

Crypto ETP Recap - September 2023

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This is our monthly overview of select top Crypto ETPs by Assets Under Management (AUM). For more crypto ETP data, scroll down to see our subscription options.

Issuer	Name	Ticker	Domicile	Primary Exchange	Replication	Inception Date	AUM*	MoM Change
2iShares	2iShares Bitcoin ETP	ABTC	Switzerland	SIX	Physically Backed	24-Feb-2019	\$259,117,000	-12.74%
3iQ	The Bitcoin Fund Class A	QBTC.U	Canada	TSX	Index	9-Apr-2020	\$177,443,000	-10.46%
CI Galaxy	CI Galaxy Ethereum ETF	ETHX.B	Canada	TSX	Futures Backed	16-Apr-2021	\$162,570,000	-20.88%
CoinShares	CoinShares Physical Bitcoin	BITC	Jersey	SIX	Physically Backed	19-Jan-2021	\$280,253,000	-16.49%
ETC Group	ETC Group Physical Bitcoin	BTCE	Germany	XETRA	Physically Backed	9-Jun-2020	\$437,118,000	-29.64%
Hashdex	Hashdex Nasdaq Crypto Index ETF	HASH11	Cayman	BSX	Index	22-Apr-2021	\$214,661,000	-14.14%
Invesco	Invesco Physical Bitcoin Fund	BTIC	Germany	XETRA	Physically Backed	26-Nov-2021	\$78,989,000	-11.20%
ProShares	ProShares Bitcoin Strategy ETF	BITO	United States	NYSE Arca	Futures Backed	19-Oct-2021	\$914,888,000	-15.70%
Evolve	Evolve Bitcoin ETF	EBIT	Canada	TSX	Index	19-Feb-2021	\$77,996,000	-9.67%
Purpose	Purpose Bitcoin ETF	BTCC	Canada	TSX	Physically Backed	11-Feb-2021	\$613,710,000	-18.67%
QR Capital	QR Capital Bitcoin ETF	QBTC11	Brazil	B3	Index	24-Jun-2021	\$26,480,000	-11.88%
Valour	Valour Bitcoin Zero ETP	BTC0	Sweden	Euronext	Physically Backed	15-Dec-2021	\$56,835,000	-11.40%
SEBA	SEBA Bitcoin ETP	SBTCU	Guernsey	Euronext	Physically Backed	9-Apr-2021	\$48,899,000	-11.99%
VanEck	VanEck Bitcoin ETN	VBTC	Liechtenstein	Deutsche Boerse AG	Physically Backed	19-Nov-2020	\$155,100,000	-11.81%
WisdomTree	WisdomTree Bitcoin	BTCW	Jersey	SIX	Physically Backed	14-Apr-2019	\$174,074,000	-10.03%
XBT Provider	Bitcoin Tracker Euro	COINXBE	Sweden	Nasdaq OMX AB	Physical or Synthetic	15-May-2015	\$506,757,000	-12.37%

*Asset values as of 11-Sep-2023 based on publicly available data

Key Crypto ETP Vendors

A full breakdown of ETP service providers is available in DAR's Crypto ETP and Institutional Product Report (paid).

Top 5 Fund Administrators by Products Covered

Administrator	Number of Products
JTC Fund Solutions (Jersey) Limited	28
Apex Corporate & Advisory Services Ltd	6
Vórtx Distribuidora de Títulos e Valores Mobiliários Ltda	5
Apex Corporate Services (Schweiz) GmbH	4
Apex Corporate Trustees (UK) Limited	3

Top 5 Custodians by Products Covered

Custodian Name	Number of Products
Coinbase	57
Komainu Jersey Ltd	20
Cidel Trust Company	13
Gemini Trust Company	13
BitGo Trust Company, Inc	8

Top 5 Crypto Market Makers by Products Covered

Asset Name	Number of Products
Flow Traders	83
GHCO (Goldenberg Hehmeyer LLP)	24
Jane Street Financial Limited	14
DRW Europe B.V	9
Lang & Schwarz	5

Data as of 1-Sep-2023 based on publicly available information

Elevating Trust: The Significance of Unconflicted Custody in the Digital Asset Landscape

By Patrick Clancy on behalf of Standard Custody & Trust Company

At their core, digital asset exchange-traded products (ETPs) effectively remove barriers associated with utilizing digital asset exchanges and crypto wallets, as well as the complexities of private keys, which simplifies crypto for newcomers entering the space. These approachable and familiar financial products democratize access to investments in several different types of crypto. ETPs allow investors to access the potential of digital assets without the necessity of direct ownership, relying instead on the ETP sponsor's choice of service providers.

In today's digital asset landscape where ETPs are listed across Asia, Europe, North America, and South America, the importance of unconflicted custodians held to the highest standards is paramount. Whether your ETP is tied to Bitcoin (BTC) or any other digital asset, safeguarding your investments against potential risks stemming from conflicts of interest and regulatory changes is crucial.

