

## Securities Note for Retail Non-Equity Securities

According to Art. 6 Para. 3 Sub-Para. 2 of the Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017, as amended ("**Prospectus Regulation**") in connection with Art. 15 and Annexes 14 and 17 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended ("**Delegated Regulation**")

for the issuance of tokenized securities

of

**Backed Assets GmbH  
(Backed Assets LLC)**

with its registered seat in Zug, Switzerland

("Issuer")

dated

9 May 2023

("Securities Note")

This Securities Note has been approved by the Financial Market Authority Liechtenstein ("**FMA**"), as competent authority under the Prospectus Regulation. The FMA only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the securities that is/are the subject of this Securities Note.

This Securities Note has been prepared for the purpose of the Prospectus Regulation and must be read in conjunction with the information document on the Issuer ("**Registration Document**") dated 9 May 2023 and any supplement thereto (Securities Note, Registration Document and any supplement thereto "**Base Prospectus**") and the respective specification of the detailed terms applicable to each Product ("**Final Terms**") for the specific securities in order to obtain all the relevant information. The persons (other than financial intermediaries) and financial intermediaries holding tokenized securities in such Products for their

own account ("**Investors**") should make their own assessment as to the suitability of investing in the securities.

The Issuer has requested the FMA to notify the competent authority in Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the Netherlands in relation to this Base Prospectus consisting of the Securities Note and the Registration Document with a certificate of approval ("**Notification**") attesting that this Securities Note has been drawn up in accordance with the Prospectus Regulation and providing it with an electronic copy of this Securities Note. Further, the Issuer may request FMA to provide a Notification to competent authorities in additional member states within the European Economic Area.

This Base Prospectus will be registered in Switzerland with the reviewing body SIX Exchange Regulation AG, BX Swiss AG or another reviewing body approved by the Swiss Financial Market Supervisory Authority ("**FINMA**"), as a foreign prospectus that is also deemed to be approved in Switzerland pursuant to Article 54 paragraph 2 of the Swiss Financial Services Act ("**FinSA**") together with the Swiss Financial Services Ordinance ("**FinSO**") for inclusion on the list of approved prospectus pursuant to Article 64 para. 5 FinSA, deposited with this review and published pursuant to Article 64 FinSA.

The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**") or with any securities regulatory authority of any State or other jurisdiction of the United States and (i) may not be offered, sold or delivered within the United States to, or for the account or benefit of U.S. Persons (as defined in Regulation S ("**Regulation S**") under the Securities Act), and (ii) may be offered, sold or otherwise delivered at any time only to transferees that are Non-United States Persons (as defined by the U.S. Commodities Futures Trading Commission).

**Warning:**

This Securities Note is valid until the expiry on 8 May 2024, provided that any necessary supplements pursuant to Art. 23 of the Prospectus Regulation ("**Supplement**") are prepared. When the Securities Note has become invalid, the obligation to prepare a Supplement in the event of significant new factors, material mistakes or material inaccuracies does not apply.

This Base Prospectus is a succeeding Base Prospectus continuing the offer of tokenized securities made by the Issuer on the basis of a Base Prospectus approved by the Liechtenstein Financial Markets Authority on 9 May 2022 and as listed in section 9 to this Securities Note. This Base Prospectus as well as the preceding Base Prospectus are available for inspection and download at [www.backedassets.fi](http://www.backedassets.fi).

The Issuer may choose to produce new securities note to replace this Securities Note whenever significant new information regarding the Issuer and the securities is available.

The securities do not constitute a collective investment scheme within the meaning of the Swiss Collective Investment Schemes Act ("**CISA**"). Therefore, they are not subject to authorisation by the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") and potential investors do not benefit from the specific investor protection provided under the CISA and are exposed to the credit risk of the Issuer. Any investment in the securities does not have the status of a bank deposit and is not within the scope of any deposit protection scheme. The Issuer is not and will not be regulated by any regulator as a result of issuing the securities.

The securities are not and will not be issued, guaranteed or secured in an equivalent manner by a supervised institution within the meaning of Article 70 paragraph 1 FinSA. However, the Issuer will for each product provide collateral corresponding to the requirements under Article 70 paragraph 2 FinSA.

**The Issuer has not authorized anyone to disclose any information or confirmations more than the information disclosed in this Securities Note. If such information and confirmations are nevertheless given, investors should not rely on them as if they had been authorized by the Issuer.**

## IMPORTANT INFORMATION

### GENERAL SALES RESTRICTIONS

THE PRODUCTS OFFERED UNDER THIS BASE PROSPECTUS ON PRIMARY MARKETS, SECONDARY MARKETS AND OTHER PLATFORMS ARE NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. OR IN ANY OTHER JURISDICTION OR TO ANY OTHER PERSON TO WHICH A DISTRIBUTION WOULD BE UNLAWFUL.

This Base Prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If the laws or regulation of a jurisdiction require that an offering of securities described herein be made by a licensed bank, securities firm or insurance company or any other party involved (each as defined in this Securities Note) or any affiliate of any other party is a licensed bank, securities firm or insurance company in that jurisdiction, the offering shall be deemed to be made by such other party or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

**The offering or sale of the securities in certain jurisdictions may be restricted by law including because of the underlying(s). For a description of certain restrictions on offers and sales of the securities and on the distribution of this Securities Note and/or the Base Prospectus, see clause XXV. "Selling Restrictions" of the Terms and Conditions.**

Persons who obtain possession of this Securities Note and/or the Base Prospectus are required to inform themselves about and to adhere to any such restrictions. Neither this Securities Note nor the Base Prospectus constitute or may be used for the purposes of, an offer or solicitation to subscribe for or to purchase any securities in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Accordingly, this Securities Note and the Base Prospectus should not be used by anyone for this purpose.

#### UNITED STATES ("U.S.")

You are obliged to read the following before continuing. This applies especially to this Securities Note and/or the Base Prospectus following this notice, and you are therefore advised to read this carefully before reading, accessing, or making any other use of the Base Prospectus. In accessing the Base Prospectus, you agree to be bound by the following terms and conditions including any modifications to them any time you receive any information from the Issuer or the other involved parties (as mentioned in the Base Prospectus) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES, MAY BE USED FOR THE PURPOSE OF, OR MAY BE CONSTRUED AS, AN INVITATION, AN OFFER OR A SOLICITATION OF SECURITIES FOR SALE OR FOR SUBSCRIPTION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE PRODUCTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("**Securities Act**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE U.S. AND (I) MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), AND (II) MAY BE OFFERED, SOLD OR

OTHERWISE DELIVERED AT ANY TIME ONLY TO TRANSFEREES THAT ARE NON-U.S. PERSONS (AS DEFINED BY THE U.S. COMMODITIES FUTURES TRADING COMMISSION).

THE BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. IN PARTICULAR, IT MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION, OR REPRODUCTION OF THIS TRANSMISSION IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

#### EUROPEAN UNION ("EU") AND EUROPEAN ECONOMIC AREA ("EEA")

In relation to each Member State of the EEA which has implemented the Prospectus Regulation (each "**Relevant Member State**"), the relevant authorized participant ("**Authorized Participant**") has represented and agreed that with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State ("**Relevant Implementation Date**") it has not made and will not make an offer of securities which are the subject of this Base Prospectus as completed by the applicable Final Terms to the public in that Relevant Member State, except that the securities may, with effect from and including the Relevant Implementation Date, be offered to the public in that Relevant Member State:

- a. if the Final Terms in relation to the securities specifies that an offer of those securities may be made by the Authorised Participant(s) other than pursuant to Art. 1 Para. 4 of the Prospectus Regulation in that Relevant Member State ("**Non-Exempt Offer**"), following the date of publication of the Base Prospectus in relation to such securities. Such offer must have been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State. This is under the condition that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-Exempt Offer, in accordance with the Prospectus Directive, in the period (if any) beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-Exempt Offer;
- b. at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- c. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Authorized Participant for any such offer; or
- d. at any time in any other circumstances falling within Art. 1 Para. 4 of the Prospectus Regulation;

provided that no such offer of securities referred to in (b) to (d) above shall require the Issuer or any Authorized Participant to publish a prospectus pursuant to the Prospectus Regulation or supplement a base prospectus pursuant to Art. 23 of the Prospectus Regulation as soon as possible prior to the respective offer.

For the purposes of this provision, the expression "an offer of securities to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to

decide to purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Regulation in that Member State.

The Final Terms in respect of any securities may include a legend entitled “**MiFID II Product Governance**” which will outline the target market assessment in respect of the securities and which channels for distribution of the securities that are appropriate. Any person subsequently offering, selling or recommending the securities (“**Distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU, as amended (“**MiFID II**”), is responsible for undertaking its own target market assessment in respect.

## SWITZERLAND

The securities issued are derivative financial instruments (debt instruments) according to Swiss Law. The securities do not constitute a collective investment scheme within the meaning of the CISA. Therefore, they are not subject to authorisation by the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”) and potential investors do not benefit from the specific investor protection provided under the CISA and are exposed to the credit risk of the Issuer. Any investment in the securities does not have the status of a bank deposit and is not within the scope of any deposit protection scheme. The Issuer is not and will not be regulated by any regulator as a result of issuing the securities.

The securities, qualifying as structured products pursuant to Article 70 FinSA, may be offered to retail clients within the meaning of FinSA in Switzerland only if a key investor document (*Basisinformationsblatt*) (**FinSA-KID**) pursuant to Article 58 et seqq. of FinSA or a key information document pursuant to the PRIIPs Regulation (**PRIIPsKID**) instead of a FinSA-KID has been prepared and provided to the relevant retail clients. If the securities may only be offered to retail clients in the context of asset management mandates, such obligation to provide a FinSA-KID or a PRIIPs-KID would not apply.

The securities are not and will not be issued, guaranteed or secured in an equivalent manner by a supervised institution within the meaning of Article 70 paragraph 1 FinSA. However, the Issuer will for each product provide collateral corresponding to the requirements under Article 70 paragraph 2 FinSA.

## UNITED KINGDOM

In relation to the United Kingdom, any person offering the securities has represented and agreed that it has not made and will not make an offer of securities which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in the United Kingdom other than the offers contemplated in the Base Prospectus as completed by the Final Terms in relation thereto in accordance with Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”), and provided that the Issuer has consented in writing to use of the Base Prospectus as completed by the Final Terms in relation thereto for any such offers, except that it may make an offer of such securities to the public in the United Kingdom:

- (a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation), as permitted under the UK Prospectus Regulation, subject to obtaining the prior consent of the respective dealer or dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 ("FSMA"),

provided that no such offer of securities shall require the Issuer or any person offering the securities to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any securities in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe.

#### **CONFIRMATION OF YOUR WARRANTIES**

In order to be eligible to view the Base Prospectus or make an investment decision with respect to the securities being offered, prospective investors must be permitted under applicable law and regulation to receive the Base Prospectus. This Base Prospectus is being sent to you at your request and by accepting the email and accessing the Base Prospectus, you shall be deemed to have warranted to the Issuer, the Authorized Participant and the other involved parties that (i) you and any customers you represent are outside the U.S. and any jurisdiction in which receiving or accessing the Base Prospectus cannot lawfully be made without compliance with registration or other legal requirement, (ii) the electronic or physical mail address that you gave the sender of this transmission and to which this transmission has been delivered is not located in the U.S. or any jurisdiction in which receiving or accessing the Base Prospectus cannot lawfully be made without compliance with registration or other legal requirements, (iii) you are a person who is permitted under applicable law and regulation to receive the Base Prospectus, (iv) you consent to delivery of the Base Prospectus and any amendments or supplements thereto by electronic transmission, (v) you will use this Base Prospectus for the sole purpose of evaluating a possible investment in a Product, and (vi) you acknowledge that no person is authorized to give any information or make any representation in connection with a Product or an offering that is not contained in this Base Prospectus and the related Final Terms.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Base Prospectus to any other person.

#### **ISSUER IS NEITHER LICENSED NOR REGISTERED**

The Issuer of the Products, Backed Assets GmbH, with its registered seat in Zug, domiciled at c/o Backed Finance AG, Baarerstrasse 14, 6300 Zug, Switzerland, is incorporated under Swiss law. The Issuer is neither licensed nor registered with FINMA.

#### **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS**

Some statements in this Base Prospectus may be deemed to be forward-looking statements. Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future

operations and performance, and the assumptions underlying these forward-looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections captioned "Risk Factors", "Essential Information", "Information concerning the Securities to be offered to the Public" and other sections of this Base Prospectus. The Issuer has based these forward-looking statements on its current view concerning future events and financial performance. Although the Issuer believes that the expectations, estimates, and projections reflected in its forward-looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialize, including those identified in the section captioned "Risk Factors" or which the Issuer has otherwise identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, events relating to the Issuer and the Issuer's actual results may be materially different from those expected, estimated or predicted.

Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions, or circumstances on which any such forward-looking statement is based.



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## A. Definitions

Under this section the following terms are defined for this Securities Note (including the Terms and Conditions), which are used throughout the Base Prospectus. Words denoting the singular number only shall include the plural number also and vice versa. Such defined terms shall always be read in conjunction with the definitions provided in the whole Base Prospectus. The respective Final Terms shall prevail.

Terms not defined in this list shall have the meanings given to them elsewhere in this Securities Note and/or the Base Prospectus.

<b>Account Control Agreement</b>	A three-party agreement entered into in favor of the secured party, i.e. the Investors, represented by the Security Agent acting in its own name and on its own account as well as in the name and on the account of the Investors as their direct representative ( <i>direkter Stellvertreter</i> ), between: <ul style="list-style-type: none"><li>a. a customer/debtor such as the Issuer, i.e. a borrower, guarantor or other loan party pledging financial assets (such as intermediated securities and cash positions) as Collateral; and</li><li>b. the intermediary (<i>Verwahrungsstelle</i>), i.e. a depository bank such as the Custodian, maintaining the relevant financial assets in Collateral Account(s) in the name of the customer/debtor, i.e. the Issuer; and</li><li>c. the beneficiary, acting in its own name and on its own account as well as in the name and on the account of the Investors as their direct representative (<i>direkter Stellvertreter</i>), i.e. the Security Agent.</li></ul>
<b>Adjustment Event</b>	Events (excluding Market Disruption Events) that may have a diluting or other negative effect on the theoretical value of the relevant Underlyings or Underlying Components of it
<b>AEOI</b>	Automatic Exchange of Information
<b>AEOI Act</b>	Swiss Act on International Automatic Exchange of Information in Tax Matters
<b>AG/SA</b>	Company limited by shares
<b>AML</b>	Anti-money laundering
<b>AMLA</b>	Swiss Anti-Money Laundering Act

<b>Attachment</b>	Provision of security
<b>Authorized Participant</b>	(i) A licensed bank according to the BA, (ii) a securities firm according to the FinIA, (iii) an insurance company according to the ISA, or (iv) a non-Swiss institution being supervised in an equivalent manner, approved and engaged by the Issuer (in its absolute sole discretion) for the offering of one or several Products to Retail Investors and/or Professional Investors
<b>Authorized Participant Agreement</b>	Authorized Participant entering into an Agreement with the Issuer, regulating i.e. the rights and obligations of the Authorized Participant in the context of application and redemption of Products
<b>BA</b>	Swiss Banking Act
<b>Base Currency</b>	Any currency required to be converted into a Required Currency
<b>Base Prospectus</b>	Securities Note (including the Form of Final Terms), Registration Document and any supplement thereto  The Form of Final Terms has to be filled out for each individual issue and indicates the available options with regard to the information to be determined in the Final Terms of the offer; Further, a product specific summary of the individual issue is annexed to the Final Terms.  The Base Prospectus and the relevant Final Terms (incl. a product specific summary) are together the binding product documentation for the relevant securities.
<b>Broker</b>	A regulated securities broker regarding brokerage services in connection with buying/selling the Underlyings
<b>Brokerage Agreement</b>	Agreement between the Issuer and the Broker
<b>Business Day</b>	A day on which relevant clearing systems are open and securities can be settled, relevant commercial banks and Custodians are open, banks in Zurich are open, foreign exchange markets execute payments in the respective Settlement Currency and Underlyings or Underlying Components of the relevant Product can be settled, and/or any other day, as specified in the Final Terms
<b>CHF</b>	Swiss franc

<b>CISA</b>	Swiss Collective Investment Schemes Act
<b>Classic Index</b>	a notional portfolio of at least five different Underlying Components, whereas the composition of the Underlying Components remains unchanged during the entire term of the Product.
<b>CO</b>	Swiss Code of Obligations
<b>Collateral</b>	The assets representing the Underlying and any cash held in any Collateral Account(s) of the Issuer held with the Custodian
<b>Collateral Account(s)</b>	Any Paying Accounts and Securities Accounts which are pledged in favor of the Securities Agent, acting in its own name and on its own account as well as in the account of the Investors as their direct representative ( <i>direkter Stellvertreter</i> ).
<b>Collateral Agreement</b>	A collateral agreement entered between the Issuer and the Investors represented by the Security Agent acting as in their name and on their account as their direct representative ( <i>direkter Stellvertreter</i> ) and the Security Agent acting in its own name and on its own account
<b>Collateralization</b>	Providing the Collateral for the benefit of the Investors to secure its payment obligations under the Base Prospectus and the Final Terms
<b>Collateral Provider</b>	The Issuer in its role as provider of the Collateral
<b>Condition</b>	Each term and condition of the Terms and Conditions
<b>Corp./Inc.</b>	Corporation
<b>Custodian</b>	Any person administering the accounts to which the Underlyings purchased by the Issuer are credited
<b>Custody Agreement</b>	A custody agreement between the Issuer and any Custodian according to general market standards for custody services
<b>DAO</b>	Decentralized Autonomous Organization
<b>DEBA</b>	Swiss Debt Collection and Bankruptcy Act
<b>Delegated Regulation</b>	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended

<b>Distributor</b>	Any person offering, selling or recommending the Products
<b>DLT</b>	Distributed ledger technology
<b>Dynamic Index</b>	a notional portfolio of at least five different Underlying Components meeting the following conditions cumulatively so that they are merely passively managed: (i) the Underlying Components contained in the Index or basket are managed during the term of the Product according to precisely defined and predetermined objective criteria (such as market capitalization, liquidity, P/E ratio, etc.) and (ii) these criteria must be set out in the Index or basket specifications and remain un-changed during the term of the Product
<b>EEA</b>	European Economic Area
<b>EmbA</b>	Swiss Embargo Act
<b>ETC</b>	Ethereum Classic
<b>ETF</b>	Exchange traded fund, which is an open ended collective investment scheme that trades throughout the day like a stock on the secondary market (i.e., through an exchange)
<b>ETH</b>	Ethereum
<b>EU</b>	European Union
<b>EUR</b>	Euro
<b>EUWA</b>	European Union (Withdrawal) Act 2018
<b>Extraordinary Event</b>	Fraud, theft, cyber-attacks, drastic changes in regulation or any analogous or similar event
<b>Fair Market Value</b>	In the case of Products related to an Index, if for any reason, on or prior to any final valuation date the Index Calculation Agent or a successor, if any, should cease permanently to calculate and/or announce the level of the Index and does not provide for a substitute Index, or such substitute Index cannot replace that Index, for any reason, then the Issuer shall terminate the Products by means of the Issuer Call Option and redeem the Products and pay to each Investor in respect of the securities held by it an amount representing the fair market value of such Products
<b>FATCA</b>	U.S. Foreign Account Tax Compliance Act

<b>FATF</b>	Financial Action Task Force
<b>Final Terms</b>	Specification of the detailed terms applicable to each Product including a product specific summary of the individual issue, which is annexed to the Final Terms
<b>Financial Report</b>	Review Report together with the Interim Financial Statements
<b>FinIA</b>	Swiss Financial Institutions Act
<b>FINMA</b>	Swiss Financial Market Supervisory Authority
<b>FinSA</b>	Swiss Financial Services Act
<b>FinSO</b>	Swiss Financial Services Ordinance
<b>FMA</b>	Financial Market Authority Liechtenstein
<b>Fork</b>	An event in which an interlinked chain of blocks (a blockchain) is, at a certain block onwards, followed by two or more parallel and non-identical blocks, each generating a separated continuum of the original blockchain, possibly becoming the dominant version and thus obliterating all transactions recorded on the other possible chains
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>FX Disruption Event</b>	Occurrence of an event that makes it impossible through legal channels for the Issuer or its affiliates to convert a Base Currency into the Required Currency
<b>FX Rate</b>	The exchange rate for the sale of the Base Currency against the Required Currency
<b>Index</b>	any Classic Index or Dynamic Index
<b>Interim Financial Statements</b>	Interim financial statement of the Issuer for the period from 30 July 2021 (incorporation date of the Issuer) to 28 February 2022
<b>Investor</b>	Person (other than a financial intermediary) who wishes to invest in the Products holding the tokenized securities on the ledger platform. Such persons and financial intermediaries holding tokenized securities in such Products for their own account shall each be an Investor.

