

An exchange that seeks to list a commodity-based ETP can meet its obligations under Exchange Act Section 6(b)(5) by demonstrating that it has a comprehensive surveillance-sharing agreement with a regulated market of significant size related to the underlying or reference commodity.

The Commission previously stated that “the interpretation of the term *market of significant size* depends on the **interrelationship** between the market with which the listing exchange has a surveillance-sharing agreement and the proposed ETP.”

**Two-pronged standard:** To assess this interrelationship, the Commission has interpreted “significant market” and “market of significant size” to include a market (or group of markets) as to which:



1. There is a reasonable likelihood that a person attempting to manipulate the ETP would also have to trade on that market to successfully manipulate the ETP, such that a surveillance-sharing agreement would assist the ETP listing market in detecting and deterring misconduct; and
2. It is unlikely that trading in the ETP would be the predominant influence on prices in that regulated market with which the surveillance sharing agreement exists.

For spot bitcoin ETPs, the Commission previously explained that the “lead-lag” relationship between the bitcoin futures market and the spot market is central to understanding the first prong. With respect to the second prong, the Commission’s prior analysis has focused on the potential size and liquidity of the regulated ETP compared to the size and liquidity of the market with which the surveillance-sharing agreement exists.



# SEC guidance for approval of trading bitcoin futures ETPs

In its “Teucrium Order” approving a proposed rule change by NYSE Arca to list and trade shares of a fund holding bitcoin futures, the SEC stated that, if the proposed “significant” regulated market (in that case, the Chicago Mercantile Exchange, “CME”) with which the listing exchange has a surveillance-sharing agreement is “the same market” on which the ETP trades its non-cash assets, then:

-  It is unnecessary for the listing exchange to establish a reasonable likelihood that a would-be manipulator would have to trade on the CME to manipulate the proposed ETP (first prong), and
-  It is unnecessary to establish a "lead-lag" relationship between CME and non-CME markets.

The Commission also stated in the Teucrium Order that **“the CME bitcoin futures market has sufficiently developed to support ETPs seeking exposure to bitcoin by holding CME Bitcoin Futures Contracts”** and that “the Commission has not observed any disruption to or dominant influence from the Bitcoin Futures ETFs on settlement prices, spreads or roll costs of CME bitcoin futures contracts” (second prong).

Therefore, for a bitcoin spot ETP, where the listing exchange has a surveillance-sharing agreement with the same market on which the ETP trades its non-cash assets, **the listing exchange is not required to separately establish the first prong of the “significant market” test.**





## Disclaimer

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Investment in any investment vehicle and cryptoassets is highly speculative and is not intended as a complete investment program. It is designed only for sophisticated persons who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment. There can be no assurance that the investment vehicles will achieve its investment objective or return any capital. No guarantee or representation is made that Hashdex’s investment strategy, including, without limitation, its business and investment objectives, diversification strategies or risk monitoring goals, will be successful, and investment results may vary substantially over time. Nothing herein is intended to imply that the Hashdex’s investment methodology or that investing any of the protocols or tokens listed in the Information may be considered “conservative,” “safe,” “risk free,” or “risk averse.”

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please visit <https://www.hashdex-etfs.com/>. Read the prospectus carefully before investing.

### Bitcoin Risks

Bitcoin and bitcoin futures are a relatively new asset class and the market for bitcoin is subject to rapid changes and uncertainty. Bitcoin and bitcoin futures are subject to unique and substantial risks, including significant price volatility and lack of liquidity. The value of an investment in the ETF could decline significantly and without warning, including to zero. You should be prepared to lose your entire investment. The ETF does not invest directly in or hold bitcoin. The price and performance of bitcoin futures should be expected to differ from the current “spot” price of bitcoin. These differences could be significant. Bitcoin futures are subject to margin requirements, collateral requirements and other limits that may prevent the ETF from achieving its objective. Margin requirements for futures and costs associated with rolling (buying and selling) futures may have a negative impact on the fund’s performance and its ability to achieve its investment objective. Bitcoin is largely unregulated and bitcoin investments may be more susceptible to fraud and manipulation than more regulated investments. Bitcoin and bitcoin futures are subject to rapid price swings, including as a result of actions and statements by influencers and the media.