In this exploration of the topic, we will:

- Cover the critical role of an unconflicted custodian
- Explore U.S. standards for custodians as a benchmark for best practices
- Offer insights into regulatory changes that are poised to shape the industry

The Significance of Unconflicted Custody

In a digital asset landscape characterized by decentralization and borderless transactions, trust is at a premium. This trust is not merely built on the inherent attributes of blockchain technology, but also on the custodians who secure these digital assets. Despite their importance, identifying a regulated, unconflicted custodian can be difficult. Many custodians operate within the same corporate structures as other fintech providers with competing business units and incentive-based compensation. Some crypto fund managers use outsourced "custody" hardware and software solutions that offer limited internal controls and insufficient procedures around key material access and storage.

Many fund managers also use centralized exchanges that openly operate with conflicted custodial services that have additional offerings and wrapped products that are coupled with execution and other capital market activities. These centralized players offer trading, lending, staking and other services to extract value one basis point at a time.

We emphasize the need for an impartial custodian regardless of where your ETP is listed and believe that the best practices for digital asset custody are different from those required for custodizing traditional assets. The role of a custodian is to keep clients' best interests at heart, which includes protecting clients from greed or malfeasance stemming from organizations that look to "expand their offerings".

To navigate the intricacies of unconflicted custody effectively, it is essential to understand safe custody practices for digital assets, which we've described in this [blog](#).

Upcoming Regulatory Changes

The regulatory landscape for digital assets is evolving as the industry matures. Regulators recognize the need to strike a balance between fostering innovation and ensuring investor protection, and they are refining the rules that govern custody practices to address the unique challenges posed by digital assets.

We previously highlighted some of [key regulatory changes](#) that are potentially coming. For example, in the U.S., there are proposed changes that range from expanding the role of Qualified Custodians (QCs) in securing assets on behalf of investors to defining the scope of custody in the context of digital assets. Additionally, we've offered our perspective on these [regulatory changes](#), how they will impact the evolving custodial landscape, and other considerations the Securities and Exchange Commission (SEC) should contemplate before voting on the proposed rules. Understanding these changes as they occur is pivotal to ensuring that your digital assets remain secure and compliant with evolving regulations.

Key Custodian Considerations

The digital assets industry is characterized by innovation and transformation, making the role of an unconflicted custodian more crucial than ever. Trust, transparency, and compliance are the pillars upon which custodians safeguard your digital assets. By choosing a custodian wisely and staying informed, you can protect your investments and elevate confidence in the digital asset landscape.

As ETP managers evaluate their custodial options and ETP buyers evaluate the issuer's service providers, three fundamental points are clear:

- Understanding the requirements for an unconflicted/qualified custodian is a way to identify best practices. We have defined the essential provisions [here](#).
- The need for [conflict-free custody](#) remains – every ETF issuer has chosen custodians who are too vertically integrated with other services that are provided by centralized exchanges.
- The rules for safeguarding assets matter. Make sure your management team is aware of the compliance requirements. We have narrowed down those considerations in a [blog series](#) we've produced about the "Safeguarding Rule."

Choose your service providers wisely and feel free to connect with Standard Custody & Trust Company as you explore your options in the digital asset custody environment.

Patrick Clancy writes on behalf of the team at Standard Custody & Trust Company, a PolySign company. For more information, please visit: standardcustody.com.

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Crypto ETP & ETF Monthly Reports

Digital Asset Research (DAR) provides summary or in-depth details on exchange-traded crypto products and funds (ETPs and ETFs) in major markets as a research tool for market participants. All reports are available monthly.

Crypto ETP Recap (<i>Free</i>)	Crypto ETP Report (<i>Subscription</i>)	Crypto ETP & Institutional Product Report (<i>Subscription</i>)
<p><i>Overview of the select top Crypto ETPs by Assets Under Management (AUM)</i></p>	<p><i>Everything in the Crypto ETP Recap, plus:</i></p> <ul style="list-style-type: none"> ● Crypto ETP Details: <ul style="list-style-type: none"> ○ Issuer, Name, Ticker, and Domicile ○ Primary exchange ○ Inception date ○ AUM and Month-over-Month (MoM) change ● Issuer total AUM and MoM change ● Charts and graphs: <ul style="list-style-type: none"> ○ Average AUM and Total AUM by issuer ○ MoM change by issuer and asset ○ Asset % of issuer's AUM ● Breakdown by replication method ● Breakdown by geography ● Index provider information 	<p><i>Everything in the Crypto ETP Recap and Crypto ETP Report, plus:</i></p> <ul style="list-style-type: none"> ● Market comparisons to Grayscale and major digital assets ● Open U.S. ETF filing details ● BTC and ETH futures and options data from select crypto exchanges <ul style="list-style-type: none"> ○ Monthly average open interest ○ Monthly average volumes ● Spreadsheet access to “Crypto ETP Details” ● A full breakdown of ETP service providers.

FOR DETAILS, CONTACT INFO@DIGITALASSETRESEARCH.COM

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