<b>Investor Fees</b>	Fees owed by the Investor to the Issuer, in particular for the issuance and redemption of the Products, of up to 5% of the market price of the Underlying
<b>Investor Put Option</b>	Any Investor may either by itself or through its financial intermediary maintaining the relevant securities for the Investor exercise its Redemption Order with the Issuer, or any party acting on behalf of the Issuer
<b>Investor Redemption Dates</b>	a Redemption Order or Investor Put Option can be placed by the Investor at any time
<b>ISA</b>	Swiss Insurance Supervision Act
<b>ISIN</b>	International security identification number
<b>Issuer</b>	Backed Assets GmbH (Backed Assets LLC) with its registered seat in Zug, Switzerland
<b>Issuer Call Option</b>	Right of the Issuer to terminate a Product
<b>IT</b>	Information technology
<b>KYC</b>	Know-your-customer procedures and documentation, in particular including transaction monitoring as well as source of wealth and source of funds checks, all in accordance with AMLA and Sanctions Regulations
<b>Ledger-Based Securities</b>	Ledger-based securities (" <i>Registerwertrechte</i> ") according to Art. 973d et seqq. CO
<b>Market Disruption Event</b>	As defined in section 2.3.1.5
<b>Market Maker</b>	Any natural or legal person that provides market making services including bid and offer of market prices for the Products, next to adequate liquidity with regard to all Products
<b>MCAA</b>	Multilateral Competent Authority Agreement
<b>MiFID II</b>	Directive 2014/65/EU, as amended
<b>MTF</b>	Multilateral trading facility
<b>NASDAQ</b>	National Association of Securities Dealers Automated Quotations

<b>Net Realization Proceeds</b>	The amount resulting of the deduction of the service fees and additional costs of the Security Agent from the realization proceeds
<b>New Issuer</b>	Any affiliate, subsidiary or holding company of the Issuer as substitution for the Issuer as obligor under the Product
<b>Non-Exempt Offer</b>	If the Final Terms in relation to the Products specifies that an offer of those Products may be made by the Authorized Participant(s) other than pursuant to Art. 1 Para. 4 of the Prospectus Regulation in that Relevant Member State
<b>Notification</b>	FMA notification to the competent authorities in Austria, Belgium, Czech Republic, Denmark, France, Germany, Ireland, Luxembourg, Malta, Norway, Spain and the Netherlands in relation to this Base Prospectus consisting of the Securities Note and the Registration Document with a certificate of approval attesting that the Securities Note has been drawn up in accordance with the Prospectus Regulation and providing it with an electronic copy of this Securities Note.
<b>NYSE</b>	New York Stock Exchange
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>Order</b>	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
<b>OTC</b>	Over-the-counter
<b>Parent</b>	Backed Finance AG, owning 100% of the quotas of the Issuer
<b>Paying Account</b>	The cash account(s) held by the Issuer with the Paying Account Provider on/from which funds from/to the Investors in connection with the issuance and redemption of the Products are paid (including any distribution of funds to Investors subsequent to a Realization Event, based on the instructions of the Security Agent)
<b>Paying Account Provider</b>	Any person accepting or dispatching payments on behalf of the Issuer of the Products and by accepting or distributing the funds from/to the Investors (including any distribution of funds to Investors subsequent to a Realization Event, based on the instructions of the Security Agent)



<b>Paying Account Provider Agreement</b>	Agreement between the Issuer and a regulated bank or securities firm entered into which sets out the terms on which the Issuer holds the Paying Account(s) with such regulated bank or securities firm in relation to the Products issued under the Base Prospectus
<b>Paying Account Provider Functions</b>	Paying account provider functions as defined in Section 3.2 of the Securities Note and as further specified in the Account Control Agreement as well as the Final Terms of the respective Product
<b>Perfection</b>	Asserting rights in the Collateral
<b>PoS</b>	Proof of Stake
<b>PoW</b>	Proof of Work
<b>Product</b>	The securities offered by the Issuer to Investors
<b>Product-DLT</b>	Ethereum blockchain and similar blockchains, such as Binance Smart Chain, TRON, Polygon, Gnosis Chain Ethereum Rollups etc.
<b>Professional Investors</b>	Investors according to Art. 4 Para. 3 FinSA
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 (and amendments thereto)
<b>Realization Event</b>	As defined in clause XXII. i. " <i>Realization Event</i> " of the Terms and Conditions
<b>Redemption Order</b>	Right of the Investors to require the Issuer to redeem a number of Securities for any one Product by submitting a sell order
<b>Reference Sources</b>	Market prices issued by the exchange(s) or quotation system(s) defined in the Final Terms
<b>Registration Agreement</b>	The Issuer and each holder of Securities issued by the Issuer, i.e. any Investor, enter into a registration agreement which sets out the terms relating to the securitization of the Products in ledger-based securities according to article 973d Swiss Code of Obligation by the Issuer, the effects, the rules of transfer and the process in case of loss of such ledger-based securities. The Registration Agreement forms part of the Terms and Conditions
<b>Registration Document</b>	Information document on the Issuer

<b>Regulatory Call</b>	Exercising of the Issuer Call Option if compliance by the Issuer with the obligations under the Products or any transaction in respect of an Underlying of the relevant Products will become unlawful or impossible in whole or in part, in particular as a result of compliance by the Issuer with any future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power or controlling authority or of the relevant competent market authorities
<b>Relevant Implementation Date</b>	With effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State
<b>Relevant Member State</b>	Member State of the EEA which has implemented the Prospectus Regulation
<b>Required Currency</b>	A specific currency required according to this Securities Note, the Final Terms or any agreement as described in this Securities Note or the Final Terms or any other contractual agreement in connection with the Products.
<b>Retail Investors</b>	Investors not qualifying as Professional Investors
<b>Review Report</b>	Auditor's review report of the Interim Financial Statements
<b>Sanctions Regulations</b>	EmbA, any other Swiss sanctions regulations, and any other sanctions regulations in the Issuer's sole discretion
<b>SE</b>	Societas Europaea
<b>Securities Account(s)</b>	An account maintained by a securities intermediary such as a bank, securities firm or any other regulated custodian in Switzerland or abroad, in which it holds securities for the benefit of a customer
<b>Securities Act</b>	U.S. Securities Act of 1922, as amended
<b>Securities Ledger</b>	Basis for the registration of Ledger-Based Securities according to Art. 973d et seqq. CO
<b>Securities Note</b>	Securities Note for Retail Non-Equity Securities for the issuance of tokenized securities of the Issuer
<b>Security Agent</b>	The Security Agent represents the Investors acting as their direct representative ( <i>direkter Stellvertreter</i> ) to secure in the name and on the account of the Investors their claims under

the Products as well as acting in its own name and on its own account to secure its ongoing costs

<b>Settlement</b>	All termination and redemption of Products shall be settled as per the Termination Date or the Investor Redemption Date, as the case may be, in the Settlement Currency as cash and/or upon the sole discretion of the Issuer, optionally also in other FIAT currencies or Cryptocurrencies, in accordance with this clause.
<b>Settlement Currency</b>	Currency in which the redemption amount is settled
<b>SME</b>	Small and medium-sized enterprises
<b>SPV</b>	Special purpose vehicle
<b>SSPA</b>	Swiss Structured Products Association
<b>Structured Product(s)</b>	Combination of conventional instruments with derivatives to create a stand-alone product that is then certificated and issued by an Issuer
<b>Supplement</b>	Supplements pursuant to Art. 23 of the Prospectus Regulation
<b>Swiss Bankruptcy Official</b>	Swiss bankruptcy official or administrator
<b>Termination Date</b>	Date of choice on which the Issuer terminates a Product
<b>Termination Event</b>	Event which in the sole discretion of the Issuer requires a discontinuation of a Product
<b>Termination Notice</b>	The Issuer has to notify the Investors of the termination of a Product at the earliest possible date, in any event no later than 30 Business Days prior to the Termination Date
<b>Terms and Conditions</b>	Terms and Conditions of the offer of securities to the Public, as stated in section 5 of this Securities Note
<b>Tokenization Services Agreement</b>	Agreement between the Issuer and the Parent, effective as of 18 November 2021, as amended from time to time
<b>Tokenizer</b>	Person/legal entity providing tokenization services, i.e. creating the ledger-based securities for the Products, activating them and handling the issuance and redemption transactions on behalf of the Issuer

<b>Tokenization Services</b>	Tokenization services as defined in section 3.2 of the Securities Note
<b>Tracker Certificates</b>	Certificates according to type 1300 of the Swiss Derivatives Map
<b>Underlying Currency</b>	Currency of the Underlying/Underlying Components
<b>Underlying Illiquidity</b>	Low or no trading volume in the Underlying or the Underlying Components, the difficulty to buy and/or sell the Underlying or Underlying Components in a short period of time without its price being affected, or any comparable event that leads to an extraordinary illiquidity in any Underlying or Underlying Components, as determined by the Issuer in its sole discretion
<b>Underlying(s) / Underlying Component(s)</b>	Equity instruments, debt instruments, indices, exchange-traded funds, not listed funds and other transferable securities according to Art. 4 Para. 1 No. 44 and Annex I Section C MiFID II, as specified in the relevant Final Terms  All Underlying(s) / Underlying Component(s) must be in the form of book-entry securities.
<b>U.S.</b>	United States
<b>USD</b>	United States Dollar

## **B. General Description**

### **1. Persons Responsible, Third Party Information, Experts' Reports and Competent Authority Approval**

#### **1.1 Persons Responsible**

The Issuer, **Backed Assets GmbH**, c/o Backed Finance AG, Baarerstrasse 14, 6300 Zug, Switzerland accepts responsibility for the information contained in this Securities Note (for further information to the Issuer see section 4 of the relevant Registration Document).

#### **1.2 Declaration of Responsibility**

The Issuer declares that to the best of its knowledge, the information contained in this Securities Note is in accordance with the facts and that this Securities Note makes no omission likely to affect its import.

### **2. Risk Factors**

#### **2.1 Preliminary Remarks**

Investors should note that an investment in Products involves a high degree of risk, including the risk of a total loss of all capital invested, as the Products and the assets representing the Underlying in the account of the Issuer held with the Custodian ("**Collateral**") in respect of each Product are highly speculative.

The material risk factors inherent in the Issuer are set out below. The most significant risk factors are prefixed to each section.

Additionally, investors should carefully read and consider the risk factors described in this Securities Note. Furthermore, they should consider all other information contained in this Securities Note, the relevant Registration Document and any Supplements thereto, *i.e.* Base Prospectus, as well as the relevant Final Terms. Investors should also take into account that all of the risks described may occur cumulatively, interact and thereby exacerbate each other. In that case, the Issuer's ability to meet its payment or delivery obligations under such Products to investors may be adversely affected.

In case one or more of the described risks or further factors (which appeared not material at the time of drafting the Registration Document or any facts of which the Issuer is currently not aware) occur, the investors may suffer a partial or even a total loss of their investment.

The Issuer strongly recommends to interested investors to conduct an individual examination of their personal risk situation by a competent advisor prior to the acquisition of any Products.

Certain capitalised terms used in this chapter are defined in the relevant general terms and conditions (together, the "**Terms and Conditions**" and each, a "**Condition**"), the relevant Securities Note and/or the relevant Final Terms.

## 2.2 General Risk Factors

### 2.2.1 Independent Review and Advice

Before entering into a transaction, Investors should ensure that they fully understand the potential risks and rewards and independently determine what is appropriate given their objectives, experience, financial and operational resources and other circumstances. For that purpose, they should consult independent advisors (including, but not limited to, tax advisors, legal advisors, financial advisors and accountants) as far as they consider necessary. On the basis of their own independent review, assessment and advisors' advice they should make their own independent investment, hedging, and trading decisions. This includes but is not limited to decisions concerning the suitability of investing into the Products or the exposure of the Underlying.

The Investors should conduct their own independent research and analysis regarding the Issuer and other relevant entities or persons and market and economic factors, as they consider necessary to evaluate the risks and value of an investment in the Products. For that purpose, they should also consider carefully all the information in the Base Prospectus and the respective Final Terms.

Investment in the Products may involve a loss of the capital invested under the Terms and Conditions of a respective Product even where there is no default or insolvency of the Issuer. Investors are at all times solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects and creditworthiness, status, business safety, and security provisions and course of business of the Issuer. None of the Issuer or any other agent or affiliate of the aforementioned (or any person or entity on their behalf) will have responsibility or duty to make investigations, to review matters, or to provide the Investors with advice concerning accompanying risks.

Risk rating: medium

### 2.2.2 Legality of Purchase

The Investors are responsible for ensuring that their actions comply with any law, regulation or regulatory or internal policy applicable to them regarding the acquisition of the Products. Accordingly, Investors bear the risk of the permissibility of the purchase of any Products by themselves.

Risk rating: low

### 2.2.3 Settlement

All Products are intended to be traded and settled on an Ethereum blockchain and similar blockchains, such as Binance Smart Chain, TRON, Polygon, Gnosis Chain, Ethereum Rollups ("**Product-DLT**") or any other eligible clearing and settlement system. Therefore, the Investors will have to rely on the rules and procedures governing these operations. Any delay in the trade or settlement of the Products by factors on such clearing and settlement system is outside the Issuer's control, for example the disruption of the relevant clearing and settlement systems. Investors shall consider when investing in the Products that these clearing and settlement systems could be unregulated or unsupervised by respective authorities.

These possible delays may result in a longer settlement time between the redemption value fixing date and the termination of a Product, which could negatively affect the redemption value of the relevant Product.

Risk rating: low

#### 2.2.4 Effect of Additional Costs

Commissions and other transaction costs incurred, e.g. blockchain costs, in connection with the purchase or sale of Products may result in charges, particularly in combination with a low order value, which can substantially reduce any redemption amount to be paid to an Investor in respect of a Product. Before acquiring Products, Investors should therefore inform themselves of all costs incurred with the purchase or sale of the Products, including any costs charged by their custodian bank or the Authorised Participant upon purchase and redemption of the Products.

Risk rating: medium

### 2.3 Risks relating to the Market

#### 2.3.1 General Market Risks

##### 2.3.1.1 Market Volatility

Market volatility refers to the risk that market prices of securities will rise or fall, sometimes rapidly or unpredictably. An investment in the Products is subject to market risk, including the potential loss of the entire amount of the investment. Changes in interest, foreign exchange rates, and increases in volatility can increase credit and market risks and may also affect revenues of Investors. General movements in local and international markets and factors that affect the investment climate and Investor sentiment could affect the level of trading and, therefore, the market price of any Product. These risks are generally applicable to any investment in securities or instruments. Investors should be aware that any and all Products can go down and up in price and that there can be a partial or total loss of the invested amount.

Risk rating: medium

##### 2.3.1.2 Tracking Delays or Errors

At any time, the price at which Products are traded on the secondary market may be quoted or traded at not the accurate or "real-time" price of the relevant Index that defines a notional portfolio of at least five Underlying Components in the form of a Classic Index or a Dynamic Index ("**Index**") or Underlying or Underlying Components at the respective time. The application and redemption procedures for the Issuer are intended to minimize this potential difference, delay or tracking error. However, the market price of Products will also be a function of supply and demand amongst Investors wishing to buy and sell Products and the bid/offer spread that Market Makers are willing to quote for such Products. It is not within the Issuer's control to ensure that the Products trade continuously at a price which equates perfectly to the value of the relevant Index or Underlying or,

indeed, to ensure that any degree of variation between “bid/ask” and the value of the relevant Index or Underlying does not exceed certain margins.

Risk rating: high

#### 2.3.1.3 Pricing Divergences

The prices of the Underlyings or the Underlying Components will be calculated based on the methodology described in the Terms and Conditions (see section 4.6). The price of securities in United States Dollar (“USD”), euro (“EUR”), Swiss franc (“CHF”) or in other currencies available from other data sources may not be equal to the prices used to calculate the values relevant for the specific Products. Investors should not depend on these sources of information when making investment decisions in relation to the Products.

Risk rating: medium

#### 2.3.1.4 Market Trading Risk and Liquidity

The Products are intended to be available and traded on a Product-DLT and may be traded also on other exchanges or networks with the necessary authorisations. There is no certainty that there will be liquidity available on any of the trading networks or that the market price will be in line with the net asset value at any given time. There is also no guarantee that once the Products are available and traded on a blockchain that they will remain accessible and traded as a result of changes in admissibility of the Underlyings, the technology or the status of the Issuer.

Under normal market conditions, users acting as Market Makers will purchase and sell Products on secondary markets reducing the price gap between such trading venues and prices offered by the Issuer. Nevertheless, the Investors cannot rely on the opportunity to sell Products at a specific price or time. Furthermore, the Market Maker(s) are not obliged to secure a certain minimum level rate, purchasing unlimited numbers of Products or certain minimum volume in abnormal market conditions. In addition, the Issuer itself may have the right (but no obligation) to purchase Products at any time and any price in the open market or by tender or private agreement, subject to the applicable law.

Risk rating: high

#### 2.3.1.5 Market Disruption Events

A market and/or settlement disruption event describes (“**Market Disruption Event** or **Settlement Disruption Event**”):

- a) In relation to an Index and/or Underlying Components, the occurrence or existence of a suspension or a limitation on trading in or a limitation on market prices issued by the exchange(s) or quotation system (s) defined in the Final Terms (“**Reference Sources**”) (but for the avoidance of doubt, not merely a limitation on the hours and number of days of trading resulting from an announced change in the regular business hours of) for one or more Index constituents relevant to such Index (calculated using the last known price of such Index constituent) so that the price or value of the Product cannot be determined, announced or published or otherwise is not being made available on a



Business Day relevant for the fixing, observation or valuation of the Index and/or an Underlying Component; or

- b) In relation to a single Underlying, the occurrence or existence of a suspension or a limitation on trading in or a limitation on the market price issued by Reference Sources (but for the avoidance of doubt, not merely a limitation on the hours and number of days of trading resulting from an announced change in the regular business hours of the relevant Underlying exchange) for the Underlying or one or more Underlying Components so that the price or value of the Product cannot be determined, announced or published or otherwise is not being made available on a Business Day relevant for the fixing, observation or valuation of such Underlying as determined by the Issuer in its duly exercised discretion.

In accordance with the Terms and Conditions, the Issuer may determine in its duly exercised discretion that a Market Disruption Event or Settlement Disruption Event has occurred or exists at a relevant time, which could result in the postponement of the fixing, observation or valuation of the applicable Index, Underlying or Underlying Component. This could have an adverse effect on the market value of the Products, including a partial or total loss of the investment.

These events may include, but are not limited to, the Issuer's inability to source reliable data, regulatory changes or other significant technological issues.

Risk rating: low

#### 2.3.1.6 Risks relating to Currency Exchange Rates

In general, currency values may be affected by complex political, economic, and international factors, including governmental actions to support the domestic currency, independent of other market forces. An investment in the Products may be affected by the exchange rate risk of the relevant currencies in which the Products are denominated and in which the Underlying or the Underlying Components is/are traded or evaluated. The Underlying(s) will be denominated in another currency (USD, EUR or any other) than the Products offered (as specified in the Final Terms).

An Investor's right related to the Products may be determined on the basis of a currency other than the currency in which the redemption amount is settled ("**Settlement Currency**"). The value of the Underlying may be determined in a currency or unit of value other than the Settlement Currency. Accordingly, Investors should be aware that investments in Products could entail risks due to fluctuating exchange rates and, moreover, that the risk of loss depends not only on the performance of the Underlying, but also on unfavourable developments of the value of any currency involved. Investors should be aware that the above mentioned risks may arise at any time during the life of the Product if the currency of the Product and/or of the Underlying will be replaced by a different or a new currency.

Risk rating: medium

#### 2.3.1.7 Other Factors affecting Market Value

The fact that the Products are issued in the form of tokens, requires the ability to execute transactions on the blockchain in order to purchase or sell the Product. Transactions on the blockchain are sometimes governed by fees paid to the blockchain validators, and these might increase significantly in times of market disruption or congestion. In such times, issuance and redemption of Products in values in the order of magnitude of the required fees may have an adverse impact on the total value obtained by the investor. The issuer has no ability to control or predict future blockchain fees.

Risk rating: high

## **2.3.2 Risks relating to Tokenized Securities / Distributed Ledger Technology**

### **2.3.2.1 Risks Associated with the Ethereum Protocol and other Blockchain Protocols**

Any Product-DLT, which will be used for the tokenized issuance of securities, is or may be susceptible to mining attacks, including double-spend attacks, majority mining power attacks, selfish-mining attacks, and race condition attacks, as well as their equivalent in proof-of-stake systems, and other new forms of attacks that may be created. Any successful attack presents a risk to the issuance of the securities, and expected proper execution and sequencing of Ethereum (and other blockchains) contract computations in general. Mining attacks may also target other blockchain networks with which the used crypto protocol may interact, which may consequently impact the used digital token significantly. As such, any malfunction, breakdown, abandonment, unintended function or unexpected functioning of the Ethereum protocol, or any other blockchain protocol, may have a material adverse effect on the Issuer, the issuance of the tokenized securities and/or the Products offered.

Risk rating: medium

### **2.3.2.2 Risk of Blockchain Forks**

A Fork is an event in which an interlinked chain of blocks (a block-chain) is, at a certain block onwards, followed by two or more parallel and non-identical blocks, each generating a separated continuum of the original blockchain, possibly becoming the dominant version and thus obviating all transactions record-ed on the other possible chains. Therefore, forks are changes to the rules of the Ethereum protocol or other digital assets which often include major technical upgrades or changes needed to be made to the network. They typically originate from improvement proposals by the community and result in changes of the rules of the protocol. The rule changes may create a temporary split in the network. New blocks of digital assets could be produced according to the old rules or the new rules. Forks are usually agreed upon in advance to give owners the opportunity to adapt to changes concordantly. Consequently, the Fork including the upgrades becomes the main chain. However, in rare cases, disagreements over Forks can cause the network to permanently split. For the Ethereum network such a split occurred with the creation of Ethereum Classic ("**ETC**") in the Decentralized Autonomous Organization ("**DAO**") Fork in 2016. The DAO Fork was a response to the 2016 DAO attack where an insecure DAO contract was drained of over 3.6 million Ethereum in a hack. As a result, the Ethereum community voted on the planned Fork. The implemented Fork moved the funds from the faulty contract to a new Ethereum contract by withdrawing them. A group of miners however refused to fork and continued to use the original Ethereum blockchain due to immutability concerns. They continued to form ETC.

The Fork risk for externally backed tokens (such as tokenized securities) is much more severe compared to native tokens such as Ether ("**ETH**"). In case a user holds ETH tokens and the network splits, they can hold both ends of the fork. However, for tokenized securities, a choice must be made which represents the claim over the security (and therefore Collateral) issued by the Issuer of the tokens.

In the event of a Fork in the blockchain used by the Issuer for the Products, the Issuer, in its sole discretion, will determine:

- i. whether or not to participate in the Fork; and
- ii. which of the Fork's two resulting chains would be recognized, or if a different platform/protocol/blockchain for such purpose shall be used.

Risk rating: high

#### 2.3.2.3 Regulatory Risks related to Digital Assets and Blockchains

Blockchain technologies and cryptographic tokens have been and will be the subject of intense scrutiny by various regulatory bodies around the world. The functioning of the Ethereum network, associated blockchain networks and tokens may be adversely impacted by regulatory actions, including restrictions or prohibitions on their use, purchase, or possession. For example, some jurisdictions regulate providers of prepaid access or money transmission services who create a medium of exchange or a method by which value is transferred from one to another person or location. The implications of triggering such requirements may include registration with a state or national agency or enforcement authority and implementing an anti-money laundering ("**AML**")/know-your-customer compliance program that meets the standards, including transaction monitoring, designation of compliance personnel, employee training, and periodic auditing and testing. Moreover, there may be various compliance obligations, including the need for a license, meeting minimum net-worth requirements, bonding, biographical and financial approval of officers and directors, and other ongoing compliance, such as examination and reporting obligations.

It is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing blockchain technologies-based applications, which may be contrary to the current setup of the smart contracts or the issuance of tokenized securities and which may, inter alia, result in substantial modifications of the smart contracts and/or the issuance of tokenized securities, including its termination and the loss of the investment for the Investors.

The Issuer could be impacted by one or more regulatory inquiries or regulatory action which could impede or limit the ability of the Issuer or third persons to continue to develop the Issuer's Products and/or services. It could cause significant costs and adversely affect the development of Products and/or the operations. Further, the issuance of tokenized securities and/or the Issuer may be subject to unexpected tax burdens.

Risk rating: high

#### 2.3.2.4 Potential for Market Abuse

The markets for digital assets are local, national and/or international, increasingly growing and including a broad range of products and participants. In this environment, significant trading may occur on systems and platforms with minimum predictability.

In general, the characteristic of digital assets could be used by certain market participants to exploit arbitrage opportunities through schemes like front running, miner extracted value, spoofing, pump-and-dump and fraud across different systems, platforms or geographic locations. Due to the reduced oversight of authorities, these kinds of illicit schemes may be more widespread in the crypto market than in the general market for financial products. A result of any market abuse could be the loss of Investors' confidence in the digital assets and thus in structured products which base on them and therefore, may adversely impact an investment in the Products, the Issuer's ability to operate and/or the pricing of digital assets used for the transaction or of digital assets in general.

Because there is a lack of a central regulatory authority and structure and due to the global nature of digital assets and blockchain technologies, the Investors may have no legal remedies or recourse against the Issuer, other users, holders, purchasers or sellers of tokenized securities or digital assets, and any other person or entity that may interfere with the Issuer, the Products or the Investors' digital wallet.

Risk rating: high

#### 2.3.2.5 Technical Risks relating to Blockchains

There are several technical risks to which the Investors of digital assets are exposed including, but not limited to, flaws in the code, the event in which an interlinked chain of blocks (a blockchain) is, at a certain block onwards, followed by two or more parallel and non-identical blocks, each generating a separated continuum of the original blockchain, possibly becoming the dominant version and thus obviating all transactions recorded on the other possible chains (**Forks**) of the underlying protocols, double spending and 51% attacks. These and various other risks must be considered by the Investors and are not unlikely to occur over time.

Ethereum ("**ETH**") and other blockchains assets are mostly built on open-source code which is available to the public, and developed in a shared way. Therefore, the underlying source code of these digital assets is visible publicly to anyone, and anyone can suggest changes to the code. It is possible that flaws or mistakes in the released and public source code could lead to severe damage to the blockchain technology, digital assets and networks. Furthermore, it is possible that a group of highly skilled contributors or other technical groups may attack the code, which may directly lead to severe damage. In any of these technical vulnerabilities, the value of the Investors' stakes can be severely and detrimentally affected.

The Ethereum blockchain is undergoing a series of upgrades, most notably the gradual move from a Proof of Work ("**PoW**") consensus mechanism to a Proof of Stake ("**PoS**") mechanism, both in form of Forks, changes to the rules of the protocol, and in other ways. This might significantly alter the way the blockchain operates, both in terms of the way new blocks are mined, how consensus is reached, the transaction throughput of the blockchain, the incentive mechanism of including transactions in a block, and many more changes. Some of these changes may impact existing smart contracts and create uncertainty as to the behaviour of software deployed on the blockchain or interacting with it.

For Investors Forks may have a detrimental effect on the value of the digital assets, including by negatively affecting Cryptocurrency allocations or by failing to capture the full value of newly-forked digital assets when being removed from the main Index or another applicable Index. This can disturb the creation of smart contracts on the blockchain to purchase or sell the Products.