### Futures Risk

Commodities and futures investing is generally volatile and risky which may not be suitable for all investors. Futures may be affected by Backwardation: a market condition in which a futures price is lower in the distant delivery months than in the near delivery months. As a result, the fund may benefit because it would be selling more expensive contracts and buying less expensive ones on an ongoing basis; and Contango: A condition in which distant delivery prices for futures exceeds spot prices, often due to costs of storing and insuring the underlying commodity. Opposite of backwardation. As a result, the Fund’s total return may be lower than might otherwise be the case because it would be selling less expensive contracts and buying more expensive one.

- Commodities and futures generally are volatile, and instruments whose underlying investments include commodities and futures are not suitable for all investors.

- This material must be preceded or accompanied by a prospectus. Please read the prospectus carefully before investing.

- The Fund is a commodity pool regulated by the Commodity Futures Trading Commission.

- The Fund, which is an exchange-traded product (ETP), is not a mutual fund or any other type of investment company within the meaning of the Investment Company Act of 1940, as amended, and is not subject to regulation thereunder. An ETP refers to a financial product that is publicly trade like a bond in the stock market. ETPs offer a cost-effective and safe way to diversify an investment portfolio by acquiring exposure to an index or asset class.

- Because the Fund will invest primarily in BITCOIN futures contracts and other derivative instruments based on the price of BITCOIN, an investment in the Fund will subject the investor to the risks of the BITCOIN market, and this could result in substantial fluctuations in the price of the Fund’s shares.

- Shares of the Fund are not insured by the Federal Deposit Insurance Corporation (“FDIC”), may lose value and have no bank guarantee.

- Unlike mutual funds, the Fund generally will not distribute dividends to its shareholders.

Investors may choose to use the Fund as a means of investing indirectly in bitcoin, and there are risks involved in such investments.

This material is not an offer or solicitation of any kind to buy or sell any securities outside of the United States of America.

Hashdex Asset Management Ltd. and its affiliates (‘Hashdex’) is providing this website for information purposes online to sophisticated prospective investors with respect to a potential interest in subscribing shares (‘Shares’) of the Hashdex Bitcoin Futures ETF (the “Fund”). The Fund is a commodity pool that issues Shares that may be purchased and sold on NYSE Arca. The Fund’s investment objective is for changes in the Shares’ NAV to reflect the daily changes of the price of the Benchmark, less expenses from the Fund’s operations. Under normal market conditions, the Fund invests in Benchmark Component Futures Contracts and cash and cash equivalents. Because the Fund’s investment objective is to track the price of the Benchmark by investing in Benchmark Futures Contracts rather than bitcoin, changes in the price of the Shares will vary from changes in the spot price of bitcoin. The Fund will invest in BTC Contracts and MBT Contracts to the extent necessary to achieve maximum exposure to the bitcoin futures market. Because the Fund’s investment objective is to track the price of the Benchmark by investing in Benchmark Futures Contracts rather than bitcoin, changes in the price of the Shares will vary from changes in the spot price of bitcoin.

The Fund employs Foreside Fund Services, LLC as the Distributor for the Fund. The Distribution Services Agreement among the Distributor, the Sponsor, and the Trust calls for the Distributor to work with the Custodian in connection with the receipt and processing of orders for Creation Baskets and Redemption Baskets and the review and approval of all Fund sales literature and advertising material. The Distributor’s principal business address is Three Canal Plaza, Suite 100, Portland, Maine 04101. The Distributor is a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”) and a member of FINRA.

The Fund is a series of the Teucrium Commodity Trust (the “Trust”). The sponsor to the Fund is Teucrium Trading, LLC (the “Sponsor”), which receives a management fee. The Sponsor is registered as a commodity pool operator (“CPO”) and a commodity trading adviser (“CTA”) with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association (“NFA”). Hashdex Asset Management Ltd. (“Hashdex”) will serve as the Fund’s Digital Asset Adviser and will assist the Sponsor and Marketing Agents with research and investment analysis regarding bitcoin and bitcoin markets for use in the marketing of the Fund. Hashdex will also provide the Fund with marketing services including, but not limited to, branding, the issuance of press releases, preparation of website data content, holding promotional webinars and engaging in promotional activities through social media outlets.

Hashdex has no responsibility for the investment or management of the Fund investment portfolio or for the overall performance or operation of the Fund.

For more information pertaining to the relationship of companies involved in the Fund please read the prospectus.



