

Termination Tracker Certificate on Bitcoin

The high capital requirements relating to cryptoassets, which have been effective as of the end of 2019, have prompted Vontobel to terminate its existing Bitcoin tracker certificate effective March 12, 2021. Following this, Vontobel has decided to issue new tracker certificates on the world's largest cryptocurrency.

Reasons for the termination

Vontobel was the first Swiss issuer to launch a tracker certificate on Bitcoin in July 2016. Investors were able to participate in the performance of Bitcoin for the first time and trade the certificates simply and transparently on the SIX Swiss Exchange.

The products address a clear customer need and have been in very high demand. The capital requirements for Swiss issuers in the crypto assets, which have been introduced by the end of 2019, mean, that Vontobel can no longer manage the current Bitcoin certificate in an economically viable manner. The current management fee and income no longer sufficiently cover the costs of the product.

In addition, the product costs accumulated in recent years lead to deviations in the price development of the product compared to that of the underlying (so-called "tracking error").

For these reasons, Vontobel has decided to terminate the current tracker certificate on Bitcoin and replace it with new tracker certificates with adjusted terms. The option to invest in the new Bitcoin tracker certificates allows investors to continue their previous Bitcoin investment of the terminated certificate as seamlessly as possible.

In the new certificates, a management fee of 3.75% p.a. is included. This higher fee enables Vontobel to offer bitcoin certificates even with the high capital backing requirements. The new ratio of 1:100 also allows the products to be purchased by investors who want to participate in the bitcoin performance with only a very small investment.

What now?

- Investors can sell the old tracker certificate on Bitcoin at the applicable bid price until March 9 and invest in one of the new tracker certificates in order to keep their Bitcoin exposure.
- Alternatively, investors can wait and hold the old product until the termination date. The official termination amount per certificate will be determined in accordance with the issuance program and paid out automatically on March 19, 2021.



At the same time, the new certificate can be subscribed until the termination date of the old product. Since the issue price of the new certificate corresponds to the redemption amount of the old certificate, adjusted for the different ratios and tracking error, an investor can "roll" his position without price risk.

New tracker certificates on bitcoin

Multiple new Bitcoin certificates were launched: a subscription product and ones that can be traded directly on the secondary market via the stock exchange. Both, investors of the previous Bitcoin certificate and new investors, have the possibility to invest in the new certificates.

Timeline: Termination & new products

- As of Feb. 03: New products available on Bitcoin
 - o Product in subscription: 55337875
 - o Product in secondary market: 55338026
- Feb. 05: Second secondary product: 55338087
- March 09: Last trading day of old product
- March 11: End of subscription of the product in subscription
- March 12: Termination date of old product
- March 18: Start of secondary market of the subscription product

For more information, visit: derinet.com

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