Mining of digital assets is a distributed consensus system which is used to confirm pending transactions. The result of the agreement will be displayed and included on the public ledger, the blockchain. The crypto miners can earn digital assets by confirmation of the transactions and reaching consensus in that matter. In case a group of miners acting in concert controls temporarily a majority of the network mining power (also called hash power) of a respective blockchain network, they can use this control to undertake harmful actions, so-called 51% attacks. In such cases the attackers could prevent new transactions from being confirmed, allowing them to halt payments between certain or all users. They could also reverse transactions in the process of completion and thus in the control of the network, with the consequence that they could double-spend coins. The attackers could allow their coins to be spent on multiple occasions as they control the network's confirmation process including, but not limited to, sending two conflicting transactions to the network while creating one transaction but already sending the digital assets before release of the associated block on the blockchain, which would invalidate it. Theoretically, the execution of attacks is more likely to appear to blockchains with a smaller mining power or market capitalization since the necessary computing power threshold to control a majority of the network will be reached more easily. However, there have also been reports of attacks against the ETC network in the past, which illustrates that networks with higher market capitalization can also be a target to such attacks.

The distribution and/or performance of the tokenized Products may be negatively affected by such or similar technical risks relating to blockchains as described above and thus may negatively impact the Investors.

Risk rating: medium

#### 2.3.2.6 Risk of Loss of Private Key

The tokens in connection with the Products, tokenized securities, must be stored in a wallet by the Investor. This wallet can only be accessed with a password selected by the purchaser/Investor. If an Investor of tokens does not maintain an accurate record of the password or loses its wallet file, this will lead to the total loss of tokens and thus of all its investments. If a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Investor will not be able to access the digital assets associated with the corresponding address, and the token network or the Issuer will not be capable of restoring the private key. Any loss of private keys relating to digital wallets used to store digital assets on a blockchain could have an adverse effect on the Investor and its investment. It is the Investor's sole responsibility to store and protect its private key, respectively wallet, accordingly.

Risk rating: high

#### 2.3.2.7 Hacking and Theft Risk

The crypto network, smart contracts, associated websites, the applied software applications and software platforms of the blockchain may be exposed to attacks by hackers or other individuals

that could result in theft or loss of tokens or other (financial) support for the crypto network in use. This may affect the Investors' investment up to a total loss. Furthermore, it may impact the Issuer's ability to issue Products.

Risk rating: medium

#### 2.3.2.8 Tax Risk related to Digital Assets

The taxation of digital assets and associated companies can vary significantly by jurisdiction and are subject to significant revisions. These revisions, or the application of new tax schemes or taxation in additional jurisdictions, may adversely impact the Issuer's performance. Accordingly, the way in which digital assets are taxed varies from country to country. Before deciding to invest in Products, Investors should consult their local tax advisor. The Issuer may become exposed to significant tax risk. Any major tax burden may hinder the Issuer's ability to maintain the listing and, if such tax burden results in insolvency, to otherwise continue to operate as expected.

Risk rating: low

#### 2.3.2.9 Cease in Expansion of Processing Power

If the aggregate revenue from transaction fees and the block reward is below a miner's cost, miners may terminate operations. Additionally, in the event of a Fork of the relevant crypto network, some miners may choose to mine the alternative new digital asset resulting from the Fork, thus reducing processing power on the original blockchain. An acute cessation of mining operations would reduce the collective processing power on the blockchain, which would adversely affect the transaction verification process by temporarily decreasing the speed at which blocks are added to the blockchain and make the blockchain more vulnerable to attackers obtaining control in excess of 50% of the processing power on the blockchain. Reductions in processing power could result in material, though temporary, delays in transaction confirmation time. Any reduction in confidence in the transaction verification process or mining processing power may adversely impact the value of an investment in the Products or the ability of the Issuer to operate.

Risk rating: low

#### 2.3.2.10 Uncertainty related to Innovation

It is to note that digital assets, blockchains and their networks are still in the starting phase and have not yet become the new standard for transactions. Therefore, the forms and functioning is still evolving. There is no guarantee that digital assets will become the dominant form of payment, storage of value or method of exchange. Potential changes in the viability of any crypto network may adversely impact pricing and liquidity of digital assets and thus of the Products. Furthermore, other crypto networks and/or technologies may compete with the applied digital assets network. There is no guarantee that the selected form of digital assets to confirm the transactions on the blockchain will be a popular form of transaction or method of exchange in the future.

Risk rating: medium

#### 2.3.2.11 Environmental Concerns

Due to the increasing carbon emissions by mining of digital assets, concern has arisen in the context of its impact on the global sustainable goals. Thus, governments and other bodies may regulate and restrict blockchain technologies in this respect in the future. This could hinder or even make the usage of smart contracts for the verification of transactions in some jurisdictions impossible.

Risk rating: low

### 2.4 Risks relating to the Products

#### 2.4.1 Risks relating to the Nature of the Securities

##### 2.4.1.1 Risk of Occurrence of an Extraordinary Event

Clause XVII. "*Liability*" of the Terms and Conditions provides that in case of fraud, theft, cyber-attacks, drastic changes in regulation or similar events with respect to, or affecting any, Underlying or Underlying Component, including the Collateral, the redemption amount for such Products shall be reduced accordingly, potentially to the smallest denomination of the Settlement Currency (i.e. USD 0.01, EUR 0.01, CHF 0.01, GBP 0.01 or the equivalent in other settlement currencies) per Product.

As a consequence, Investors bear the risk of the occurrence of an extraordinary event and of a partial or complete loss of their investment. Moreover, the risks of an extraordinary event are greater than for similar events with respect to other asset classes and, unlike in the case of other asset classes, are unable to be mitigated. Additionally, it is not presently practical to insure against an extraordinary event.

If an extraordinary event occurs, Investors might suffer a loss of partial or the whole investment.

Risk rating: low

##### 2.4.1.2 Risks relating to Structured Products

Structured Products are a combination of conventional instruments with derivatives to create a stand-alone product that is then certificated and issued by an Issuer ("**Structured Product(s)**").

Investors should be aware that market value of the Products may not have a direct relationship with the prevailing price of the Underlying or the Underlying Components. Changes in the prevailing price of the Underlying will not necessarily result in a comparable change in the market value of the Product. Therefore, investing in the Products does not correspond to a direct investment in the Underlying itself.

In particular, the performance of the Products may differ significantly from returns on direct holdings of Underlyings itself because of the negative effect of the administration fees, custody fees, Index licensing fees and other fees due to providers of services in relation to the Products ("**Investor Fee(s)**"), retained dividends or any redemption charge, additionally to the negative effect of any other described risk herein. Consequently, the return on Products will not reflect the

potential return of actual ownership of the Underlying or the Underlying Components or securities directly linked to the performance of the applicable Index, being held for a similar period.

Risk rating: high

#### 2.4.1.3 Open-end feature of Products

The Products are open-ended and therefore, they do not have a predetermined fixed maturity date. Instead, the Investors can redeem the Products in exercising their Investor Put Option (as defined below) at any time and the Issuer has the right to terminate and redeem all but not part of the outstanding securities of any Product at the date of its choice in exercising its Issuer Call Option (as defined below). However, some of the Underlyings may have a fixed maturity date, whereby it is in the Issuers discretion to define in the Final Terms with which mechanism he aligns the Underlying's fixed maturity date with the Product in accordance with section 4.1.1. The exercise of the Issuer Call Option at that time which the Investor might not have chosen, may affect the Investor's potential profit, which may lead to losses for the Investor. A partial or total loss of the invested capital is possible.

Risk rating: medium

#### 2.4.1.4 Impact of Redemptions of Products

The redemption of all or part of securities of a Product and the subsequent redemption of the Collateral may have an effect on the pricing of Products.

Risk rating: low

#### 2.4.1.5 Lack of Capital Protection

Apart from the Collateralization of the securities as described in section 4.6, the Products issued under this Base Prospectus do not provide any capital protection of any amount payable under the Products. This causes a risk for Investors in the Products since parts of or the entire invested amount may be lost due to the market risk associated with the exposure of Structured Products. This means if the price of the relevant Index, Underlyings or Underlying Components develops in an unfavourable way for the Investors, the terms do not provide for any level of protected capital (apart from the Collateral) and the Investors will sustain the full loss corresponding to the unfavourable development of the relevant Underlying or Underlying Components. Depending on the performance of the relevant Index, Underlyings or Underlying Components, Investors may sustain a loss up to their entire investment.

Risk rating: medium



#### 2.4.1.6 Passive Investment Risk

The Products are not actively managed and may be affected by a general decline in market segments related to the respective Underlying(s) or Underlying Component(s). Neither the Issuer nor any other party will actively manage any assets held as Collateral or their allocation under the relevant Index methodology. Consequently, the Issuer will not take any action to reduce the risk of loss resulting from decreases in price.

Risk rating: low

### 2.4.2 Risks relating to the Underlying and Collateral

#### 2.4.2.1 Impact of Underlying Sale

Within the issuance and redemption processes, the Issuer can periodically sell Underlyings or Underlying Components, or will be required to redeem Products pursuant to the Terms and Conditions. These transactions will be performed, at the Issuer's sole discretion, on the open market or via over-the-counter ("**OTC**") trading platforms. In case the amount of Underlyings traded is significant enough relative to global supply and demand, such sales could have an impact on supply and demand for the specific Underlyings in a manner unrelated to other factors and may affect the pricing of other Products under this Securities Note.

Risk rating: low

#### 2.4.2.2 Realisation of Collateral

In case the received amounts after the realisation of the Collateral are not sufficient to fully cover the fees and expenses of the Security Agent, the Custodian, the Broker, the Paying Account Provider, the blockchain (in particular gas fees), other parties and the Issuer's payment obligations to Investors, then the Investors may incur a (total) loss, which may be significant.

Risk rating: low

#### 2.4.2.3 Limited Trading Hours

The on-exchange trading of Underlyings, thus Collateral of the Products, may be restricted to specific trading windows available on the relevant securities/commodities exchange. Therefore, the Issuer may not be able to buy or sell securities as required by Underlyings and/or Collateral outside of exchange market hours in the necessary quantities, or at all. This restriction could limit the Issuer's ability to ensure the Collateral coverage and might make the Issuer and the Investors vulnerable to price movements and volatility on the markets. Additionally, the Issuer may choose to limit issuance and redemption to once per trading day, in the form of end-of-day market price. In such a case, the respective purchase or sale price would depend on the price at market close and not at the time of arrival of request to the Issuer.

Risk rating: high

#### 2.4.2.4 No Ownership Rights and no Opportunities to Influence Decisions Affecting the Underlyings

The Products do neither represent any claims against the Underlying nor represent any participation in the respective Underlying. Therefore, an investment in the Products, in particular, does not constitute a claim to receive information from the respective issuer or sponsor of the Underlying and does not entitle the Investor to exercise voting rights or to receive distributions.

Further, the respective issuer or sponsor of the Underlying is not involved in the offer and sale of the Products and is under no obligation to any Investor in such Products. The Products are therefore not sponsored, supported or promoted in any way by the respective issuer or sponsor of the Underlying, and the respective issuer or sponsor of the Underlying may take actions with respect to the Underlyings without taking into account the interests of the Investors in the Products linked to such Underlying. Investors are therefore unlikely to have any opportunities to influence decisions affecting the Underlying. The market value of these Products and the amounts payable (or other benefits to be provided) may be materially adversely affected in such a case.

Risk rating: high

#### 2.4.2.5 Risks relating to emerging market Underlyings

There are significant risks in investing in Products that track emerging market Underlyings (e.g. companies domiciled in an emerging market like Brazil or South Africa, indices related to such companies or bonds from such emerging countries).

Investors in such Product should be aware that the political and economic situation in countries with emerging economies or stock markets may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of more developed countries, including a significant risk of currency value fluctuation.

Risk rating: medium

#### 2.4.2.6 Risks relating to Products Linked to Equity Instruments

The performance of equity instruments depends, for example, on its earnings situation, market position, risk situation, shareholder structure and dividend policy, as well as on macroeconomic factors (e.g., interest and price levels on the capital markets, exchange rate developments, political factors). Therefore, investors cannot draw conclusions from the historical performance of the share(s) with regard to future performance. These factors may have an adverse effect on the market value and any return on the products linked to it. A partial or total loss of the capital invested is possible.

Further, Products linked to depositary receipts may have different returns than if they were linked to the shares underlying the depositary receipts. These differences between the rights of the holders of the depositary receipts and the rights of the holders of the underlying share(s) may be significant and may adversely affect payments on the Products and their market value.

The legal owner of the shares underlying the depositary receipt is the depositary bank, which also acts as the issuing agent of the depositary receipt. Depending on the jurisdiction in which the

depository receipt was issued and the jurisdiction to which the depository bank agreement is subject, it is possible that the holder of the depository receipt may not be recognized as the actual beneficial owner of the underlying shares in the relevant jurisdiction. In particular, in the event that the depository bank becomes insolvent, or enforcement measures are taken against it, there is a possibility that the free disposal of the shares underlying the depository receipt will be restricted by order or that the shares will be realized in the course of enforcement measures against the depository bank. The likelihood of this risk materializing depends on the creditworthiness of the depository bank concerned. The holder of the depository receipt may lose the rights attached to the shares underlying the depository receipt, and the value of the depository receipt may fall to zero. A partial or total loss of the capital invested is possible.

Risk rating: low

#### 2.4.2.7 Risks relating to Products Linked to Indices

For Products linked to Indices, the redemption amount depends on the performance of the respective Index, which itself depends on the components, including their value and/or relevant features, contained therein. The market value of the Products can deviate from the performance of the Indices or components contained in the Index, as other factors, such as the correlation of, or volatilities relating to, the components therein, may have an impact on the performance of the Products. Therefore, Investors cannot rely on recovery of the price of the Products.

Additional risks exist if the Index is calculated or determined at the discretion of the Index sponsor, the Index calculation agent or any other person responsible for determining and calculating the Index. There is no guarantee that such guarantee of a third party will lead to a positive performance of the Index. The performance of the Index and hence the respective products depend, inter alia, on the quality of the Index sponsor's decisions. Therefore, Investors need to conduct their own due diligence concerning Index third parties. Neither the Issuer nor any of its affiliates has any responsibility or competence in selecting the Index components, which are part of the Underlying.

Risk rating: low

#### 2.4.2.8 Risks relating to Products linked to Bonds

Products linked to Bonds are subject to the default risk of the bond issuer. The performance of the bond(s) depends on macroeconomic factors such as interest rate and price levels on the capital markets, exchange rate developments, political factors and factors specific to the respective bond issuer, such as its earnings situation, market position, risk situation, shareholder structure and distribution policy. Accordingly, the market value of the products and the payments on the products may be significantly affected. This may result in significant losses or loss of returns.

The return that an Investor receives in products linked to bonds may not be the same as the return that the Investor would receive if the Investor had actually purchased the relevant bonds. For example, Investors in products linked to a bond will not receive interest payments during the term of the Products. Accordingly, an Investor in such products may receive a lower payment (if any) upon exercise of the Products than would have been the case if the Investor had invested directly in the Bond(s).

These factors may therefore have an adverse effect on the market value and on the return on the Products linked thereto.

Risk rating: low

#### 2.4.2.9 Risks relating to Products linked to Derivatives

Investors in Products linked to derivatives bear the credit risk of the issuer of the derivatives. The value of the underlying derivatives depends not only on the performance of the underlying of the derivative, but also on the credit rating of the issuer of the derivative, which may change during the term of the underlying derivative. The credit rating of the issuer of the derivative is not a guarantee of creditworthiness.

An investment in products linked to derivatives entails certain risks, which vary depending on the specific type and structure of the relevant derivative and the relevant underlying(s) of the derivative.

Risk rating: high

#### 2.4.2.10 Risks relating to Products linked to ETFs

The Products may be linked to ETFs which are open-ended or other funds traded like a share on an exchange. The ETFs track the performance of a portfolio of assets, and therefore is dependent upon the macroeconomic factors affecting the performance of such assets, such as price and interest levels on the capital markets, currency developments, commodity prices, political factors and, in the case of shares, company specific factors, such as distribution policy, market or earnings position, risk situation and shareholder structure. These performance-related factors may adversely affect the market value of, and the return (if any) on, the Products linked to the ETF.

Further, market prices of ETF units depend on specific factors: The market price of ETF interests may diverge from their net asset value, due to the forces of supply and demand, as well as liquidity and scale of trading spread in the secondary market. This could result in the market price per ETF interest being higher (premium) or lower than its net asset value (discount), and will fluctuate during the trading day. Therefore, these price related factors may have a negative effect on the market value and payments on the Products linked to the ETF; a partial or total loss of the capital invested is possible.

A change in the composition or discontinuance of the ETFs could adversely affect the market value of, and return (if any) on, Products linked to the ETF. In principle, the Issuer and the calculation agent have no influence on the performance or composition of any ETF or any underlying index. The fund manager, fund administrator or the licensor/index sponsor, as applicable, of the underlying index can (i) add, delete or substitute the assets included in such index, or (ii) make methodological changes that could affect the value of such ETF and of such underlying index. The ETF value may be affected if an asset in its portfolio or in an underlying index would be substituted: A newly added asset may perform significantly worse or better than the asset it replaces, which in turn may affect the market value of, or payments (or other benefits to be received) under, the Products. The fund manager, fund administrator or licensor/index

sponsor of any underlying index may also alter, discontinue or suspend calculation or dissemination of such ETF or such underlying index, respectively. The fund manager, fund administrator and licensor/index sponsor of such underlying index are not involved in the offer and sale of the Products and have no obligation to invest therein. The fund manager, fund administrator and licensor/index sponsor of such underlying index may take any actions in respect of such ETF or such underlying index, respectively, without regard to the interests of the investors in Products, and any of these actions could adversely affect the market value of (or amount payable under) such Products.

Investors in Products linked to ETFs with a portfolio of assets that are concentrated in the shares or other financial instruments of a particular industry or group of industries, in a specific sector, region, market or country, should be aware that the performance of such ETFs could be more volatile than the performance of funds with portfolios of more diverse assets. The concentration may potentially result in increased losses under the Products linked to such ETFs.

An investor's return on Products linked to ETFs may not reflect the return such investor would realise if he or she actually owned the relevant assets included in the portfolio(s) of the ETFs: E.g., if the portfolio of the ETFs includes bonds or a bond index, investors in the Products linked to such ETF will not receive any interests paid on such bonds or the bonds included in such bond index and will not benefit from those interest payments unless such ETF takes such interest payments into account for purposes of calculating the value of such ETF. Similarly, investors in Products linked to ETFs will not have any voting rights in the shares or other assets that are included in the portfolio(s) of the ETFs. Therefore, an investor in Products linked to ETFs may receive a lower payment (if any) upon redemption of such Products than such investor would have received, if he or she had directly invested in the assets included in the portfolio of such ETFs.

ETFs used as Underlying of the Products are not actively but passively managed and track an index or a single asset or a portfolio of several assets, e.g. a share, bond, money market, real estate, hedge fund, currency or commodity index. Therefore, ETF investments fully follow the fluctuation in the value of the index. ETFs offer the advantage of being easy to trade, being liquid and prices can be constantly kept track of. ETFs have less expensive administrative and distribution costs than traditional funds because ETFs significantly reduce management costs. However, since ETFs are traded on the stock exchange, stock exchange fees, stamp duties and brokerage fees may accrue.

The transparency of the underlying index typically results in a high degree of transparency in the ETF's underlying holdings. In certain cases, it may not be possible for an ETF to own every stock of an index (e.g., due to transactions costs, because the index is too large, or some of its components are very illiquid, or where an index's market capitalization weighting would result in the ETF violating regulatory requirements for fund diversification). Where owning every stock of an index is not possible, a physical index-based ETF may rely on sampling techniques. The physical index-based ETF implements the sampling strategy by acquiring a subset of the component securities of the underlying index, and possibly some securities that are not included in the corresponding index designed to improve the ETF's index-tracking.

ETFs investing in derivatives as (part of) their investment strategy face counterparty and collateral risks. Further, some ETFs may also conduct securities lending exposing them to counterparty credit risk.

Risk rating: medium

#### 2.4.2.11 Risks relating to Products linked to Fund(s)

The performance of a Fund depends on the same macroeconomic factors that affect the performance of the assets underlying the Fund. These price-related factors may therefore adversely affect the market value and payments on the Products. A partial or total loss of the capital invested is possible.

Further, a change in the composition of the Fund, a change in the investment criteria or its discontinuation or a change of the Fund Manager may occur during the term of the Products. Such fund events may have an adverse effect on the performance of the Fund and thus on the payments on the Products and the market value of the Products.

The performance of a Fund whose portfolio consists primarily of equities in a single industry may be more volatile than Funds whose portfolios consist of more diversified assets. This concentration may also result in higher losses for the products linked to them.

In addition, the return, may not correspond to the return that the investor would achieve if he had actually acquired the respective assets included in the fund portfolio. For example, if the assets included in the Fund's portfolio are equities or an equity index, investors in the products linked to the relevant Fund will not receive dividends on such equities or the equities included in such equity index and will not benefit from such dividends unless the relevant Fund takes them into account in calculating the net asset value of the relevant Fund. Also, investors in products linked to one or more funds are not entitled to voting rights with respect to the shares or other assets included in the fund portfolio or portfolios. Accordingly, an investor in one or more fund-linked products may receive a lower payment (if any) upon redemption of the products than would have been the case if the investor had invested directly in the assets included in the fund portfolio or portfolios.

Risk rating: medium

#### 2.4.2.12 Risks relating to Products linked to an Underlying using benchmarks

Any regulations applicable to the benchmark(s) used in an Underlying may introduce changes with regards to benchmark(s) that could have a material adverse impact on any Underlying linked to such benchmark(s) and therefore the Products linked to such Underlying, including in any of the following circumstances:

- a. If the benchmark administrator has not obtained all necessary authorisations and/or registrations, its authorisation or registration is subsequently withdrawn or suspended or, the administrator is not deemed equivalent or otherwise recognised or endorsed (or a recognition is subsequently suspended or withdrawn) according to any applicable regulation in connection with the used benchmark(s), such benchmark could not be used by issuing or regulated entities;
- b. The methodology or other terms of the benchmark could be changed in order to comply with the terms of any applicable regulation in connection with the used benchmark(s), if applicable,

and such changes could (amongst other things) have the effect of reducing or increasing the rate or level of the benchmark, causing such benchmark to perform differently than in the past, affecting the volatility of the published rate or level of the benchmark, or have other consequences which cannot be predicted; and

- c. A benchmark could be discontinued or substituted through another benchmark in order to comply with the terms of any applicable regulation in connection with the used benchmark(s), if applicable.

Risk rating: medium

#### 2.4.2.13 Risks relating to Products linked to Basket(s)

If the Products are linked to one or more of Underlyings the performance of the basket as a whole may be unfavourable even in the case of a favourable performance of one or more Underlyings, since the unfavourable performance of one or more other Underlyings may outweigh or is more pronounced than such favourable performance.

Risk rating: medium

### 2.4.3 Risks relating to the Offer to the Public

#### 2.4.3.1 Limited Liquidity and Trading Volume

There is no guarantee for the liquidity of the Products offered via secondary markets to retail and institutional Investors alike. The volume of Products traded on secondary markets may be highly limited, which can have a negative effect on the market price of the Products. Therefore, it may be extremely difficult for Investors to buy and/or sell the Products in a short period of time (without its price being negatively affected or any comparable event). Furthermore, it is to bear in mind that the Tokenizer is only permitted to offer Products to Investors according to Art. 4 Para. 3 FinSA ("**Professional Investors**") (under Swiss law). Regulated and supervised banks, securities firms and insurance companies may offer Products to Professional Investors and Investors not qualifying as Professional Investors ("**Retail Investors**") (under Swiss law).

Risk rating: high

#### 2.4.3.2 Special Risks relating to Blockchain Usage

The verification of the parties and the transaction will be conducted over smart contracts on a blockchain. Therefore, the Investors of tokenized securities are exposed to increased risks concerning fraud and loss, including, but not limited to cyberattacks. Several platforms have become a victim of such attacks. In general, digital assets can be stolen. They are stored in a crypto wallet, accessible only via private key, which nevertheless can be compromised. Crypto wallets do not store or contain the currency itself, they mainly store public and private keys, which are used as an address for receiving or spending the digital asset. Both forms of transactions are recorded on the public immutable ledger, the blockchain. By using the private key, a person is able to spend the digital asset and record the transaction on the ledger.

The tokenized securities are recorded and transferred over such public ledger, i.e. blockchain. The buyer and seller information and entire transaction history will be stored on this decentralized ledger. If a private key of an Investor is compromised, the tokenized securities may be stolen with the specific public key. Generally, unlike in traditional banking, once a transaction has been added to the blockchain, it cannot be reversed, inter alia, due to its decentralized characteristics.

Risk rating: high

## 2.5 General Regulatory and Legal Risks

### 2.5.1 Dependence on Authorizations

A public offer of the Products may depend on a relevant approval of the competent authorities in the relevant jurisdictions. Any change to such relevant requirements, the regulations of the Products, or acceptance of tokenized securities could adversely impact the offering of the Products and therefore the main revenue source of the Issuer's business.

Risk rating: high

### 2.5.2 Unregulated Issuer

The Issuer is not required to be licensed, registered, or authorized under any current securities, commodities or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. However, there can be no assurance that regulatory authorities in one or more jurisdiction(s) will determine that the Issuer is required to be licensed, registered or authorized under any current securities, commodities or banking laws of such jurisdiction or that legal or regulatory requirements with respect thereto will not change in the future. Any such requirement or change could have an adverse impact on the Issuer or Investors in the Products.

Risk rating: medium

### 2.5.3 Swiss Regulatory Risk

The securities issued in relation to Products under this Base Prospectus are derivative financial instruments (debt instruments) in the form of certificates according to type 1300 of the Swiss Derivatives Map ("**Tracker Certificates**"). They do not qualify as units of a collective investment scheme according to the provisions of the CISA and are not registered thereunder. Therefore, neither the Products nor the Issuer are governed by the CISA or supervised by FINMA. Accordingly, Investors do not have the benefit of the specific Investor protection provided under the CISA. Investors should be aware that they are, among others, exposed to the credit risk of the Issuer and that the Collateralization of the Products does not fully eliminate this risk.

Potential changes in regulatory requirements for the Products and/or the Issuer may lead to limitations in and/or termination of the offering of the Products.



Risk rating: low

#### 2.5.4 Compliance

The Issuer is directly responsible for know-your-customer procedures and documentation in accordance with AMLA and Sanctions Regulations ("**KYC**") of direct Investors, whereas sanctions regulations mean EmbA, any other Swiss sanctions regulations, and any other sanctions regulations in the Issuer's sole discretion ("**Sanction Regulations**"). However, the Issuer not responsible for KYC/AML of Investors purchasing the Products on secondary markets, on which the Products might be traded. The Issuer has minimal influence on the compliance system of third party platforms on which the Products may be traded. However, the Issuer takes reasonable efforts to establish and verify counterparty identities, understand the nature of counterparties and customer activities, and tries to ascertain the legitimacy of counterparty funds, where possible. The Issuer has only minimal compliance requirements.

In view of the Issuer's compliance requirements with regard to KYC, there is the risk that an Investor purchasing the Products on secondary markets will not meet such KYC requirements and therefore may not be able to redeem the Products.

Furthermore, there are stringent rules concerning tokenized securities, among the Issuer's Authorized Participants and other service providers, such as crypto platforms, administrators and Custodians. Any breach of compliance processes of such exchanges or service providers could have a material adverse effect on the Issuer's core business and its reputation.

Risk rating: medium

#### 2.5.5 Taxation

Depending on the Investor's country of residence, holding the Products may have tax implications, such as value-added tax or capital gains tax. Investors are advised to consult with their tax advisors as to their specific consequences. Therefore, Investors should consider whether such tax liabilities apply when investing in the Products. Each Investor will assume and be solely responsible for all taxes of any jurisdiction, including central government or local state taxes or other like assessments or charges which may be applied in respect of the Products.

The tax considerations contained in this Securities Note reflect the view of the Issuer based on the legislation applicable at the date of the issuance of this Securities Note. It cannot, however, be ruled out that the tax treatment by the tax authorities and courts could be interpreted differently or could be subject to changes in the future. Additionally, the tax considerations contained herein are in summary form and may not be used as the sole basis for the decision to invest in the Products from a tax perspective, since the individual situation of each Investor must also be considered. Accordingly, the considerations regarding taxation contained in this Securities Note do not constitute any sort of material information or tax advice nor are they in any way to be construed as a warranty with respect to specific tax consequences.

According to the Terms and Conditions, the Issuer may redeem all outstanding securities at any time, inter alia, for certain tax reasons. Accordingly, Investors should consult their personal tax

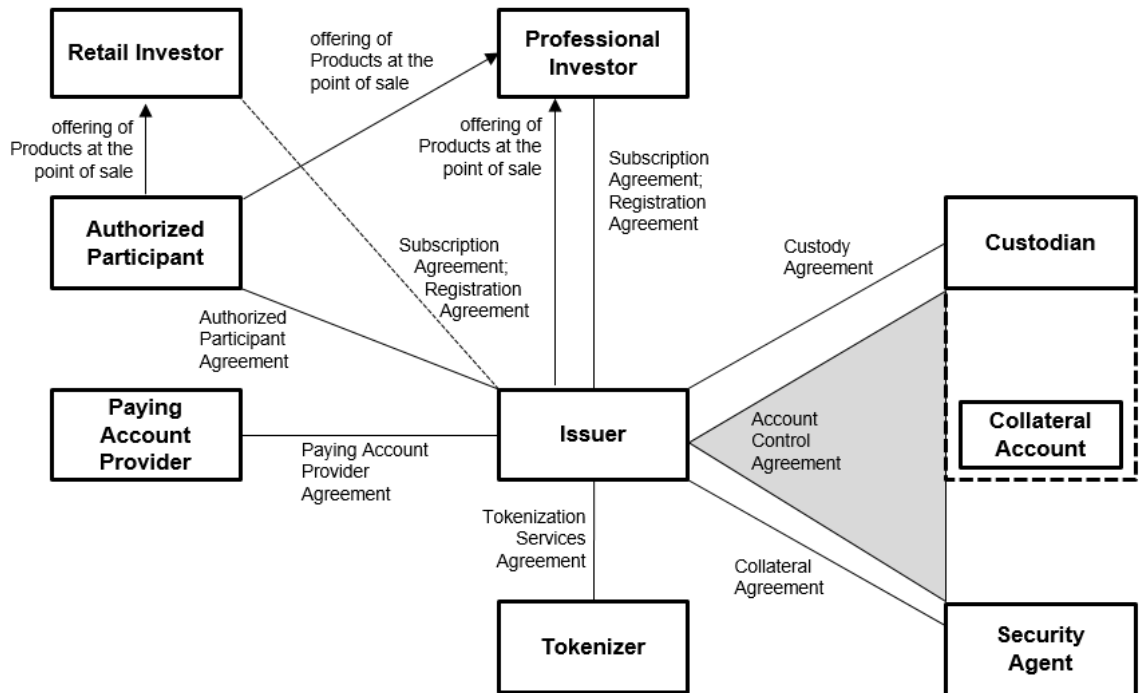
advisors before making any decision to purchase securities in the Products and must be aware of and be prepared to bear the risk of a potential early redemption due to tax reasons.

Risk rating: high

### 3. Essential Information

#### 3.1 Structure of the Program

The Issuer, Backed Assets GmbH, may issue Products under this Base Prospectus, linked to Underlyings or Underlying Components providing exposure to a range of stocks and Indices.



*[Diagram of all involved parties/functions and payment/securities flows]*

#### 3.2 Interest of Natural and Legal Persons involved in the Issue / Offer

##### Tokenizer

The Tokenizer, namely the Parent, Backed Finance AG, with its registered seat in Zug, domiciled at Baarerstrasse 14, 6300 Zug, Switzerland, as the sole quota holder of the Issuer, will offer tokenization services. Major shareholders of the Backed Finance AG, Zug, are Adam Levi, Yehonatan Goldman and Roberto Isaac Klein, each holding 26.67% of the shares.

Tokenization is understood to mean the legal linking of a (transferable) obligatory or real legal position with a token, on the basis of which this legal position can be asserted and transferred exclusively by the person entitled to the token over the distributed ledger/blockchain. Tokens can

be described as data or information units stored in a register based on distributed ledger technology ("**DLT**").

Under Swiss law, tokenization of the Products is being done by directly creating and issuing ledger-based securities ("**Ledger-Based Securities**" or "*Registerwertrechte*") according to Art. 973d et seqq. CO.

The role of the Tokenizer is, inter alia, to provide the following services to the Issuer ("**Tokenization Services**"):

- i. Mint the tokens representing the securities for the respective Products in the network as Ledger-Based Securities in accordance with the specifications defined by the Issuer;
- ii. safeguard the tokenized securities until required by the Authorized Participant, the Parent or the Issuer;
- iii. deliver the tokenized securities when required and as instructed by the Issuer;
- iv. receive and cancel, i.e. burn the securities in the register in case of redemptions;
- v. develop and deploy smart contracts on different supported blockchains as requested by the Issuer;
- vi. security audits of blockchain smart contracts;
- vii. ongoing support of the blockchain network used for the benefit of the Issuer;
- viii. design and develop a web platform and SDK for issuance and redemption procedures as well as interfacing such web platform and app to the other service providers as described in this Securities Note to the extent required and instructed by the Issuer;
- ix. design and develop administration platform for the Issuer to overview the status of the tokenized securities and the market; and
- x. oversee the security of both the blockchain and the server systems.

Providing tokenization services means providing the technical solution for tokenization to the Issuer as external information technology ("**IT**") service provider. Therefore, the Tokenizer is neither acting as an issuer nor as an offeror of the Products.

Apart from the services of the Tokenizer, which are performed by the Parent, the Authorized Participants, Custodians, Security Agent, Paying Account Providers and any other third parties set out below are not related to the Issuer. Such third parties may act in different functions provided that they implement appropriate measures to avoid conflicts of interests between the individual functions, if required:

- a. Custodian;
- b. Security Agent;

- c. Any person that provides market data of the Underlyings' prices for the Products on each day relevant for fixing, observation or valuation of the Indices and other securities as specified in the relevant Final Terms;
- d. Market Maker;
- e. Authorized Participant; or
- f. Provider of other services set out below.

### **Tokenization Services Agreement**

The agreement between the Issuer and the Parent, effective as of 18 November 2021, as amended from time to time ("**Tokenization Services Agreement**") covers the provision of the Tokenization Services.

Notwithstanding anything to the contrary contained in the Tokenization Services Agreement, the maximum liability of either Party from all causes of action and under all theories of liability will be limited to and will not exceed the fees paid to the Tokenizer by the Issuer pursuant to the Tokenization Services Agreement up to the date of the liability claim made. Subject to a gross negligent or wilful misconduct or breach of any provisions under the Tokenization Services Agreement, the Tokenizer shall hold the Issuer harmless and shall defend and indemnify the Issuer from and against any direct loss, cost or expense, including reasonable attorneys' fees, with respect to any third party claim arising out of any act or omission of the Tokenizer in connection with the performance of its duties under the Tokenization Service Agreement. Under no circumstances and under no legal theory, whether in tort, contract or otherwise, shall either party be liable to the other party, or any other person for any indirect, special, incidental or consequential damages of any character or lost profit arising out of the Tokenization Services Agreement including, without limitation, damages for loss of goodwill, work stoppage, computer failure or malfunction, even if such party shall have been informed of the possibility of such damages, or for any claim by any other party. The Tokenization Services Agreement is governed by Swiss law.

### **Authorized Participant(s)**

#### **Function**

Authorized Participants may offer the Products to Retail Investors and/or to Professional Investors. They may also act as Market Makers by buying and selling Products from and to Investors on an OTC basis or through other trading exchanges. Not all Market Makers need to be Authorized Participants. Finally, only Authorized Participants are allowed to offer the Products to Retail Investors.

A person or legal entity qualifies only as an Authorized Participant ("**Authorized Participant**") if it is a licensed bank according to the Swiss Banking Act ("**BA**"), a securities firm according to the Swiss Financial Institutions Act ("**FinIA**"), an insurance company according to the Swiss Insurance Supervision Act ("**ISA**"), or a non-Swiss institution being supervised in an equivalent manner, approved and engaged by the Issuer (in its absolute sole discretion) for the offering of one or several Products to Retail Investors and/or Professional Investors. An Authorized Participant must have entered into an Agreement with the Issuer, regulating i.e. the rights and obligations of the

Authorized Participant in the context of application and redemption of Products ("**Authorized Participant Agreement**").

With reasonable efforts, the Issuer will ensure to the Retail Investors that at all times for the duration of the offering, there is at least one Authorized Participant. In case there is no Authorized Participant, Investors are permitted to redeem the Products held by them directly with the Issuer.

It is intended that only Authorized Participants will offer the Products to Retail Investors. The Products may be offered to Professional Investors by Authorized Participants, the Parent or the Issuer. The Investors may (re-)sell the Products in the secondary market to third parties or to Authorized Participants in accordance with the Terms and Conditions.

#### **Information on the Authorized Participant(s)**

For each Product, the Issuer will describe and communicate the respective Authorized Participant(s) on its website: [www.backedassets.fi](http://www.backedassets.fi).

#### **Custodian(s)**

##### **Function**

As defined above, Custodians provide the Securities Accounts to which the Underlyings purchased by the Issuer are credited. Further, the Custodian holds cash amounts and other assets received by the Issuer in connection with the purchase and selling of the Underlyings in Paying Accounts and is, together and subject to instructions by the Issuer, responsible for all matters in connection with corporate actions in the Underlyings.

##### **Information on the Custodian(s)**

Maerki Baumann & Co. AG, Zurich, Switzerland, is a FINMA licensed bank incorporated under the laws of Switzerland and registered in the Commercial Registry of the Canton of Zurich. Maerki Baumann & Co. AG will be acting as Custodian for those Products indicated by the respective Final Terms of the Products. The Issuer may also appoint other licensed parties for the role as Custodian for Products as indicated in the Final Terms of the respective Product and/or on its website: [www.backedassets.fi](http://www.backedassets.fi).

Custody of the Products purchased by the Investors is in the sole responsibility of the Investor. The Issuer is not obliged to provide for a custody offering for the Investor.

##### **Custody Agreement**

In general, the Issuer and any new Custodian shall enter into a Custody Agreement according to general market standards for custody services ("**Custody Agreement**"). Such Custody Agreement shall set out the principal terms on which the Custodian is appointed to act as Custodian in respect of the Products issued under the Program and sets out the duties and obligations of the Custodian in relation to holding all assets that the Issuer delivers to the Custodian in a separate account set up for the Issuer. The Custody Agreement sets out the conditions for the appointment of the Custodian and termination of the agreement (by either party to the agreement after giving prior written notice to the other party in written form).

The Issuer and Maerki Baumann & Co. AG as Custodian entered into a framework agreement dated on 23/24 November 2022, based on Maerki Baumann & Co. AG's "General Terms and Conditions of Business and Safe Custody Regulations (including Execution Principles)" and

subject to some individually agreed special terms for custody. It applies, inter alia, to deposits and assets held in the securities account by the Custodian. The Custodian shall provide for a separate account or subaccount for the Issuer for each Underlying. The Custodian will handle the deposited assets with the customary care and diligence and is responsible on behalf of itself and its ancillary agents solely for direct losses and bears no liability in any event for consequential, third-party or special losses. The Custodian is neither allowed to do any securities lending nor any other proprietary transactions with the Underlyings held in the main and sub-accounts at all times. The Custodian shall have no right to assert any applicable rights of lien, retention or other rights to retain any of the Underlyings. Deposits are generally set-up for an unlimited period and will not expire in the event of loss of capacity to act or bankruptcy on the part of the Issuer. The Custodian will perform customary administrative services without special instruction by the Issuer. The Custodian shall be allowed to delegate its duties under the agreement to a third-party, subject to the prior notification of the Issuer. The framework agreement which includes the Custody Agreement, is governed by Swiss law.

The Issuer plans to enter into similar framework agreements with additional Custodians. The Final Terms for each Product will specify the respective Custodian(s) for such Products as well as provide some further information on the respective contractual agreement(s) entered into with such Custodian(s). Furthermore, the Issuer may also publish such information on its website: [www.backedassets.fi](http://www.backedassets.fi).

## **Broker**

### **Function**

A broker is any regulated securities broker regarding brokerage services in connection with buying/selling the Underlyings ("**Broker**"). His role is to purchase and sell the Underlyings on the markets on instruction of the Issuer.

### **Information on the Broker**

Maerki Baumann & Co. AG, Zurich, Switzerland, is a FINMA licensed bank incorporated under the laws of Switzerland and registered in the Commercial Registry of the Canton of Zurich, Switzerland. Maerki Baumann & Co. AG will be acting as Broker for those Products indicated by the respective Final Terms of the Products. The Issuer can also appoint other licensed parties for the role as Broker for Products as indicated in the Final Terms and/or on its website: [www.backedassets.fi](http://www.backedassets.fi) (with the sole Issuer's discretion to appoint another party as Broker).

### **Brokerage Agreement**

In general, the Issuer and any new Broker will enter into a market standard agreement regarding the provision of brokering services to purchase and sell the Underlyings on the markets ("**Brokerage Agreement**").

The Issuer and Maerki Baumann & Co. AG as Broker entered into a framework agreement dated on 23/24 November 2022, based on Maerki Baumann & Co. AG's "General Terms and Conditions of Business and Safe Custody Regulations (including Execution Principles)" and subject to some individually agreed special terms for brokerage. It applies, inter alia, to the purchase and sale of the Underlying(s) of the Products as well as FX conversion transactions and other FX hedge transactions (defined within the agreement as "Brokerage Transactions") by using the custody accounts and transactional accounts held by the Issuer with Maerki Baumann & Co. AG. Such brokerage transactions are executed on an execution-only basis. Maerki Baumann & Co. AG has

outsourced securities trading to a third-party company (currently InCore Bank AG, a FINMA licensed bank incorporated under the laws of Switzerland and registered in the Commercial Registry of the Canton of Zurich, Switzerland). Further information can be found at <https://www.maerki-baumann.ch/en/execution-principles>. In general, in executing orders for the purchase and sale of securities, derivative products and other assets, the Broker acts as a commission agent or selfcontracting party for the Issuer. The standard practices of the stock exchange and trading platform in question and/or the regulations of the respective issuers and business partners apply. Payment in full for executed brokerage transactions pursuant to the agreement is due on the date indicated as settlement date on the execution confirmation (delivery vs payment). For the purposes of risk disclosure, the Broker draws specific attention to its "Information Relating to Investing in Securities as well as Securities with Special Risks (including digital assets)" and the brochure entitled 'Risks in Securities Trading' published by the Swiss Bankers Association (SBVg). With regard to losses resulting from failures or delays in executing instructions or orders (excluding stock exchange orders), the Broker is solely responsible for the loss of interest, save for where the Broker was notified of the impending risk of further losses in the specific individual case. In the case of stock exchange orders, the Broker is not responsible for errors and omissions on the part of its agents. The framework agreement which includes the Brokerage Agreement, is governed by Swiss law.

### **Paying Account Provider**

#### **Function**

The role of the Paying Account Provider is to provide one or several Paying Accounts to the Issuer in order to enable the Issuer to ("**Paying Account Provider Functions**"):

- i. receive FIAT currency or any other currency in the discretion of the Issuer from Investors in the event of an issuance of the Products as set out in the Terms and Conditions;
- ii. disburse FIAT currency or any other currency in the discretion of the Issuer to Investors in the event of a redemption of the Products as set out in the Terms and Conditions of the offer of securities to the public;
- iii. disburse the pro-rata share of the Net Realization Proceeds as FIAT currency to the Investors based on the instructions of the Security Agent upon a Realization Event in accordance with the Account Control Agreement; and
- iv. hold cash balances in FIAT currency on the Paying Account(s) in the period between the liquidation or sale, respectively, of the Underlying(s) and the return of the cash to Investors.

#### **Information on the Paying Account Provider**

Maerki Baumann & Co. AG, Zurich, Switzerland, is a FINMA licensed bank incorporated under the laws of Switzerland and registered in the Commercial Registry of the Canton of Zurich, Switzerland. Maerki Baumann & Co. AG will be acting as Paying Account Provider for those Products indicated by the respective Final Terms of the Products.

The Issuer can also appoint other licensed parties for the role as Paying Account Provider for Products as indicated in the Final Terms and/or on its website: [www.backedassets.fi](http://www.backedassets.fi) (with the sole Issuer's discretion to appoint another party).

### **Paying Account Provider Agreement**

In general, the Issuer and the respective Paying Account Provider will enter into a market standard agreement regarding the provision of paying account(s) ("**Paying Account Provider Agreement**").

The Issuer and Maerki Baumann & Co. AG as Paying Account Provider entered into a framework agreement dated 23/24 November 2022, including special terms for transactional accounts. The Paying Account Provider shall provide for a separate Cash Account for the Issuer with separate sub-accounts for different currencies for each Product.

Additionally, in case of occurrence of a Realization Event in accordance with the Collateral Agreement, the Paying Account Provider will also execute initiate the payment of the pro-rata share of the Net Realization Proceeds, i.e. third party fees being deducted from received payments, to the Investors upon respective instruction of the Security Agent. In such case, the Paying Account Provider takes over the function previously performed by the Issuer, namely to make, based on the instructions by the Security Agent, pro rata payments of the Net Realization Proceeds to the Investors in respect of the Products upon occurrence of a Realization Event. Liability of the parties under or in connection with the agreement shall be limited to the extent permitted by law. In particular, the Paying Account Provider shall not be responsible for or liable in respect of the legality, validity or enforceability of any Product, the sufficient collateralization of such Products with Underlyings, any deductions made to third parties (in particular any service providers before the pro rata distribution to the Investors, any instructions or information provided by the Issuer (before the occurrence of a Realization Event) or the Security Agent (upon occurrence of a Realization Event) related thereto, or any act or omission of any other person. The framework agreement which includes the Paying Account Provider Agreement, is governed by Swiss law.

The Issuer can also appoint other licensed parties for the role as Paying Account Provider for Products as indicated in the Final Terms and/or on its website: [www.backedassets.fi](http://www.backedassets.fi) (with the sole discretion of the Issuer to appoint another party as Paying Account Provider).

### **Security Agent(s)**

#### **Function**

As described above, the Security Agent acts in its own name and its own account as well as in the name and on the account of the Investors as their direct representative (*direkter Stellvertreter*) to secure in the name and on the account of the Investors their claims under the Products as well as its own claims for ongoing costs ("**Security Agent**"). The Security Agent:

- i. initiates the realization of the Collateral when the Products fall due; and
- ii. instructs the Paying Account Provider (and/or the Custodian(s) or any third parties designated by the Security Agent) to initiate the payment of the pro-rata share of the Net Realization Proceeds to the Investors.

Such activity qualifies as debt collection activity for and on behalf of the Investors as creditors. The Security Agent does not accept any funds on its own account for and on behalf of the Investors as its principal(s). All proceeds are directly paid to the Paying Account Provider which will make partial or full repayments to the Investors upon receipt of the respective instruction by the



Securities Agent and after having deducted and paid authorized third party fees. The Security Agent does not act as financial intermediary.

#### **Information on the Security Agent(s)**

Security Agent Services AG, Baarerstrasse 75, 6300 Zug, Switzerland will act as the Security Agent for the Products.

For each Product the Issuer may in its sole discretion appoint another Security Agent and describe and communicate it in the Final Terms for the Product and/or on its website: [www.backedassets.fi](http://www.backedassets.fi). The Issuer furthermore is authorized to exchange the Security Agent and appoint another Security Agent for any Product already issued and communicate this in the updated Final Terms and/or on its website: [www.backedassets.fi](http://www.backedassets.fi).

#### **Collateral Agreement**

In general, the Issuer enters into a collateral agreement ("**Collateral Agreement**") with the Investors represented by the Security Agent acting in the name and for the account of the Investors as their direct representative (*direkter Stellvertreter*) and the Security Agent, acting in its own name and on its own account.

The Issuer entered into a Collateral Agreement for financial instruments with the Investors represented by the Security Agent, acting on behalf and for the account of the Investors as their direct representative (*direkter Stellvertreter*) and the Security Agent dated 23 November 2022. Under the Collateral Agreement, the Issuer created a right of lien (*reguläres Pfandrecht, Forderungspfandrecht*) over the Collateral in favor of (a) the Investors represented by the Security Agent acting in the name and on the account of the Investors as their direct representative (*direkter Stellvertreter*), as well as (b) the Security Agent to secure its costs in connection with the realization of the Collateral as further set-out in clause XXII. "*Realization Event and Realization of Collateral*" of the Terms and Conditions.

The liability of the parties is limited to gross negligence or wilful misconduct. Neither party will bear any responsibility or liability to the other party or to third parties for any losses arising out of any delay in or interruptions of performance of their respective obligations under the Collateral Agreement due to any act of God, act of governmental authority, or act of public enemy, or due to war, the outbreak or escalation of hostilities, riot, fire, flood, civil commotion, outbreak of viruses (local, national or global epidemics and pandemics), insurrection, labor difficulty (including, without limitation, any strike, other work stoppage, or slow-down), severe or adverse weather conditions, power failure, communications line or other technological failure, or technological changes or other similar cause beyond the reasonable control of the party so affected. The agreement is governed by Swiss law.

#### **Market Maker(s)**

The Issuer has the right but no obligation to engage Market Makers in relation to the Products.

#### **Function**

The Market Maker provides market making services including bid and offer of market prices for the Products, next to adequate liquidity with regard to all Products.

### **Information on the Market Maker(s)**

The respective Market Maker(s) for each Product (if any) is/are specified in the relevant Final Terms and/or communicated on the Issuer's website: [www.backedassets.fi](http://www.backedassets.fi) (at the Issuer's sole discretion to appoint another party).

### **Market Maker Agreement**

In case the Issuer makes use of its right to engage a Market Maker a Market Maker Agreement has to be entered into.

## **3.3 Summary of Product Issuance and Redemption Process**

### **3.3.1 In General**

The issuance and redemption mechanism is a continuous process and is intended to ensure that Products have sufficient liquidity and that the price tracks the relevant Underlyings. Retail Investors may subscribe via issuance only through an Authorized Participant and sell back their Products either via redemption through the Issuer or through selling the Product to an Authorized Participant who will redeem it to the Issuer. Professional Investors may subscribe via issuance and sell back via redemption through the Issuer.

Any Issuance Process, Redemption Process and payment flow to any Investor (including possible interest or dividend payment(s)) is subject to the Issuer going through KYC procedures, if necessary at the Issuer's sole discretion. The Issuer has the right to reject any issuance, redemption or payment request if there are negative findings or other material issues with the issuance, redemption or payment.

### **3.3.2 Issuance Process**

The practical steps involved in the issuance of Products are as follows:

- a. The Ledger-Based Securities for the Products are pre-created (but not activated) by the Tokenizer for each specific Product and transferred into a wallet held by the Tokenizer on behalf of the Issuer.
- b. Investor submits purchase order to Authorized Participant or Issuer.
- c. Authorized Participant forwards the purchase order to the Issuer.
- d. The Investor has to go through KYC procedures, if necessary at the Issuer's sole discretion. The Issuer has the right to reject any issuance request if there are negative findings or other material issues with the issuance.
- e. The Issuer submits a creation order to the Tokenizer upon receipt of the Investor's payment (including Investor Fees) or respective guarantee or equivalent security on the Paying Account.
- f. Until the Business Day following the receipt of the Investor's payment (including Investor Fees) or respective guarantee or equivalent security (i.e. T+2), the Issuer

- i. buys the number of Underlyings equivalent to the "Investor's payment amount *minus* Investor Fees" (fractional Underlyings are possible) and transfers the Underlying to the Collateral Account with the Custodian;
- ii. in case of successful purchase of the Underlying, instructs the Tokenizer to activate the pre-created Ledger-Based Securities in the amount equivalent to the purchased Underlyings and to transfer them until the latest 6:00pm CEST to the wallet specified by the Investor;
- iii. in case of being unable to purchase the Underlying within the specified timeframe, cancels the purchase order and transfers back the purchase price minus a fixed fee covering the expenses of the Issuer (such as KYC) to the Investor.

There are no creation limits on the Products assuming sufficient liquidity in the capital markets in which the Underlying is purchased.

### **3.3.3 Redemption Process**

The practical steps involved in the redemption of Products are as follows:

- a. Investor and Issuer redemption is triggered by any of the following events:
  - i. Issuer terminates a Product (in whole but not in part) by means of exercising the Issuer Call Option in accordance with the Terms and Conditions;
  - ii. Investor or Authorized Participant submits a Redemption Order to the Tokenizer, thereby exercising the Investor Put Option in accordance with the Terms of Conditions.
- b. Before and subject to accepting the Investor's Products for redemption, the Investor has to go through successfully KYC procedures, if necessary at the Issuer's sole discretion. The Issuer has the right to reject any redemption request if there are negative findings or other material issues with the redemption.
- c. The Tokenizer forwards the Redemption Order to the Issuer upon receipt of the Investor's Products.
- d. Until the fifth Business Day following the receipt of the Investor's Products (i.e. T+5), the Issuer:
  - i. Instructs the Tokenizer to de-activate the received Products by transferring them to the wallet held by the Tokenizer on behalf of the Issuer;
  - ii. Liquidates the Underlying in the Collateral Account in the same amount as the redeemed Products;
  - iii. Calculates the redemption amount to be paid out to the Investor or the Authorized Participant;

- iv. Instructs the Paying Account Provider to pay out the redemption amount (*minus* Investor Fees) to the Investor or Authorized Participant and keeps the Investor Fees.

### 3.4 Reasons for the Offer and Use of Proceeds

The offer of the Products uses ledger-based securities (i.e. securities in the form of tokens on a distributed ledger or blockchain), representing the value of major tradable securities and fully backed by the Underlyings. This has several major advantages compared to the use of the original underlying security in a conventional form, such as certificated securities, uncertificated securities or book-entry securities. One major advantage is e.g. that ledger-based securities can be traded 24 hours per day, 7 days per week. Another advantage is that secondary markets for such ledger-based securities are inherently global, as opposed to national markets where conventional securities are traded. A third advantage lies in the direct control of the ledger-based security by the Investor, as it may be held in an unhosted respectively non-custody wallet, which the Investor has exclusive access to.

The Issuer will use the Proceeds to (i) finance the purchase of the Collateral, (ii) pay the fees and costs of the various service providers in connection with creating, launching, issuing, redeeming, and providing all further services for the Products, (iii) finance its own existing and future business activities.

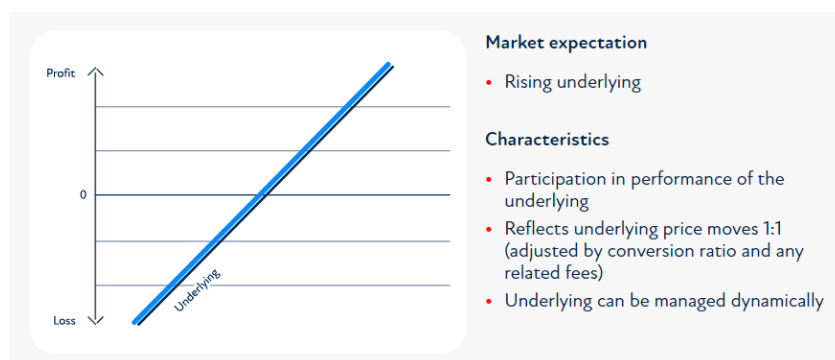
## 4. Information concerning the Securities to be Offered to the Public / Admitted to Trading

### 4.1 Information concerning the Securities

#### 4.1.1 Type and Class of the Offered Securities

The securities offered by the Issuer to Investors ("**Products**") are designed as Tracker Certificates according to type 1300 of the Swiss Derivatives Map published by the Swiss Structured Products Association ("**SSPA**").

Tracker Certificates are primarily targeted at Investors that expect the value of the Underlying or Underlying Components to increase (or, in the case of Tracker Certificates with a bear feature, to decrease). Tracker Certificates allow an Investor to participate in the performance of one or more Underlying Components, which can be equally or unequally weighted.



Through the Tracker Certificates Investors can participate in the performance of the Underlying. Furthermore, the price movement of any Product offered reflects any price movement of the

respective Underlyings 1:1 (excluding any dividend or interest payments eventually paid by the issuer of the Underlying). However, the entitlement of the Investors will be reduced and/or adjusted by the Investor Fees. The resulting value will further be adjusted by the applicable fees, tracking errors from foreign currency hedging and conversion ratios as the Underlyings or Underlying Components of the Products are traded in a differing currency ("**Underlying Currency**"), which may not be the Settlement Currency. The Issuer is responsible for calculating the value of the Products.

The Products do not bear interest.

The Products are open-ended. This means these Products do not have a predetermined fixed maturity. However, some Underlyings may have a fixed maturity date. In such case, the Product may be subject to one of the following models:

- a. The Product may have the same maturity date as the Underlying; or
- b. Upon reaching the maturity date of the Underlying, the Issuer may exercise its Issuer Call Option, in which case the Product will be terminated with the Termination Date being the same as the maturity date of the Underlying; or
- c. Upon reaching the maturity date of the Underlying, the Issuer may replace the Underlying with another Underlying that has similar characteristics. The replacement product will be selected by the Issuer in its sole discretion and may be subject to certain conditions or restrictions.

The Issuer will specify in the Final Terms of the Product which of these models will apply to the specific Product.

In the event that the Issuer exercises its right to replace the Underlying, the Product will continue to track the new Underlying with similar characteristics. Investors should be aware that the replacement Underlying may have different performance characteristics, fees, or other features compared to the original Underlying.

The Issuer will provide Termination Notice to Investors in the event that it intends to exercise its Issuer Call Option or replace the Underlying. Investors will have the option to redeem their investment in the Product prior to the Termination Date in line with the ordinary Investor Redemption procedures. If an Investor chooses not to redeem their investment, their investment will automatically be converted to the replacement Underlying upon the day following the Termination Date.

The Products are and will be neither listed nor admitted to trading at any stock exchange, authorized multilateral trading facility or organized trading facility (inside or outside of Switzerland) by the Issuer. The Final Terms will define further if and on which DLT trading facilities or secondary market DLT trading facilities or equivalents the Products will be admitted to trading on request of the Issuer (if at all). This is at the Issuer's sole discretion for each and every Product.

The international security identification number ("**ISIN**") for the respective Products will be indicated in the respective Final Terms. In general, the securities offered are Ledger-Based Securities according to Art. 973d et seqq. Swiss Code of Obligations ("**CO**"). It describes a right in accordance with an agreement between the parties which is registered in a distributed ledger

serving as securities ledger ("**Securities Ledger**") and may be exercised and transferred freely to others only via this Securities Ledger. Thus, the securities are neither in certificated nor in book-entry form but in tokenized form.

The Securities Ledger serves as the source of truth in relation to transfer records. The Issuer will publish a link to the record of transaction for each Product on its Website: [www.backedassets.fi](http://www.backedassets.fi).

#### **4.1.2 Legislation under which the Securities have been created**

The Products have been created under the laws of Switzerland. Therefore, the Products are governed by and shall be construed in accordance with Swiss law (without reference to principles of conflicts of law rules).

#### **4.1.3 Total Amount of the Offer**

The total amount of the securities offered to the public is not fixed for the time of filing this Securities Note and the Base Prospectus, but will be limited by the amount of issued Underlyings for each Product. The detailed arrangements will be communicated by the Final Terms and/or the website of the Issuer: [www.backedassets.fi](http://www.backedassets.fi).

The acceptance of purchase or subscription of securities may be withdrawn up to two working days after the amount of securities to be offered to the public has been filed.

#### **4.1.4 Currency of the Securities Issue**

The currency of the securities offered by the Issuer will be specified in the respective Final Terms.

#### **4.1.5 Relative Seniority of the Securities in the Issuer's Capital Structure**

The Investors have a primary claim to the Collateral allocated to the specific Product they are holding, and subordinated claim to the assets of the Issuer after all primary claims have been settled. The Investors take the risk of the Issuer defaulting. Therefore, the tokenized Products constitute collateralized and only subordinated obligations of the Issuer and rank equally among themselves. With all other collateralized and subordinated obligations, they rank *pari passu*. The Products are neither insured nor guaranteed by any government or agency.

#### **4.1.6 Rights attached to the Securities**

The holder of the Products has a claim against the Issuer for the redemption amount in accordance with the formula as set out in the relevant Final Terms and as described in clause VI. Issuance and Redemption of section 5. Terms and Conditions of the Offer of Securities to the Public in this Securities Notes.

The Issuer and each holder of Products issued by the Issuer, i.e. any Investor, enter into a Registration Agreement (*Registrierungsvereinbarung*) ("**Registration Agreement**") according to article 973d CO which (i) sets out the terms relating to the securitization of the Products in ledger-based securities according to article 973d CO under Swiss law by the Issuer, the effects, the rules of transfer and the process in case of loss of such ledger-based securities, and (ii) is part of the Terms and Conditions.

The Issuer may at any time amend or substitute the Registration Agreement. The Registration Agreement forms part of the Terms and Conditions and the Issuer publishes the latest version on its website: [www.backedassets.fi](http://www.backedassets.fi). The Registration Agreement is subject to the same governing law and place of jurisdiction as the Terms and Conditions.

Most importantly, the Investors' respectively creditors' rights do not consist of any shareholders' rights; thus, excluding all rights of attendance, dividend payments, other participation rights or voting rights at a general assembly of the Issuer or any issuers of Underlyings or other entities. The management of the Issuer is in the sole responsibility of the body of managers. Also as regards Investors, no additional payment obligations in the meaning of the CO apply.

The Investors in a Product are not entitled to any rights or claims to the Underlying or the Underlying Components aside from those described in the Terms and Conditions. Physical delivery of the Underlyings is excluded and Investors' interests are settled in fiat currency and/or Cryptocurrencies in the event of a redemption or termination.

The Investors do not have any dividend, voting, pre-emption rights in offers for subscription of securities of the Underlying or any right to share in the profits of an issuer of an Underlying, or any right in any surplus in the event of liquidation, also relating to the Underlying.

None of the Issuer, the Investors, the Security Agent, the Custodian, the Paying Account Provider, or any other person shall at any time have the right to affect or demand the conversion of Products (as Ledger-Based Securities) into, or the delivery of, individually certificated securities ("*Wertpapiere*"), uncertificated securities ("*einfache Wertrechte*") or book-entry securities ("*Bucheffekten*").

#### **4.1.7 (Re-)Selling Restrictions**

Save for the approval of this Base Prospectus in relation to the FMA and the subsequent offer of the Products to the public based on the Final Terms, no action has been or will be taken by the Issuer that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action of that purpose is required. No offers, sales, resales, or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

This Securities Note, the Base Prospectus and the Final Terms do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If the laws or regulation of a jurisdiction require that an offering of securities described herein be made by a licensed bank, securities firm or insurance company or any other party involved (each as defined in this Securities Note) or any affiliate of any other party is a licensed bank, securities firm or insurance company in that jurisdiction, the offering shall be deemed to be made by such other party or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

The offering or sale of the Products in certain jurisdictions may be restricted by law including because of the Underlyings/Underlying Components.

Persons who obtain possession of this Securities Note and/or the Base Prospectus and/or the Final Terms are required to inform themselves about and to adhere to any such restrictions. Neither this Securities Note nor the Base Prospectus nor the Final Terms constitute or may be used for the purposes of, an offer or solicitation to subscribe for or to purchase any Product in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Accordingly, this Securities Note, the Base Prospectus and the Final Terms should not be used by anyone for this purpose.

The Products offered on primary and secondary markets and other platforms under this Base Prospectus are not for distribution to any U.S. person or any person or address in the U.S. or in any other jurisdiction (i) to which a distribution would be unlawful (e.g. being subject to Sanctions Regulations, such as residents of North Korea, Syria or Iran), or (ii) which may be classified as high-risk jurisdictions subject to a call for action according to the Financial Action Task Force ("**FATF**").

The Issuer reserves the right to impose further selling restrictions at its sole discretion which will be communicated in the Final Terms or on its website: [www.backedassets.fi](http://www.backedassets.fi).

#### **4.1.8 Procedure for the Exercise of those Rights**

The Investors have to go through a proper KYC-procedure, in order to be eligible to subscribe for or redeem Products or to receive any cash settlements, according to the Swiss Anti-Money Laundering Act ("**AMLA**"), Sanctions Regulations and the FATF's high-risk jurisdictions and jurisdictions under the increased monitoring list.

The procedure for the Issuance and Redemption of the Products is further described in section 3.3 "*Summary of Product Issuance and Redemption Process*" of this Securities Note.

The Products are open-ended, i.e. they do not have a predetermined fixed maturity date. However, some of the Underlyings may have a fixed maturity date, whereby it is in the Issuers discretion to define in the Final Terms with which mechanism he aligns the Underlying's fixed maturity date with the Product in accordance with section 4.1.1. The Investors can redeem the Products on any Business Day for the Settlement Currency as indicated in the Final Terms. It is at the Issuer's sole discretion to add to or to remove Cryptocurrencies or fiat currencies from the list of accepted Cryptocurrencies and fiat currencies.

Unless described explicitly otherwise in the Final Terms, there is no interest paid for the Products.

#### **4.2 Restrictions on Transferability**

Any transfer of Ledger-Based Securities is subject to the Registration Agreement, this Securities Note, article 973f CO, the rules of the Securities Ledger and requires the transfer of the securities via the Ledger.

Any transfer of the entitlement to the securities other than by a transfer via the Securities Ledger is prohibited.



The transferability of the securities by the Investors on the secondary market is not restricted. However, Investors must comply with the Selling Restrictions in accordance with section 4.1.7 in this Securities Note.

#### **4.3 Tax Restrictions**

The Investors shall be warned that tax legislation, rules and fiscal practice of the authorities of the Investor's domicile, any member state of the EU/EEA and of the Issuer's country of incorporation may have an adverse impact on the income received from the Products.

The tax treatment for each Investor depends on their specific tax situation. All Investors are advised to consult with their professional tax advisors as to the respective Swiss and other jurisdictional tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of securities (or options embedded therein) in light of their particular circumstances.

According to clause XII. "*Taxation*" of the Terms and Conditions, each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

In the context of Swiss taxation, e.g. Swiss withholding tax (*Verrechnungssteuer*), income tax, stamp duties and wealth and capital taxes may arise for the Investor on a case-by-case basis.

##### **Automatic Exchange of Information in Tax Matters**

On 19 November 2014, Switzerland signed the Multilateral Competent Authority Agreement ("**MCAA**"). The MCAA is based on Art. 6 of the Organisation for Economic Co-operation and Development ("**OECD**")/Council of Europe administrative assistance convention and is intended to ensure the uniform implementation of Automatic Exchange of Information ("**AEOI**"). The Swiss Act on International Automatic Exchange of Information in Tax Matters ("**AEOI Act**") entered into force on 1 January 2017. The AEOI Act is the legal basis for the implementation of the AEOI standard in Switzerland. The AEOI is being introduced in Switzerland through bilateral or multilateral agreements. The agreements have, and will be, concluded on the basis of guaranteed reciprocity, in compliance with the principle of speciality (i.e. the information exchanged may only be used to assess and levy taxes (and for criminal tax proceedings)) and adequate data protection.

Switzerland has concluded a multilateral AEOI agreement with the EU (replacing the EU savings tax agreement) and has concluded bilateral AEOI agreements with several non-EU countries.

Based on such multilateral and bilateral agreements and the implementing laws of Switzerland, Switzerland began to collect data in respect of financial assets, including, as the case may be, warrants, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state.

##### **Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act ("**FATCA**")**

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the

account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland.

#### **4.4 Description of the Settlement Procedure of the Securities**

Please see Section 3.3 of this Securities Note regarding the Summary of Product Issuance and Redemption Process, which also describes the settlement procedure of the securities.

#### **4.5 Information concerning the Underlying**

The Products track the performance of specific Underlyings. The Underlyings can constitute of equity instruments, debt instruments, indices, exchange-traded funds, not listed funds and other transferable securities according to Art. 4 Para. 1 No. 44 and Annex I Section C MiFID II. The Underlyings must be in the form of book-entry securities.

The Underlyings are described in the Final Terms and contain information about the exercise price or the final reference price of the Underlying and on the details of where information on the Underlying can be obtained including an indication of where information about the past and the future performance of that Underlying and its volatility can be obtained by electronic means, and whether or not it can be obtained free of charge. Where the Underlying is a security, the name of the issuer of the security and the ISIN will be provided. In the case of an Index, the description of the Index and the specific weighting of each component is stated in the Final Terms. Additionally, the Final Terms may define (re-)sales restrictions deviating from this Securities Note or the Registration Document, in particular because of differing regulatory requirements for specific Underlyings.

##### **4.5.1 Equity instruments as Underlying**

Equity instruments as Underlying include transferable securities such as shares, preference shares and all other types of equity instruments such as participation certificates, depositary shares (ADR, ADS and GDS).

The specific equity instrument, the name of its issuer as well as its ISIN are described in the Final Terms.

##### **4.5.2 Indices as Underlying**

An Index defines a notional portfolio of at least five different Underlying Components meeting the following requirements ("**Index**"):

- a. the composition remains unchanged during the entire term of the Product ("**Classic Index**").
- b. the following conditions are met cumulatively so that they are merely passively managed ("**Dynamic Index**"): (i) the Underlying Components contained in the Index or basket are managed during the term of the Product according to precisely defined and pre-determined objective criteria (such as market capitalization, liquidity, P/E ratio, etc.) and (ii) these criteria

must be set out in the Index or basket specifications and remain unchanged during the term of the Product.

The portfolio consists of certain financial instruments. This also includes the so-called commodity Indices. Commodity Indices are Indices that track the performance of a basket of commodity contracts on certain commodities. The reference value for the Index or Indices is based on the respective market price of each financial instrument and its respective weighting.

The Index itself, the potential weighting and each individual Underlying, which may mirror the Index, will be described in the Final Terms. Whether dividend payments are included or not in the calculation of the reference value will be indicated in the Final Terms.

### **4.5.3 Debt instruments as Underlying**

#### **4.5.3.1 Bonds**

Bonds are fixed-income securities issued by governments, banks or other companies that represents a loan made by an investor to a borrower. A bond entitles an investor a right to the repayment at the end of the period (redemption) as well as regular interest. The specific bonds are described in the Final Terms.

#### **4.5.3.2 Derivatives**

Derivatives are financial instruments whose value depends on one or more underlying assets. The derivatives relevant here are all derivatives that are constructed as book-entry securities, such as futures and commodity futures, reference interest rate swaps and other swaps as well as options such as warrants. Derivatives have in common that they are so-called forward transactions. This means that at a certain time or within a certain period of time, either the underlying asset(s) must be bought or sold or the cash streams must be exchanged. Derivatives can relate to financial instruments (e.g. shares, bonds, indices, interest rates, FX-rates or foreign exchange) or to commodities (e.g. precious metals, wheat or sugar).

The specific derivative as Underlying is described in the Final Terms.

### **4.5.4 Fund(s) and ETFs as Underlying**

#### **4.5.4.1 Fund(s)**

A fund is a not traded fund which tracks the performance of a portfolio of assets. The assets are raised by investors for collective investment and are managed for their account. There exist many different legal forms of funds, in particular (i) contractual funds, where the relationship between the investors, the fund management company and the custodian bank are set out in a fund contract, or (ii) funds as legal entities, such as investment companies with variable capital (SICAV), investment companies with fixed capital (SICAF) and limited partnerships.

Further, funds may have (i) an open-ended structures, i.e. that the fund's units can be invested in or redeemed at any time or in short time periods, or (ii) closed-ended structures, i.e. there is no right to redeem fund's units.

The investment opportunities open to funds vary according to their legal form and category. The investment strategy set out in a fund's legal documentation (fund regulations or articles of association, depending on the legal form) defines the investments it can make. Usually, funds are actively managed.

Only funds meeting the following requirements shall be used as Underlying if such funds shall be offered to Swiss Investors (cumulatively):

- a. Swiss collective investment schemes must have an authorisation from FINMA, in accordance with the CISA; and
- b. non-Swiss collective investment schemes must in accordance with the CISA be approved by FINMA and have appointed a Swiss paying agent and Swiss representative for sale in Switzerland.

The specific funds are described in the Final Terms.

#### **4.5.4.2 ETF**

An exchange-traded fund ("ETF") is an open ended collective investment scheme that trades throughout the day like a stock on the secondary market (i.e., through an exchange) (see definition above). ETFs may be (i) passively managed either by being index-based or based on a single asset or a portfolio of several assets, or (ii) actively managed but must pursue their investment objectives using a physical or synthetic investment strategy.

ETFs may seek to obtain their performance either by holding physical securities and other assets, or entering into one or more derivative contracts with a counterparty.

Physical ETFs seek to meet their investment objective by holding physical securities and other assets. E.g. physical ETFs that are index-based obtain returns that correspond typically to those of an underlying index or benchmark by replicating or sampling the component securities of the index or benchmark. A physical index-based ETF that uses this replicating strategy generally invests in the component securities of the underlying index or benchmark in the same approximate proportions as in the underlying index or benchmark.

Synthetic ETFs seek to meet their investment objective by entering into a derivative contract (typically through a total return swap) with a selected counterparty. The swap contracts can take two forms, either (i) a so-called unfunded structure; and (ii) a so-called funded or prepaid swap structure.

In the type of synthetic ETF structure, the ETF provider/manager invests the cash proceeds from investors in a so-called substitute or reference basket of securities (which is typically bought from a bank). The basket's return is swapped via a derivative contract with an eligible counterparty (frequently, the derivatives desk of the same bank) in exchange for the return of the index referenced in the ETF's investment objective. In the funded or prepaid model type, a synthetic ETF seeks to obtain a return in line with the performance of its reference index by engaging in a swap in exchange for cash (or for the entire ETF portfolio) without the creation of a substitute basket. In

both models, derivative exposure is collateralized or reduced through a collateral or portfolio management process that may involve the services of a third party as collateral agent (in the funded model) or is covered by the substitute basket as assets of the ETF (in the unfunded model).

The reference value for the ETF is based on the market price of the selected ETF which bases on an Index. The ETF itself will be described in the Final Terms. Whether dividend and/or interest payments are included or not in the calculation of the reference value will be indicated in the Final Terms.

Only ETFs meeting the following requirements shall be used as Underlying if such ETFs shall be offered to Swiss Investors (cumulatively):

- a. Swiss collective investment schemes must have an authorisation from FINMA, in accordance with the CISA;
- b. non-Swiss collective investment schemes must in accordance with the CISA be approved by FINMA and have appointed a Swiss paying agent and Swiss representative for sale in Switzerland;
- c. The ETF must be passively managed, i.e. not actively managed; and
- d. The ETF can follow physical or synthetic investment strategies.

#### **4.5.5 Basket as Underlying**

The Products may also relate to baskets consisting of one or more of the instruments mentioned in 4.5.1 – 4.5.4. A basket is defined as a weighted collection of several financial instruments.

If the Underlying is a basket (including a proprietary basket), references to the Underlying throughout the Base Prospectus shall be deemed to include references to the individual basket constituents *mutatis mutandis*. The relevant Final Terms will specify the respective basket constituents and contain information about the respective basket constituents or indicate where information about the respective basket constituent, in particular about their past and future performance and volatility, can be found.

#### **4.5.6 Reference Sources**

Some of the Underlyings and Underlying Components are traded on exchanges, such as National Association of Securities Dealers Automated Quotations ("**NASDAQ**"), New York Stock Exchange ("**NYSE**"), Xetra ("**Xetra**"), Börse Frankfurt, London Stock Exchange, Swiss Stock Exchange (SIX), etc., purchased and sold by the Broker on instruction of the Issuer, and will be valued by the Issuer based on Reference Sources as defined in section 2.3.1.5, namely market prices issued by the exchange(s) or quotation system(s), or also net asset values issued by the issuers of the Underlying and Underlying Components, all as defined in the Final Terms or any substitute and/or successor of such Reference Sources to which trading of the Underlying may be relocated. This will be determined in case of need by the Issuer, as indicated on the Issuer's website or respective Final Terms (for further information see clause VII. i. "*Reference Sources*" of the Terms and Conditions).

#### 4.5.7 Description of any Market Disruption Event that Affect the Underlying

Generally, the reference price of the Underlyings as provided by the Reference Sources traded on an exchange, such as e.g. NASDAQ, NYSE, Xetra, London Stock Exchange, Swiss Stock Exchange (SIX), etc., may be subject to significant fluctuations. Such price fluctuations can occur suddenly and have severe effects (particularly, but not limited to so-called gapping). As a consequence of technical or other incidents, trading of the Underlying may be suspended for a short or long period of time. In this case, it appears not to be possible to determine the reference price, liquidate positions and thus make pay-outs. These circumstances may significantly delay the redemption of the Products or stand in the way of successful settlement as such.

As defined in section 2.3.1.5, a Market Disruption Event describes:

- a. In relation to an Index and/or Underlying Components, the occurrence or existence of a suspension or a limitation on trading in or a limitation on market prices issued by Reference Sources (but for the avoidance of doubt, not merely a limitation on the hours and number of days of trading resulting from an announced change in the regular business hours of) for one or more Index constituents relevant to such Index (calculated using the last known price of such Index constituent) so that the price or value of the Product cannot be determined, announced or published or otherwise is not being made available on a Business Day relevant for the fixing, observation or valuation of the Index and/or an Underlying Component; or
- b. In relation to a single Underlying, the occurrence or existence of a suspension or a limitation on trading in or a limitation on the market price issued by Reference Sources (but for the avoidance of doubt, not merely a limitation on the hours and number of days of trading resulting from an announced change in the regular business hours of the relevant Underlying exchange) for the Underlying or one or more Underlying Components so that the price or value of the Product cannot be determined, announced or published or otherwise is not being made available on a Business Day relevant for the fixing, observation or valuation of such Underlying as determined by the Issuer in its duly exercised discretion.

A business day means a day on which relevant clearing systems are open and securities can be settled, relevant commercial banks and custodians are open, banks in Zurich are open, foreign exchange markets execute payments in the respective Settlement Currency and Underlyings or Underlying Components of the relevant Product can be settled, and/or any other day, as specified in the Final Terms ("**Business Day**"). In such a case, it will be determined by the Issuer in its duly exercised discretion (for further information see clause VII. ii "*Market Disruption Event*" of the Terms and Conditions).

#### 4.5.8 Adjustment Rules

Adjustment events are any events (excluding Market Disruption Events) that may have a diluting or other negative effect on the theoretical value of the relevant Underlyings or Underlying Components of it ("**Adjustment Event**").

The Issuer shall, acting in a commercially reasonable manner and in accordance with market practice and without the necessary consent of Investors, determine whether such an Adjustment Event has occurred. This may include, but is not limited to events of capital increases, delistings, share splits, special dividends and any other event, which makes it impossible to determine the

reference price or lead to the fact that the reference price can no longer be determined on a regular basis.

In case the Issuer determines that it has a diluting or other negative effect on the theoretical value of the relevant Underlying or Underlying Component, it may take the necessary adjustment actions, which it considers appropriate in its duly exercised discretion and in accordance with established market practice. Adjustment actions can be taken with regards to the Redemption Amount, the relevant Underlying or the Underlying Components, and/or any other variable relevant to the redemption, settlement or payment terms of the relevant Products necessary (see for further information clauses IX. "*Foreign Exchange Disruption*" and X. "*Adjustments for Products related to an Index*" of the Terms and Conditions).

## 4.6 Collateral and Summary of Security Arrangements

### 4.6.1 Method of Collateralization

Gaining a protected security interest in Collateral generally involves two steps: "attachment" and "perfection". Attachment refers to the creation of the security interest in the specified Collateral, and gives rights to the secured party against the debtor. Perfection gives rights to the secured party against other creditors asserting rights in the same Collateral. A security interest attaches when created or granted pursuant to a security agreement or collateral agreement. Perfection of the security interest occurs by a variety of methods depending on the type of Collateral involved, such as taking possession of the Collateral.

#### **Provision of Security ("Attachment"):**

Each Product is secured under the Collateral Agreement and a Product-specific schedule. Any Underlyings serving as Collateral will be held and administered by the Issuer on one or several separate securities (sub-)accounts for each Underlying held with the Custodian in accordance with the Custody Agreement ("**Securities Account**"). The Custodian is responsible for creating the accounts. The custody is provided by the Custodian as defined in the Final Terms. The Issuer may, at its discretion, use Custodians in multiple jurisdictions, provided that such Custodians are notified to Investors in accordance with clause XIX. "*Notices*" of the Terms and Conditions of the offer of the securities to the public. It may also, at its sole discretion and upon notification to the Investors and publication of such notice on its website [www.backedassets.fi](http://www.backedassets.fi), alter the Custody Arrangement for the Underlyings, including the jurisdiction of where the Underlyings are booked on Securities Accounts. As at the date of this Securities Note and the Registration Document, custody services are exclusively provided in Switzerland.

The Issuer creates a right of lien (*reguläres Pfandrecht, Forderungspfandrecht*) over the Collateral in favor of (a) the Investors represented by the Security Agent acting in the name and on the account of the Investors as direct representative (*direkter Stellvertreter*), as well as (b) the Security Agent to secure its costs in connection with the realization of the Collateral as further set-out in clause XXII. "*Realization Event and Realization of Collateral*" of the Terms and Conditions.

By acquiring the Product, each Investor appoints the Security Agent as direct representative (*direkter Stellvertreter*) and can only exercise its rights under the Collateral Agreement and the schedule for the specific Product through the Security Agent.

The security interest(s) created under the Collateral Agreement and the Product-specific schedule over the Collateral are only granted to the Investors of the Product and to the Security Agent and not to any investors of other products collateralized under the Collateral Agreement according to a different schedule. The Collateral only secures the Product and the associated realization costs.

By transferring all Products held by an Investor or if the Investor is otherwise no longer the holder of any Products, such Investor will cease to qualify as an Investor and to be a party to the Collateral Agreement and the respective schedule(s) for the Product.

The Issuer entered into a collateral agreement with the Investors represented by the Security Agent as direct representative (*direkter Stellvertreter*) and the Security Agent on 23 November 2022.

#### **Asserting rights in the Collateral ("Perfection"):**

In the case of financial assets held by the Custodian in the form of book-entry securities in a Securities Account and/or cash in a Paying Account in favour of the Security Agent acting in the name and on the account of the Investors as direct representative (*direkter Stellvertreter*), perfection is achieved by acquiring "control" over the Security Agent's security entitlement in those assets. This is accomplished through an account control agreement, which is a three-party agreement entered into in favor of the secured party, i.e. the Security Agent acting its own name and on its own account as well in the name and on the account of the Investors as their direct representative (*direkter Stellvertreter*), between ("**Account Control Agreement**"):

- a. a customer/debtor such as the Issuer, e.g. a borrower, guarantor or other loan party pledging financial assets (such as intermediated securities and cash positions) as Collateral; and
- b. the intermediary (*Verwahrungsstelle*), i.e. a depository bank such as the Custodian, maintaining the relevant financial assets in a Securities and/or Paying Account(s) maintained on behalf of, and in the name of, the customer/debtor, i.e. the Issuer; and
- c. the beneficiary, acting in its own name and on its own account as well as in the name and on the account of the Investors as their direct representative (*direkter Stellvertreter*), i.e. the Security Agent.

Generally, under an account control agreement, the parties agree that the intermediary will comply with any instructions issued by the secured party with respect to the disposition of the financial assets in specified securities and/or cash account(s) without the need for further consent from the debtor. Once that agreement is in place, the secured party is deemed to have "control" over the specified securities or cash account(s), and its security interest is therefore "perfected". In addition to perfecting a security interest, an account control agreement enables the secured party, when exercising remedies, to direct the disposition of the assets in the respective securities and/or cash account(s) as well as to prevent the debtor from giving instructions with respect to the financial assets without the secured party's consent. The secured party and the debtor can agree in the relevant documentation as to when the secured party is permitted to issue such instructions.

The Issuer as account holder, Security Agent Services AG, as the Security Agent and Maerki Baumann & Co. AG, as the Custodian have entered into an Account Control Agreement dated on 23/24 November 2022:



The Custodian acknowledges and agrees that the Issuer, as Collateral Provider, has granted a pledge over the Collateral to the Security Agent, acting in its own name and on its own account as well in the name and on the account of the Investors as their direct representative (*direkter Stellvertreter*) in the Collateral Agreement. Subject to, and in accordance with, the terms of the Account Control Agreement, the Custodian shall act upon the sole instruction and direction of the Security Agent in relation to the Collateral and may only validly discharge its obligations in respect of Collateral by exclusively following the instructions and directions of the Security Agent.

In order to perfect the pledge in accordance with Article 25 FISA with respect to the Collateral falling within the scope of FISA, the Issuer and the Custodian agree irrevocably that the Custodian must carry out instructions of the Security Agent without any further consent or cooperation by the Issuer with respect to the objects of control, whereby control shall be established and maintained for the duration of the agreement with regard to all Collateral credited to the securities account and the cash accounts (defined as "pledged assets" and "objects of control" within the Account Control Agreement).

Prior to a Realization Event, the Issuer may instruct the Custodian with respect to object of control at any given time within the meaning of Article 15 FISA. Unless the Security Agent instructs the Custodian otherwise and gives notice to the Custodian that a Realization Event has occurred, the Issuer shall be entitled to (i) sell, exchange or transfer any pledged assets where the proceeds of such sale, transfer or disposal are promptly credited on the Paying Accounts and (ii) dispose of cash standing to the credit of a Paying Account where such cash is A) used to purchase new Underlyings that are immediately credited to any of the Collateral Accounts or (B) repaid to the Investors or (C) used to pay fees in accordance with the terms and conditions to the proprietary account of the Issuer or (iii) transferred any cash resulting from dividends distributed by the Underlying to the proprietary account of the Issuer.

Upon the Security Agent having served a notice Realization Event, the Custodian shall immediately block any access rights of the Issuer to the Collateral Accounts and no longer take any instructions by the Issuer but solely rely on the instructions by the Security Agent. The Custodian shall promptly comply with the instructions of the Security Agent, unless it is forced to keep all or part of the Collateral blocked in accordance with a binding order. The Custodian shall immediately inform the Issuer and the Security Agent of any such measure unless prohibited or otherwise stipulated by law, any applicable rule or regulation or the said order itself.

The Custodian shall not be bound or entitled to verify whether the conditions for realization of the Collateral under the Collateral Agreement are fulfilled. The Custodian shall have no obligation to inform the Issuer of any instruction sent to it by the Security Agent.

The Account Control Agreement is governed by Swiss law.

**Collateral Value:**

Each Product issued shall be collateralized through the purchase of the Underlyings (fractional Underlyings are possible, the total Collateral will be rounded up to the next unit of the Underlying, any excess amount is kept by the Issuer and not re-funded to the Investor.). The value of Collateral to be maintained by the Issuer (as collateral provider) at any point in time is determined by and must correspond to the then current value of the outstanding Products calculated accordingly by the Issuer.

#### 4.6.2 Specific Security Agent

Security Agent Services AG, Baarerstrasse 75, 6300 Zug, Switzerland will act as the Security Agent for the Products.

For each Product the Issuer may in its sole discretion appoint another Security Agent and describe and communicate it in the Final Terms for the Product and/or on its website: [www.backedassets.fi](http://www.backedassets.fi). The Issuer furthermore is authorized to exchange the Security Agent and appoint another Security Agent for any Product already issued and communicate this in the updated Final Terms and/or on its website: [www.backedassets.fi](http://www.backedassets.fi).

#### 4.6.3 Claim of the Holder of Securities and Compulsory Maturity of the Securities upon a Realization Event

Each investor's claim that is created pursuant to the Collateral Agreement is irrevocable on the part of the Issuer as collateral provider and subject to the compulsory maturity of the Products upon a Realization Event.

#### 4.6.4 Determination of a Realization Event

The Terms and Conditions specify the Realization Event in clause XXII. i. "*Realization Event*".

#### 4.6.5 Practical Procedure and Costs in a Realization Event

In a Realization Event, the Security Agent or the Swiss Bankruptcy Official or a party appointed by it (including the Security Agent) will:

- a. enforce any of the Issuer's rights in any assets of the Issuer under the terms of the Collateral Agreement, and
- b. place an order through the designated Securities Account under the terms of the Custody Agreement and Collateral Agreement.

With the assistance of the Custodian, the Security Agent will undertake to liquidate the assets as soon as possible assuming sufficient liquidity is available in the market.

In the event of a realisation, Investors will bear a number of costs, including, but not limited to transaction costs with Custodians and exchanges, the fees and expenses of the Security Agent and other transaction participants, as well as spreads on the financial assets. These costs will be deducted from the amounts received upon realization of Collateral and may create a significant loss of value for Investors. Enforcement and pay-out priorities are set as defined in clause XXII. ii. "*Realization of Collateral and Priority of Payments*" of the Terms and Conditions.

In the event that the Issuer defaults and the Security Agent enforces its rights under the Collateral Agreement and the Account Control Agreement to take control of the Collateral Accounts, the

realisation of this Collateral may not be of sufficient value to cover all redemption amounts payable to Investors because:

- a. The face value of Products could rise due to market conditions;
- b. The Issuer or the Security Agent may not be able to realize some or all of the assets in the Collateral Accounts at the prices at which they were valued;
- c. The Collateral in the Collateral Accounts is not denominated in the Settlement Currency and the value of such Collateral may fall due to exchange rate movements;
- d. Payments in respect of redemption amounts are required to be made in the Settlement Currency and there may be costs involved in converting the proceeds of realisation of the Collateral into the Settlement Currency or the Issuer may otherwise be unable to convert such proceeds into the Settlement Currency; or
- e. The Collateral Account only contains assets equal to the value of the Products as at the close of the immediately preceding Business Day on which the calculations and valuations are made and there may be a number of days between such valuations occurring and the date on which the Security Agent takes control of the Collateral Accounts, during which time a significant difference between the value of the Collateral in the Collateral Accounts and the price of the Underlyings could arise, particularly given the volatility of the financial markets;
- f. There may be certain costs associated with the realisation of the assets in the Collateral Accounts.

In addition, under the Terms and Conditions, the Issuer may utilise depositories, banks or other financial institutions in connection with the custody of the Collateral. In the event that the Issuer defaults and the Security Agent enforces its rights to take control of the Collateral Accounts, these Collateral Accounts will be held with a depository as arranged by the Issuer. Accordingly, the Issuer or the Security Agent may not be able to recover all sums due to it and may not, therefore, have sufficient amounts to fund the Issuer's payment obligations to Investors and/or it may take longer to realise the Collateral and, therefore, Investors may experience delays in receiving amounts due to them.

#### 4.6.6 Liability under the Collateral Agreement and Applicable Law

The liability of the parties is limited to gross negligence or wilful misconduct. Neither party will bear any responsibility or liability to the other party or to third parties for any losses arising out of any delay in or interruptions of performance of their respective obligations under the Collateral Agreement due to any act of God, act of governmental authority, or act of public enemy, or due to war, the outbreak or escalation of hostilities, riot, fire, flood, civil commotion, outbreak of viruses (local, national or global epidemics and pandemics), insurrection, labor difficulty (including, without limitation, any strike, other work stoppage, or slow-down), severe or adverse weather conditions, power failure, communications line or other technological failure, or technological changes or other similar cause beyond the reasonable control of the party so affected.

The Collateral Agreement is governed by Swiss law.

#### **4.7 Continuation of the Offer of Securities to the Public**

The offer of the Products to the public which first commenced under the Base Prospectus dated 9 May 2022, as amended by any supplements, and which is continuing uninterrupted at the date of approval of this Base Prospectus, will continue on the basis of this and any succeeding base prospectuses in accordance with Article 8 paragraph 11 of the Prospectus Regulation until the end of the offer term of the Products (as defined in the relevant Final Terms) as described below:

For the Products referred to in section 9 of this Securities Note, for which the public offer is continuing, the Terms and Conditions included in the Securities Note dated 9 May 2022 will continue to be legally binding. The Terms and Conditions contained in Section 5 of this Securities Note are not relevant for the Products for which the public offering is continued. Therefore, the Securities Note dated 9 May 2022 is incorporated by reference into this Base Prospectus.

The Products whose public offering is to be continued are identified by listing their international security identification number (ISIN) in section 9 of this Securities Note. The Final Terms and the Products identified therein are published on [www.backedassets.fi](http://www.backedassets.fi) and are available by entering the respective ISIN.

#### **5. Terms and Conditions of the Offer of Securities to the Public**

As defined in section 3.1, the Issuer, Backed Assets GmbH, may issue Products under the Base Prospectus, linked to Underlyings or Underlying Components providing exposure to a range of stocks and Indices. The following Terms and Conditions are applicable to all Products issued by the Issuer. The Terms and Conditions shall be completed by and must be read in conjunction with the respective Final Terms belonging to the relevant Product. In case of inconsistencies between the Terms and Conditions and the Final Terms, the Final Terms shall prevail.

Capitalized terms in the Terms and Conditions not defined in this section will have the meaning set out in the relevant Final Terms. Terms defined elsewhere in this Base Prospectus form an integral part of these Terms and Conditions. A reference table of all defined terms is set out in the section A. "*Definitions*".

The Investors are deemed to have read and taken notice of the provisions of these Terms and Conditions and the Final Terms as well as the key elements of the Tokenization Services Agreement, Authorized Participant Agreement (if any), the Collateral Agreement, the Account Control Agreement, the Custody Agreement, the Brokerage Agreement, the Paying Account Provider Agreement and the Market Maker Agreement (if any) as described in the Securities Note and the Final Terms.

##### **I. Product Type**

The Products issued are open-ended (i.e. without predetermined fixed maturity) Tracker Certificates tracking the value of the Underlying. However, some of the Underlyings may have a fixed maturity date, which will be encountered with a method in accordance with clause IX.iv. "*Underlyings with Fixed Maturity Date*". The Products replicate the price movement of the Underlying or the Underlying Component 1:1 (excluding any dividend or interest payments paid by the issuer of the Underlying). However, the entitlement of the Investors will be reduced and/or adjusted by the Investor Fees. The resulting value will further be adjusted by the applicable fees,

tracking errors from foreign currency hedging and conversion ratios as the Underlyings or Underlying Components of the Products are traded in an Underlying Currency, which may not be the Settlement Currency. The Products do not bear interest.

## II. Form and Transferability of Securities

The securities for each Product will be issued in the minimum investment amount(s), if applicable, and the currency specified in the Final Terms, as Ledger-Based Securities. Physical delivery of the Underlyings is excluded and Investors' interests are settled in fiat currency and/or Cryptocurrencies in the event of a redemption or termination.

The Issuer and each holder of Products issued by the Issuer, i.e. any Investor, enter into a Registration Agreement (*Registrierungsvereinbarung*) according to article 973d CO based on the following provisions which (i) sets out the terms relating to the securitization of the Products in ledger-based securities according to article 973d CO under Swiss law by the Issuer, the effects, the rules of transfer and the process in case of loss of such ledger-based securities, and (ii) is part of these Terms and Conditions:

### Establishment (*Errichtung*) and effects (*Wirkung*)

The Issuer hereby securitizes the Products in the form of cryptographic tokens as ledger-based securities (*Registerwertrechte*) according to article 973d CO under Swiss law that are created by the Issuer by means of a registration in the smart contract based securities ledger according to article 973d (2) CO running on a Product-DLT serving as underlying system for the ledger-based securities. The entitlement to the securitized Securities exclusively results from the Securities Ledger.

Ledger-Based Securities are exclusively exercisable via the Securities Ledger and are subject to the terms and conditions of the underlying distributed-ledger protocol (System) and this section for ledger-based securities that form the Registration Agreement.

### Functionalities of smart contract(s) representing the Securities Ledger:

minting:	ability to create new or additional ledger-based securities
burning:	ability to destroy ledger-based securities by erasing a balance and reducing the supply.
relay:	ability to pre approve the transfer of tokens using a signed message, which can then be used to execute the transaction via a different account, which pays the blockchain fees.
pausing	ability to stop all transfers of tokens

updating: ability to update the smart contract code

The Tokenizer shall exclusively execute:

- a. The minting function in accordance with clause VI. "Issuance and Redemption" of the Terms and Conditions;
- b. the burning function only with regard to ledger-based securities held by itself;
- c. turning on and off the ability to use the relay function for different accounts;
- d. the updating function;
- e. the pausing function.

#### **Transfer (*Übertragung*)**

The ledger-based securities are transferable by (i) any action that technically transfers the direct or indirect power of disposal over the ledger-based securities from one natural or legal person to another, and (ii) complying with this Registration Agreement and these Terms and Conditions.

The smart contract may block interactions with addresses which have been flagged as sanctioned in accordance with Sanctions Regulations (such as OFAC sanctions), which includes the ability to transfer the Issuer's Products to and from such addresses. The Issuer will engage an independent third-party service provider, such as Chainalysis, to implement such oracle function. The third-party's terms and conditions may apply to such service.

#### **Establishment of securities (*Sicherheiten*)**

The registration of a security (*Sicherheit*) according to 973g (1)(1) CO is technically not supported by the Securities Ledger. Securities (*Sicherheiten*) over ledger-based securities can only be created by the transfer of the respective ledger-based securities.

#### **Cancellation (*Kraftloserklärung*)**

The cancellation function is subject to the future extension of the burning function as described below in connection with the updating function. If and once introduced, it will function as follows:

If a beneficiary of ledger-based securities loses access (power of disposal) to the ledger-based securities, such beneficiary may demand according to article 973h CO the competent court (*Zug, Einzelrichter im summarischen Verfahren*) to cancel the respective ledger-based securities, provided that the beneficiary furnishes credible evidence of its original power of disposal and of the loss thereof, which is according to the Issuer's view very challenging to achieve. The cancellation procedure according to article 982 – 986 CO applies mutatis mutandis, except that only one public

notice for presentation of the security in the Swiss Official Gazette of Commerce is required, and the time limit (waiting period) is at least one month after the public notice.

Following cancellation of the respective ledger based-securities by the court, the beneficiary shall provide to the Tokenizer or to the Issuer, who then forwards to the Tokenizer (i) the court decree with a confirmation of legal validity (*Rechtskraftbescheinigung*) and (ii) the address to which the replacing ledger-based securities shall be transferred. The Issuer may refuse to transfer the replacing ledger-based securities to an address and request the beneficiary to provide another address, if (i) the Issuer cannot verify the beneficial ownership of the beneficiary of such address, or (ii) such address does not (a) meet the requirements set out in this Registration Agreement and these Terms and Conditions, or (b) allow the Issuer and/or Tokenizer to fulfill its KYC duties or other obligations under applicable law.

After successfully reviewing the submitted documents, the Tokenizer of the Securities Ledger will burn the cancelled ledger-based securities and issue new ledger-based securities to the beneficiary's address that represent the rights of the cancelled ledger-based securities.

None of the Issuer, the Investors, the Security Agent, the Custodian, the Paying Account Provider or any other person shall at any time have the right to affect or demand the conversion of Products (as Ledger-Based Securities) into, or the delivery of, individually certificated securities ("*Wertpapiere*"), uncertificated securities ("*einfache Wertrechte*") or book-entry securities ("*Bucheffekten*").

## **Updating**

The Issuer and/or the Tokenizer on behalf of the Issuer may:

- i. amend or substitute the Securities Ledger,
- ii. substitute, migrate or transfer the Securities Ledger and the ledger-based securities to another Product-DLT or any other system, standard or technology,
- iii. or issue ledger-based securities on multiple underlying systems,

in order to:

- i. incorporate and benefit from the latest technical developments,
- ii. comply with applicable law, for example if the integrity of the securities ledger or the underlying system is not anymore adequately secured as required by law, or
- iii. reflect changes in the corporate structure of the Issuer, provided that such amendments, substitutions migrations or transfers do not affect the validity of the ledger-based securities.

A future update of the smart contract functionality may introduce a freezing function and/or extend the burning function, which then could only be executed by the Tokenizer if (i) the Tokenizer is compelled by a court, a regulator or other governmental authority of competent jurisdiction over the Tokenizer and/or the Issuer or laws or regulations applicable on the Tokenizer and/or the

Issuer to burn, recover, freeze or unfreeze ledger-based securities, and (ii) such action (a) does not result in a violation of applicable laws by the Tokenizer and the Issuer in the jurisdiction of its incorporation; and (b) is made in compliance with the rules governing international legal and administrative assistance in the jurisdiction of its incorporation.

### **Pausing**

The Tokenizer may pause all transactions related to the ledger-based securities in case of any technological change, discovery of a vulnerability, or hack attempts, to ensure the functionality of the Securities Ledger (e.g. in case of a hard fork); such pause is limited to the time reasonably required to fulfill its purpose.

### **Miscellaneous**

To the fullest extent permitted by applicable law: in no event will the Issuer and the Tokenizer, any affiliate of the Issuer or any of their respective past, present, and future employees, officers, directors, contractors, consultants, suppliers, vendors, service providers, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns, be liable for damages of any kind (including, but not limited to, where related to loss of revenue, income or profits, assets or investment) arising out of or in any way related to the ledger-based securities, the Securities Ledger, the system or this Registration Agreement, regardless of the form of action, whether based in contract, tort or any other legal theory (even if the party has been advised of the possibility of such damages and regardless of whether such damages were foreseeable).

The Issuer may at any time amend or substitute the Registration Agreement. The Registration Agreement forms part of these Terms and Conditions and the Issuer publishes the latest version on its website: [www.backedassets.fj](http://www.backedassets.fj). The Registration Agreement is subject to the same governing law and place of jurisdiction as these Terms and Conditions.

## **III. Rights attached to Products**

The Investors have a primary claim to the Collateral allocated to the specific Product they are holding, and subordinated claim to the assets of the Issuer after all primary claims have been settled. The Investors take the risk of the Issuer defaulting. Therefore, the tokenized Products constitute collateralized and subordinated obligations of the Issuer and rank equally among themselves. With all other collateralized and subordinated obligations, they rank *pari passu*. The Products are neither insured nor guaranteed by any government or agency.

The Investors' respectively creditors' rights do not consist of any shareholders' rights; thus, excluding all rights of attendance, dividend payments, other participation rights or voting rights at a general assembly of the Issuer or any issuers of Underlyings or other entities. The management of the Issuer is in the sole responsibility of the body of managers. Also as regards Investors, no additional payment obligations in the meaning of the CO apply. The Products do in particular not bear any interest.



The Investors in a Product are not entitled to any rights or claims to the Underlying or the Underlying Components, i.e. the Investors do not have any dividend, voting, pre-emption rights in offers for subscription of securities of the Underlying or any right to share in the profits of an issuer of an Underlying, or any right in any surplus in the event of liquidation, also relating to the Underlying.

#### **IV. Collateralization**

The Issuer entered into a Collateral Agreement with the Investors represented by the Security Agent, acting in the name and on the account of the Investors as their direct representative (*direkter Stellvertreter*) and the Security Agent, acting in its own name and in its own account, for its ongoing costs.

Each Product is secured under the Collateral Agreement and a Product-specific schedule. Any Underlyings serving as Collateral will be held and administered by the Issuer on one or several separate Collateral Accounts for each Underlying and related cash held with the Custodian in accordance with the Custody Agreement. Purchasing and selling of fractional Underlyings and Products is possible; the total Collateral will be rounded up to the next unit of the Underlying. Any excess amount paid by the Investors is kept by the Issuer and not re-funded to the Investor.

Under the Collateral Agreement, the Issuer creates a right of lien (*reguläres Pfandrecht, Forderungspfandrecht*) over the Collateral in favor of (a) the Investors represented by the Security Agent acting in the name and on the account of the Investors as their direct representative (*direkter Stellvertreter*), as well as (b) the Security Agent to secure its ongoing costs in connection with its function as Security Agent.

By acquiring the Product, each Investor appoints the Security Agent as direct representative (*direkter Stellvertreter*) and can only exercise its rights under the Collateral Agreement and the Product-specific schedule through the Security Agent.

The security interest(s) created under the Collateral Agreement over the Collateral are only granted to the Investors of the Product and to the Security Agent and not to any investors of other products collateralized under the Collateral Agreement according to a different schedule. The Collateral only secures the Product and the associated ongoing costs of the Security Agent.

By transferring all Products held by an Investor or if the Investor is otherwise no longer the holder of any Products, such Investor will cease to qualify as an Investor and to be a party to the Collateral Agreement and the respective schedule(s) for the Product.

The value of collateral to be maintained by the Issuer (as Collateral Provider) at any point in time is determined by and must correspond to the then current value of the Product calculated according to clause I. Product Type.

Each Investor's claim that is created pursuant to the Collateral Agreement is irrevocable on the part of the Issuer as Collateral Provider and subject to the compulsory maturity of the Product upon a Realization Event.

The liability of the parties to the Collateral Agreement is limited to gross negligence or wilful misconduct. Neither party will bear any responsibility or liability to the other party or to third parties

for any losses arising out of any delay in or interruptions of performance of their respective obligations under the Collateral Agreement due to any act of God, act of governmental authority, or act of public enemy, or due to war, the outbreak or escalation of hostilities, riot, fire, flood, civil commotion, outbreak of viruses (local, national or global epidemics and pandemics), insurrection, labour difficulty (including, without limitation, any strike, other work stoppage, or slow-down), severe or adverse weather conditions, power failure, communications line or other technological failure, or technological changes or other similar cause beyond the reasonable control of the party so affected. The Collateral Agreement is governed by Swiss law.

## **V. Term**

The Products are perpetual ("open-ended") and have no predetermined fixed maturity.

The Issuer has the right to terminate and redeem all but not part of the outstanding securities of any Product in accordance with the procedure described in clause VI. "*Issuance and Redemption*" of the Terms and Conditions.

## **VI. Issuance and Redemption**

### **i. In General**

The issuance and redemption mechanism is a continuous process on every Business Day and is intended to ensure that Products have sufficient liquidity and that the price tracks the relevant Underlyings or Underlying Components.

On any Business Day, Retail Investors may subscribe via issuance only through an Authorized Participant and sell back their Products via redemption through the Issuer. On any Business Day, Professional Investors may subscribe via issuance and sell back via redemption through the Issuer. Purchasing and selling of fractional Underlyings and Products is possible, the total Collateral will be rounded up to the next unit of the Underlying. Any excess amount paid by the Investors is kept by the Issuer and not re-funded to the Investor.

The Investors have to go through a proper KYC-procedure, in particular including transaction monitoring as well as source of wealth and source of funds checks, in order to be eligible to subscribe for or redeem Products or to receive any cash settlements (including possible interest and dividend payments), according to AMLA, Sanctions Regulations and the FATF's high-risk jurisdictions and jurisdictions under the increased monitoring list.

There is no claim of any investor against the Issuer for issuing any Product at any moment of time. The Issuance of any Product is in the full and sole discretion of the Issuer. If there are negative findings in connection with the KYC-procedure or any other material negative issues regarding the issuance, redemption or any payment transaction, the Issuer has the right to reject the issuance, redemption or payment transaction with no liability to the Investors.

### **ii. Issuance**

The practical steps involved in the issuance of Products are as follows:

- a. The Ledger-Based Securities for the Products are pre-created (but not activated) by the Tokenizer for each specific Product and transferred into a wallet held by the Tokenizer on behalf of the Issuer.
- b. Investor submits purchase order to Authorized Participant or Issuer.
- c. Authorized Participant forwards the purchase order to the Issuer.
- d. The Investor has to go through KYC procedures, if necessary at the Issuer's sole discretion. The Issuer has the right to reject any issuance request if there are negative findings or other material issues with the issuance.
- e. The Issuer submits a creation order to the Tokenizer upon receipt of the Investor's payment (including Investor Fees) or respective guarantee or equivalent security on the Paying Account.
- f. Until the Business Day following the receipt of the Investor's payment (including Investor Fees) or respective guarantee or equivalent security (i.e. T+2), the Issuer:
  - i. buys the number of Underlyings equivalent to the "Investor's payment amount *minus* Investor Fees" (fractional Underlyings are possible) and transfers the Underlying to the Collateral Account with the Custodian;
  - ii. in case of successful purchase of the Underlying, instructs the Tokenizer to activate the pre-created Ledger-Based Securities in the amount equivalent to the purchased Underlyings and to transfer them until the latest 6:00pm CEST to the wallet specified by the Investor;
  - iii. in case of being unable to purchase the Underlying within the specified timeframe, cancels the purchase order and transfers back the purchase price minus a fixed fee covering the expenses of the Issuer (such as KYC) to the Investor.

There are no creation limits on the Products assuming sufficient liquidity in the capital markets in which the Underlying is purchased.

### iii. **Issuer Redemption (Issuer Call Option)**

If an event occurs, which in the sole discretion of the Issuer requires a discontinuation of a Product ("**Termination Event**"), the Issuer has the right to terminate such Product ("**Issuer Call Option**") at a date of its choice ("**Termination Date**"), without providing for a specific reason, by notifying the Investors at the earliest possible date, in any event no later than 30 Business Days prior to the Termination Date ("**Termination Notice**"). The Issuer has to notify (i) Investors having subscribed their securities directly with the Issuer by e-mail (as stated by the Investor in the KYC provided during the issuance process) or in other written form in the sole discretion of the Issuer, and (ii) any other Investors not having subscribed their securities directly with the Issuer by publication on the Issuer's website [www.backedassets.fi](http://www.backedassets.fi). The Issuer Call Option may for example (but not limited to), be exercised:

- a) if the Issuer has determined and documented respectively that the Underlying of the relevant Products has permanently ceased to be liquid;
- b) if compliance by the Issuer with the obligations under the Products or any transaction in respect of an Underlying of the relevant Products will become unlawful or impossible in whole or in part, in particular as a result of compliance by the Issuer with any future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power or controlling authority or of the relevant competent market authorities ("**Regulatory Call**");
- c) due to increased cost of Collateralization; or
- d) in the event that any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction;
- e) in the event a major service provider stops providing its services, such as, but not limited to, brokerage services, paying account provider services, tokenization services, security agent services, securities custody services or KYC services;
- f) in the event of the Product having an Underlying with a fixed maturity date and the Issuer having defined in the Final Terms to exercise the Issuer Call Option upon reaching the maturity date of the Underlying;
- g) in the event that the Issuer infers that technological and/or operational risks related to the ledger-based technology being used have significantly increased.

Following a Termination Event, the securities will be subject to redemption at the redemption amount on the Termination Date. If the Issuer Call Option has been exercised due to unfavorable market conditions, including illiquidity or insolvency or distressed situations relating to an Underlying or a relevant market for the Underlying, Investors should be aware that the redemption amount may be considerably lower compared to the issue price or the last valuation of the Products before the exercise of the Issuer Call Option.

Upon exercise of the Issuer Call Option the securities of the Product so terminated will be redeemed in accordance with the procedure set forth in clause VI. v. "*Settlement*" of the Terms and Conditions.

#### iv. **Investor Redemption (Investor Put Option)**

Any Investor may either by itself or through its financial intermediary maintaining the relevant securities for the Investor exercise its right to require the Issuer to redeem a number of securities for any one Product by submitting a sell order ("**Redemption Order**") with the Issuer, or any party acting on behalf of the Issuer ("**Investor Put Option**"). Such Redemption Order or Investor Put Option can be placed by the Investor at any time ("**Investor Redemption Date**").

The Products shall be redeemed in accordance with the procedure set forth in clause VI. v. "*Settlement*" of the Terms and Conditions.

## **v. Settlement**

All termination and redemption of Products shall be settled as per the Termination Date or the Investor Redemption Date, as the case may be, in the Settlement Currency as cash and/or upon the sole discretion of the Issuer, optionally also in other FIAT currencies or Cryptocurrencies, in accordance with this clause ("**Settlement**"). Purchasing and selling of fractional Underlyings is possible; the total Collateral will be rounded up to the next unit of the Underlying. Any excess amount is kept by the Issuer and not re-funded to the Investor.

The Issuer shall determine the redemption amount to be paid by the Issuer in respect of the Product being terminated and redeemed in accordance with the formula set out in the relevant Final Terms. The redemption amount shall be no less than the smallest denomination of the respective Settlement Currency. Where no market value can be obtained, the Issuer will, to the extent permitted by applicable law, determine the fair market value of such Product as per the Termination Date or the Investor Redemption Date in its duly exercised discretion and in accordance with established market practice.

The practical steps involved in the Settlement of Products are as follows:

- a. Before and subject to accepting the Investor's Products for redemption, the Investor has to go through successfully KYC procedures, if necessary at the Issuer's sole discretion. The Issuer has the right to reject any redemption request if there are negative findings or other material issues with the redemption.
- b. The Tokenizer forwards the Redemption Order to the Issuer upon receipt of the Investor's Products.
- c. Until the fifth Business Day following the receipt of the Investor's Products (i.e. T+5), the Issuer:
  - i. Instructs the Tokenizer to de-activate the received Products by transferring them to the wallet held by the Tokenizer on behalf of the Issuer;
  - ii. Liquidates the Underlying in the Collateral Account in the same amount as the redeemed Products;
  - iii. Calculates the redemption amount to be paid out to the Investor or the Authorized Participant;
  - iv. Instructs the Paying Account Provider to pay out the redemption amount (*minus* Investor Fees) to the Investor or Authorized Participant and keeps the Investor Fees.

## **VII. Markets and Market Disruption**

### **i. Reference Sources**

As defined in section 2.3.1.5, most of the Underlying or Underlying Components will be traded on exchanges, such as e.g. NASDAQ, NYSE, Xetra, Börse Frankfurt, London Stock Exchange, Swiss Stock Exchange (SIX), etc., and valuations will be made by the Issuer based on prices issued by

the exchange(s) or quotation system(s), or also net asset values issued by the issuers of the Underlying and Underlying Components, all as specified in the Final Terms (so-called Reference Sources) or any successor of such Reference Sources or any substitute exchange or quotation system to which trading in the Underlying may have temporarily been relocated. Any substitute exchange or quotation system must provide comparable liquidity relative to the Underlying or Underlying Components as the original Reference Source, as determined by the Issuer.

## **ii. Market Disruption Event**

A Market Disruption Event or Settlement Disruption Event means:

- a) In relation to an Index and/or Underlying Components, the occurrence or existence of a suspension or a limitation on trading in or a limitation on market prices issued by the exchange(s) or quotation system (s) defined in the Final Terms (but for the avoidance of doubt, not merely a limitation on the hours and number of days of trading resulting from an announced change in the regular business hours of) for one or more Index constituents relevant to such Index (calculated using the last known price of such Index constituent) so that the price or value of the Product cannot be determined, announced or published or otherwise is not being made available on a Business Day relevant for the fixing, observation or valuation of the Index and/or an Underlying Component; or
- b) In relation to a single Underlying, the occurrence or existence of a suspension or a limitation on trading in or a limitation on the market price issued by Reference Sources (but for the avoidance of doubt, not merely a limitation on the hours and number of days of trading resulting from an announced change in the regular business hours of the relevant Underlying exchange) for the Underlying or one or more Underlying Components so that the price or value of the Product cannot be determined, announced or published or otherwise is not being made available on a Business Day relevant for the fixing, observation or valuation of such Underlying as determined by the Issuer in its duly exercised discretion.

## **iii. Rights on Occurrence of a Market Disruption Event**

If the Issuer, in its discretion determines that a Market Disruption Event has occurred and is continuing on a Business Day relevant for the fixing, observation or valuation of the Index or the relevant Underlying in the case of a single Underlying or components of an Underlying then the respective Business Day relevant for the fixing, observation or valuation of the Index or the relevant Underlying in the case of a single Underlying or components of an Underlying shall be postponed until the next following Business Day on which there is no such Market Disruption Event.

If, in the sole opinion of the Issuer, a Market Disruption Event is continuing, then (i) the Business Day relevant for the fixing, observation or valuation of the Index or the relevant Underlying in case of a single Underlying or Underlying Components and (ii) the value for that Index or the relevant Underlying for such date shall be determined by the Issuer, in its duly exercised discretion and in accordance with established market practice, it being understood that for relevant Underlyings that are not affected by the Market Disruption Event the Business Day relevant for the fixing,

observation or valuation of the Index or the Underlying shall continue to be the originally designated date.

If, in the sole opinion of the Issuer, a Market Disruption Event is continuing for at least 30 calendar days, the Issuer may in its sole discretion be allowed to exercise the Issuer Call Option for such Product in accordance with clause VI. iii. "*Issuer Redemption (Issuer Call Option)*" of the Terms and Conditions.

## **VIII. Underlying Illiquidity**

### **i. Underlying Illiquidity**

For the purpose of these Terms and Conditions Underlying illiquidity means, in respect of any Underlying or Underlying Components, low or no trading volume in the Underlying or the Underlying Components, the difficulty to buy and/or sell the Underlying or Underlying Components in a short period of time without its price being affected, or any comparable event that leads to an extraordinary illiquidity in any Underlying or Underlying Components, as determined by the Issuer in its sole discretion ("**Underlying Illiquidity**").

### **ii. Rights upon Underlying Illiquidity**

In case of Underlying Illiquidity,

- a) in case of being unable to purchase the Underlying within the specified timeframe in connection with the Issuance, the Issuer cancels the purchase order and transfers back the purchase price minus a fixed fee covering the expenses of the Issuer (such as KYC) to the Investor;
- b) in case of being unable to sell/liquidate the Underlying in the Collateral Account in the same amount as the redeemed Products within the specified timeframe in connection with the Redemption, the Issuer
  - a. may calculate the relevant redemption amount based on the average execution price (less transaction costs) as it was obtained on a best effort basis, as determined by the Issuer, instead of using the originally pre-defined fixing or value of the Underlying (e.g., the official close of the respective Underlying) set out in the Final Terms.
  - b. May postpone the determination (fixing) and/or the payment of the relevant redemption amount accordingly by such number of Business Days necessary to account for such prevailing market conditions as determined by the Issuer.

## **IX. Adjustments for Products related to any Underlying**

### **i. Adjustments**

An Adjustment Event may include, but is not limited to events of capital increases, delistings, share splits, special dividends, Underlyings reaching its fixed maturity date, and any other event, which makes it impossible to determine the reference price or lead to the fact that the reference price can no longer be determined on a regular basis.

The Issuer shall, acting in a commercially reasonable manner and in accordance with established market practice and without the consent of Investors, determine whether or not at any time an Adjustment Event has occurred. Where it determines that an Adjustment Event has occurred, the Issuer will, acting in a commercially reasonable manner and in accordance with established market practice determine whether such Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Underlying or Underlying Component and, if so, will make such adjustment as it considers appropriate in its duly exercised discretion and in accordance with established market practice.

Such adjustment could be made to the redemption amount, the relevant Underlying or Underlying Component, the number of Underlyings to which the respective Product relates, the number of Underlyings or Underlying Components, and/or any other adjustment and, in any case, any other variable relevant to the redemption, Settlement, or payment terms of the relevant Products as the Issuer determines, in its duly exercised discretion but in accordance with established market practice, to be appropriate to account for that diluting or concentrative effect. The Issuer shall further determine, in its duly exercised discretion and in accordance with established market practice, the effective date(s) of such adjustment(s).

## **ii. Fork Event**

In the event of a Fork in the blockchain used by the Issuer for the Products, the Issuer, in its sole discretion, will determine:

- i. whether or not to participate in the Fork; and
- ii. which of the Fork's two resulting chains would be recognized, or if a different platform/protocol/blockchain for such purpose shall be used.

The Issuer is not obliged to assess every Fork or event resulting in a Fork or to notify the Investor of the Product of any Fork or event resulting in a Fork.

## **iii. Discontinuation of Trading on Relevant Underlying Exchange**

If the Issuer, acting in a commercially reasonable manner and in accordance with established market practice, upon the announcement of a relevant exchange or trading platform for the trading of an Underlying or Underlying Component that pursuant to the rules of such exchange or trading platform, the relevant Underlying or Underlying Component ceases (or will cease) to be traded or publicly quoted on the exchange for any reason and is not immediately re-traded or re-quoted on an exchange, trading platform or quotation system, then this shall be a Termination Event at the sole discretion of the Issuer. Therefore the relevant Products shall be terminated by the Issuer and the Issuer shall pay an amount which the Issuer, in its duly exercised discretion and in accordance with established market practice, determines is the fair market value.

## **iv. Underlyings with Fixed Maturity Date**



Some Underlyings may have a fixed maturity date. In such case, the Product may be subject to one of the following models:

- a. The Product may have the same maturity date as the Underlying; or
- b. Upon reaching the maturity date of the Underlying, the Issuer may exercise its Issuer Call Option in accordance with clause VI. iii. "*Issuer Redemption (Issuer Call Option)*" of the Terms and Conditions, in which case the Product will be terminated with the Termination Date being the same as the maturity date of the Underlying; or
- c. Upon reaching the maturity date of the Underlying, the Issuer may replace the Underlying with another Underlying that has similar characteristics. The replacement product will be selected by the Issuer in its sole discretion and may be subject to certain conditions or restrictions.

The Issuer will specify in the Final Terms of the Product which of these models will apply to the specific Product.

In the event that the Issuer exercises its right to replace the Underlying, the Product will continue to track the new Underlying with similar characteristics. Investors should be aware that the replacement Underlying may have different performance characteristics, fees, or other features compared to the original Underlying.

The Issuer will provide Termination Notice to Investors in the event that it intends to exercise its Issuer Call Option in accordance with clause VI. iii. "*Issuer Redemption (Issuer Call Option)*" of the Terms and Conditions or replace the Underlying. Investors will have the option to redeem their investment in the Product prior to the Termination Date in line with the ordinary Investor Redemption procedures in accordance with clause VI.iv "*Investor Redemption (Investor Put Option)*" of the Terms and Conditions. If an Investor chooses not to redeem their investment, their investment will automatically be converted to the replacement Underlying upon the day following the Termination Date.

**v. Other Events**

In the case of events other than those described in clause IX. "*Adjustments for Products related to any Underlying*" of the Terms and Conditions, which in the sole opinion of the Issuer have an effect equivalent to that of such events, the rules described in clause IX. "*Adjustments for Products related to any Underlying*" of the Terms and Conditions shall apply *mutatis mutandis*.

**vi. Notices of Adjustments**

The Issuer shall give notice to the Investors in accordance with clause XIX. "*Notices*" of the Terms and Conditions of any change to the Terms and Conditions of the Products in accordance with clause IX. "*Notices of Adjustments*" of the Terms and Conditions. For the avoidance of doubt, the consent of the Investors shall not be required to make any of the changes to the Products set out in clause IX. "*Notices of Adjustments*" of the Terms and Conditions.

**X. Adjustments for Products related to an Index**

This clause X. "*Adjustments for Products related to an Index*" of the Terms and Conditions applies only to Products linked to an Index and Products linked to Index-based ETFs.

**i. Modification of Calculation or Replacement of an Index**

In the event that the Index calculation agent or a successor, if any, substantially modifies the formula or method of calculation of an Index or in any other way materially modifies an Index in the event of, among others, changes in constituent Underlying Components or their capitalization, or in the event that the Index calculation agent (or its successor), if any, replaces an Index by a new Index to substitute that Index, the Issuer may (without the consent of the Investors):

- a) either, subject to a favourable opinion of an independent expert nominated by the Index calculation agent (if appointed), replace that Index by the Index so modified or by the substitute Index (if any), multiplied, if need be, by a linking coefficient ensuring continuity in the evolution of the underlying Index. In such event, the modified Index or the substitute Index, and (if necessary) the linking coefficient and the opinion of the independent expert, will be notified to the Investors in accordance with clause XIX. "*Notices*" of the Terms and Conditions within 10 Business Days following the date of modification or substitution of that Index; or
- b) apply the provisions of clause IX. iii. "*Discontinuation of Trading on Relevant Underlying Exchange*" of the Terms and Conditions.

**ii. Discontinuation of Calculation of an Index**

In the case of Products related to an Index, if for any reason, on or prior to any final valuation date the Index calculation agent or a successor, if any, should cease permanently to calculate and/or announce the level of the Index and does not provide for a substitute Index, or such substitute Index cannot replace that Index, for any reason, then such event shall be a Termination Event. Therefore, the Issuer may terminate the Products by means of the Issuer Call Option and redeem the Products and pay to each Investor in respect of the securities held by it an amount representing the fair market value of such Products (the "**Fair Market Value**"). The Fair Market Value will be determined by the Issuer, in its duly exercised discretion and in accordance with established market practice. No other amount shall be due to the Investors by the Issuer upon redemption of the Products.

The Fair Market Value so determined will be notified to the Investors in accordance with clause XIX. "*Notices*" of the Terms and Conditions within 10 Business Days following the date of determination of the Fair Market Value.

The amount representing the Fair Market Value will be paid to the Investors as soon as practicable within 15 Business Days following the date of determination of the Fair Market Value.

**iii. Other Events**

In the case of events other than those described in clause X. "*Adjustments for Products related to an Index*" of the Terms and Conditions, which in the sole opinion of the Issuer have an effect equivalent to that of such events, the rules described in this clause X. "*Adjustments for Products related to an Index*" of the Terms and Conditions shall apply *mutatis mutandis*.

## **XI. Foreign Exchange Disruption**

For the purposes of this clause XI. "*Foreign Exchange Disruption*" of the Terms and Conditions, a foreign exchange disruption event means the occurrence of an event that makes it impossible through legal channels for the Issuer or its affiliates to convert a currency ("**Base Currency**") into a specific currency required according to this Securities Note, the Final Terms or any agreement as described in this Securities Note or the Final Terms or any other contractual agreement in connection with the Products ("**Required Currency**") ("**FX Disruption Event**").

If the Issuer determines that on a final valuation date an FX Disruption Event has occurred and is continuing, the date for determination of the foreign exchange rate, namely the exchange rate (determined by the Issuer in good faith and in a commercially reasonable manner) for the sale of the Base Currency against the Required Currency on the final valuation date or other date on which such exchange rate requires determination in accordance with the provisions of this clause XI. expressed as a number of units of Base Currency per unit of the Required Currency ("**FX Rate**") shall be postponed until the first Business Day on which such FX Disruption Event ceases to exist and the final valuation date in respect of the Products shall be postponed to the same Business Day on which such FX Disruption Event ceases to exist.

For the avoidance of doubt, if an FX Disruption Event coincides with a Market Disruption Event, as the case may be, the provisions of this clause XI. of the Terms and Conditions shall take effect only after such postponements or adjustments have been made as a result of such Market Disruption Event in accordance with the Terms and Conditions and, notwithstanding the respective provisions of the Terms and Conditions, the Issuer's payment obligation of the redemption amount shall continue to be postponed in accordance with the provisions of this clause XI. of the Terms and Conditions.

## **XII. Taxation**

Each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

The Issuer and the Paying Account Provider shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to the Investor such amount as is necessary for the payment of such taxes, duties, fees and/or charges.

Investors shall not be entitled to receive amounts to compensate for any amount so withheld or deducted.

If any governmental or regulatory authority imposes on the Issuer the obligation to pay any such taxes, duties, fees and/or charges, the Investor shall promptly reimburse the Issuer.

## **XIII. Issuance and Redemption of Products**

The minimum trading lot for any one Product, if any, will be specified in the Final Terms.

The Issuer may introduce multi-currency issuance and redemption for the Products after being offered on the blockchain, provided that the clearing body and/or blockchain platform and/or Paying Account Provider supports the additional currencies.

#### **XIV. Paying Account Provider**

The Issuer may appoint or exchange the respective Paying Account Provider(s) for each Product specified in the applicable Final Terms and/or on its website, provided that there will always be at least one Paying Account Provider as long as the Products are offered on the blockchain. The Issuer may also appoint several Paying Account Providers in relation to any one Product.

The Paying Account Provider is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

The Paying Account Provider is acting upon a Realization Event solely on instruction of the Security Agent.

Any determinations, decisions and calculations by the Paying Account Providers shall (save in the case of manifest error or wilful misconduct) act as a guideline for the Issuer and the Investors.

#### **XV. Calculation Services**

The Issuer will carry out all calculation services required by this Securities Note, the Final Terms as well as all agreements described in this Securities Note and the Final Terms.

With regard to the calculation services, the Issuer does not act as agent for the Investors and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors. All calculations, decisions and determinations made by the Issuer shall (save in the case of manifest error or wilful misconduct) be final and binding on the Investors and the services providers described in this Securities Note and the Final Terms.

In this regard, the Issuer may delegate any of its obligations and functions to a third party, as it deems appropriate.

#### **XVI. Security Agent**

This clause XVI. "*Security Agent*" applies to the Security Agent or any other Security Agent specified in the applicable Final Terms or any successor Security Agent of such Security Agent.

By acquiring the Product, each investor appoints the Security Agent as direct representative (*direkter Stellvertreter*) and can only exercise its rights under the Collateral Agreement and the schedule for the specific Product through the Security Agent. The Issuer may at any time vary or terminate the appointment of the Security Agent only with the Security Agent's approval and in accordance with the provisions of the Collateral Agreement and applicable law. It shall give notice to the Investors in accordance with clause XIX. "*Notices*" of the Terms and Conditions of any modification in the appointment of the Security Agent.

The Security Agent may, in accordance with the provisions of the Collateral Agreement, delegate any of its obligations and functions to a third party, as it deems appropriate.

Pursuant to the Collateral Agreement, the Security Agent shall be entitled to satisfy its claims against the Issuer under the Collateral Agreement (including fee claims) from the realization proceeds before any other payments are made. Should the Security Agent or third parties incur any extraordinary realization and distribution costs, the Security Agent may also deduct these additional costs from the realization proceeds, before any other payments are made to investors.

## **XVII. Liability**

Without prejudice to the provisions of any agreement as described in this Securities Note or the Final Terms, none of the Issuer, the Authorized Participant, the Custodian, the Broker, the Security Agent or the Paying Account Providers shall have any responsibility to the extent permitted by law for any errors or omissions in the calculation of any amount or with respect to any other determination or decisions required to be made by it under this Base Prospectus or with respect to the Product, irrespective of whether the agents act in the interest of the Issuer or the Investor.

None of the Issuer, the Custodian, the Broker, the Paying Account Provider, the Authorized Participant, the Security Agent, or any other involved party with the Product shall be liable for fraud, theft, cyber-attacks, drastic changes in regulation or any analogous or similar event (an "**Extraordinary Event**"). Upon the occurrence of such an event with respect to, or affecting the Underlying, the redemption amount shall be reduced accordingly to such Extraordinary Event and may be as low as the smallest denomination of the Settlement Currency (i.e. USD 0.01, EUR 0.01, CHF 0.01, GBP 0.01 or the equivalent in other Settlement Currencies), as determined by the Issuer.

In no event shall the Issuer, the Custodian, the Broker, the Paying Account Provider, the Authorized Participant, the Security Agent, or any other involved party with the Product have any liability for indirect, incidental, consequential or other damages (even if it was advised of the possibility of such damages) other than (in the case of the Issuer only) interest until the date of payment on sums not paid when due in respect of any Products. Investors are entitled to damages only (if any) and are not entitled to the remedy of specific performance in respect of a Product.

## **XVIII. Purchase by the Issuer**

The Issuer, and/or any of its affiliates may at any time purchase Products of any issue at any price in the open market or otherwise, subject to employee trading restrictions according to common standards and regulations in the financial industry. Such Products may, at the option of the Issuer, and/or, as the case may be, the relevant affiliate, be held, resold or cancelled or otherwise dealt with, subject to restrictions according to common standards and regulations in the financial industry.

## **XIX. Notices**

Notices to Investors relating to Products offered on blockchain platforms and other secondary markets will be published on the platform's website, on the Issuer's website [www.backedassets.fi](http://www.backedassets.fi) or, in any other form as permitted by potential rules of the blockchain platform or other body. They will only be published in the English language.

Particularly, notices to Investors of the non-listed Products may also be published, as specified in the applicable Final Terms, in newspapers, on a website or otherwise. It is presumed that notices

published on the website of the Issuer have been sufficiently brought to the attention and the knowledge of Investors for the purpose of these Terms and Conditions and have been understood and accepted by the Investors.

## **XX. Further Issuance of Securities**

The Issuer shall be at liberty without the consent of the Investors to create and issue further securities, thereby increasing the number of securities in the market (provided that the Underlying or Underlying Components are also increased by a corresponding amount). Such securities shall have the same Terms and Conditions as the respective Product in all respects (or in all respects save for their issue date and issue price) so that such further issue shall be consolidated and form a single Product with the outstanding securities of such Product. Alternatively, the Issuer may decide to create and issue a separate Product upon such terms as the Issuer may determine at any time of their issue and as set out in the Final Terms of such separate Product. References in these Terms and Conditions to the Products include (unless the context requires otherwise) any other securities issued pursuant to this clause and either forming part of the existing Products or a separate Product.

## **XXI. Issuer's Covenant to pay and Priority of Payments**

The Issuer covenants with and undertakes to the Investors, and also for the benefit of the Security Agent, that it shall duly, unconditionally and punctually pay and discharge all monies and liabilities whatsoever which from time-to-time become due, owing or payable by the Issuer: (i) under or in respect of the Products; and (ii) under or in respect of the Collateral.

Save for any monies received upon any Realization Event, all monies received by or on behalf of the Issuer in relation to any redemption in accordance with clause VI. "*Issuance and Redemption*" of the Terms and Condition will be paid in the following order of priority:

1. Firstly, in payment or satisfaction of all amounts then due and unpaid or payable to the Security Agent (as further set out in the Collateral Agreement);
2. Secondly, in payment or satisfaction of all amounts then due and unpaid to the Paying Account Providers, any other Paying Account Providers;
3. Thirdly, on a *pari passu* basis in payment or satisfaction of all amounts then due and unpaid to the Custodian (as further set out in the Custody Agreement) and the Broker (as further set out in the Brokerage Agreement);
4. Fourthly, in payment of any redemption amounts due and unpaid owing to the Investors on a *pro rata* basis of the securities held by the Investors; and
5. Fifthly, in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any queries as to how such payment to the Issuer shall be dealt with between the Issuer and any such person).

## **XXII. Realization Event and Realization of Collateral**

### **i. Realization Event**

A realization event regarding the Collateral occurs when ("**Realization Event**"):

1. the Issuer is subject to any form of winding up, administration, receivership, insolvency or debt enforcement proceedings, arrangements with creditors generally subject to applicable Swiss Law and associated subordination legislation,
2. the Issuer is in violation of the applicable law and forced by a regulator to cease its activity, or
3. the Issuer is in breach of the issuance terms of the Product that results in a claim for the investors, such as but not limited to a situation where Issuer does not honour a payment or delivery commitment under the Product when it falls due in good time or without defects, unless those defects are remedied within 30 business days.

## ii. **Realization of Collateral and Priority of Payments**

By acquiring the Product, each Investor automatically declares to the Security Agent, as described in Art. 112 Para. 3 of the CO, that they wish to enforce their rights under the Collateral Agreement when a Realization Event occurs.

With first priority, the Security Agent, the Custodian and the Paying Account Provider shall be entitled to satisfy its claims against the Issuer under the Collateral Agreement, the Control Agreement and the Framework Agreement (or any similar agreement), as the case may be (including fee claims) from the realization proceeds before any other payments are made. Furthermore, on a *pari passu* basis in or towards payment of all amounts due and unpaid and all obligations due to be performed under each Product for which the Collateral is being realized, any other third parties' claims in connection with any realization and distribution costs shall be satisfied and the Security Agent may also deduct these additional costs from the realization proceeds, before any other payments are made to Investors; the remaining realization proceeds shall be available for payment to the Investors of the Product ("**Net Realization Proceeds**").

The Security Agent shall distribute the Net Realization Proceeds with discharging effect by instructing the Paying Account Provider to execute the payment of the pro-rata share of the Net Realization Proceeds to the (financial intermediaries holding the accounts for the) respective Investors. If the Product is represented in the form of ledger-based securities, the Security Agent may determine that such payment is made by the custodian(s) or any other parties or the accounts designated by the respective investors. The transfer of the pro-rata shares of the Net Realization Proceeds shall be determined by the holdings in the Product. Each Investor of the Product with reference to each Investor's (or its financial intermediary's) number of securities. Each Investor of a specific Product represented at all times by the Security Agent has a maximum claim against the Collateral Provider amounting to that share of the Net Realization Proceeds of the Collateral for such Product.

Payments of the Net Realization Proceeds are made exclusively in the Settlement Currency of the Product. The Security Agent or the Paying Account Provider (as the case may be) may request additional information from Investors or set specific requirements to comply with applicable law. The Security Agent may refuse to release and the Paying Account Provider may refuse to transfer any Net Realization Proceeds to the (financial intermediaries holding the accounts for the) respective Investors and the claim of the Investor lapses if the Investor (through its financial

intermediary) is not providing the additional information or is not fulfilling the specific requirements within the timeline set by the Paying Account Provider or the Security Agent. The same applies to a Product represented as ledger-based securities, except that the Custodian(s) or the other parties designated by the Security Agent may directly request additional information from Investors (if the ledger-based securities are not held with a financial intermediary) and that the Security Agent may refuse to release and the Custodian(s) or the other parties may refuse to transfer any Net Realization Proceeds to the account designated by an Investor and the claim of such Investor lapses if the Investor is not providing the additional information or is not fulfilling the specific requirements within the timeline set by the Security Agent, the Custodian(s) or the other parties.

No interest shall be paid on the claims of the Investors or against the Issuer as Collateral Provider, which correspond to their pro-rata shares of the Net Realization Proceeds realized from the Collateral. The Security Agent shall not owe any default interest to the Investors on the payment of the pro-rata share of Net Realization Proceeds, neither shall the Security Agent be liable to the Investors for any further damages whatsoever.

The payment of pro-rata Net Realization Proceeds to the Investors under the terms of the Collateral Agreement, discharges the Investors' claims (represented by the Security Agent) against the Issuer that are related to the Product.

#### **XXIII. Statute of Limitation (Prescription)**

Claims for payment of the redemption amount in respect of the Product shall be barred by the statute of limitation (prescription) in accordance with the applicable Swiss law, unless made within 10 years from the relevant Termination Date or the Investor Redemption Date, as the case may be.

#### **XXIV. Substitution**

**By purchasing or subscribing of any Product(s) the Investor is deemed to consent that the Issuer is entitled at any time and without the additional consent of the investors to have itself substituted as the debtor for the Products by another unaffiliated Swiss or foreign company or by a Swiss or foreign subsidiary, branch or holding company of Backed Assets GmbH, Zug, Switzerland, (the "New Issuer"), provided that**

- i. the New Issuer is a special purpose vehicle without any operational activity except of issuing the Product(s),**
- ii. the New Issuer assumes all liabilities owed by the existing Issuer to investors with respect to the Products,**
- iii. the New Issuer secures its liabilities to investors that result from the Products by means of a guarantee declaration or other appropriate measures equivalent to the collateral structure as described in the Base Prospectus and the Final Terms of the relevant Product(s),**
- iv. the New Issuer has filed all necessary product documentation with the competent authorities (where necessary) and such product documentation has been approved by such competent authorities (where necessary),**



- v. the New Issuer has entered into service agreements with all necessary service providers (e.g. custodian, broker, security agent, paying account provider), and
- vi. the New Issuer has received all necessary approvals from the authorities of the country in which it has its headquarters.

Upon fulfilment of the aforementioned conditions, the New Issuer takes the place of the existing Issuer in all respects, and the existing Issuer is released from all obligations to the holders of Products relating to its function as Issuer arising from or in connection with the Products.

Any such substitution of the debtor will be promptly published or brought to the attention of investors by the Issuer in an appropriate manner. The Issuer bears no responsibility for damages or consequences incurred by individual investors as a result of the exercise of the Issuer's right to substitute the debtor. Investors therefore have no right to assert legal claims or claims for compensation of damages against the Issuer in this connection.

#### **XXV. Selling Restrictions**

Save for the approval of this Base Prospectus in relation to the FMA and the subsequent offer of the Products to the public based on the Final Terms, no action has been or will be taken by the Issuer that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action of that purpose is required. No offers, sales, resales, or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

This Securities Note, the Base Prospectus and the Final Terms do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If the laws or regulation of a jurisdiction require that an offering of securities described herein be made by a licensed bank, securities firm or insurance company or any other party involved (each as defined in this Securities Note) or any affiliate of any other party is a licensed bank, securities firm or insurance company in that jurisdiction, the offering shall be deemed to be made by such other party or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

The offering or sale of the Products in certain jurisdictions may be restricted by law including because of the Underlyings/Underlying Components.

Persons who obtain possession of this Securities Note and/or the Base Prospectus and/or the Final Terms are required to inform themselves about and to adhere to any such restrictions. Neither this Securities Note nor the Base Prospectus nor the Final Terms constitute or may be used for the purposes of, an offer or solicitation to subscribe for or to purchase any Product in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Accordingly, this Securities Note, the Base Prospectus and the Final Terms should not be used by anyone for this purpose.

The Products offered on primary and secondary markets and other platforms under this Base Prospectus are not for distribution to any U.S. person or any person or address in the U.S. or in any other jurisdiction (i) to which a distribution would be unlawful (e.g. being subject to Sanctions Regulations, such as residents of North Korea, Syria or Iran), or (ii) which may be classified as high-risk jurisdictions subject to a call for action according to the Financial Action Task Force ("FATF").

The Issuer reserves the right to impose further selling restrictions at its sole discretion which will be communicated in the Final Terms or on its website: [www.backedassets.fi](http://www.backedassets.fi).

#### **XXVI. Severance**

In the event any clause or item in the relevant Final Terms is or becomes invalid, the validity of the remaining Terms and Conditions and items in the relevant Final Terms shall not be affected.

#### **XXVII. Modifications of the Terms and Conditions and Final Terms**

The Issuer shall be entitled to amend without the consent of the Investors any clause or item in the relevant Final Terms for the purpose of correcting a manifest error, or clarifying any uncertainty, or correcting or supplementing the provisions herein in such a manner as the Issuer deems necessary or desirable, provided that, in the Issuer's sole opinion, the Investors would not incur significant financial loss as a consequence thereof.

Furthermore, the Issuer shall at all times be entitled to amend any clause or item in the relevant Final Terms where, and to the extent that the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

#### **XXVIII. Governing Law and Jurisdiction**

The Products are governed by, and shall be construed in accordance with, Swiss law (without reference to the principles of conflicts of law rules).

In relation to any proceedings in respect of the Products, the Issuer submits to the jurisdiction of the courts of the Canton of Zug.

Notwithstanding the above, and for the avoidance of doubt, the various agreements with service providers (such as e.g. the Custodian, the Paying Account Provider, the Securities Agent, the Broker) shall be governed by the laws set out therein and subject to the jurisdiction set out therein.

**5.1 Conditions, Offer Statistics, Expected Timetable and Action Required to Apply for the Offer**

Further conditions, offer statistics, expected timetable and action required to apply for the offer are specified in the respective Final Terms.

**5.2 Plan of Distribution and Allotment**

Plan of distribution and allotment is specified in the respective Final Terms.

**5.3 Pricing**

Pricing of the Products offered is specified in the respective Final Terms.

## 6. Form of Final Terms

[Prohibition of Sales to [●]]

### Final Terms for Retail Non-Equity Securities Nr. [●] [Abbreviation][[ISIN:[●]]]

According to Art. 6 Para. 3 Sub-Para. 2 and Art. 8 of the Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017, as amended ("**Prospectus Regulation**") in connection with Art. 26 and Annexes 14, 17 and 28 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended ("**Delegated Regulation**")

for the issuance of tokenized securities  
(the "**Products**")

on

[name of Underlying]  
(the "**Underlying(s)**")

of

**Backed Assets GmbH**  
**(Backed Assets LLC)**

with its registered seat in Zug, Switzerland

(the "**Issuer**")

dated

[●]

[(which replace the Final Terms dated [●])]

("Final Terms")

The Final Terms have been prepared for the purpose of the Prospectus Regulation and must be read in conjunction with the information document on the Issuer dated [●] ("**Registration Document**") and any supplement thereto, and the information document on the tokenized securities dated [●] ("**Securities Note**") and any supplement thereto (Securities Note, Registration Document and any supplement thereto "**Base Prospectus**"), in order to obtain all the relevant information. The persons (other than financial

intermediaries) and financial intermediaries holding tokenized securities in such Products for their own account ("**Investors**") should make their own assessment as to the suitability of investing in the Products.

The validity of the Registration Document and the Securities Note dated [●] for the issuance of the Products (including any supplements) will expire on the [●] pursuant to Art. 12 of the Prospectus Regulation, provided that any required supplements pursuant to Art. 23 of the Prospectus Regulation are supplemented. After this date, the public offer will be made on the basis of one or more Successor Base Prospectus(es) (each the "**Successor Base Prospectus**") and for the duration of the validity of the relevant Successor Base Prospectus, provided that the relevant Successor Base Prospectus provides for a continuation of the public offering of the Products. In this case, these Final Terms shall be accompanied by the Issuer's Registration Document and the Securities Note referred to at the beginning of this Prospectus. The Successor Base Prospectus will be published in electronic form on the website [www.backedassets.fi](http://www.backedassets.fi) or on a page this replacing.

[The offer of the Products to the public which first commenced under the Base Prospectus dated 9 May 2022, as amended by any supplements, and which is continuing uninterrupted at the date of approval of this Base Prospectus, will continue on the basis of this and any Successor Base Prospectuses in accordance with Article 8 paragraph 11 of the Prospectus Regulation until the end of the offer term of the Products. the Terms and Conditions included in the Securities Note dated 9 May 2022 will continue to be legally binding. The Terms and Conditions contained in Section 5 of this Securities Note are not relevant for the Products for which the public offering is continued. Therefore, the Securities Note dated 9 May 2022 is incorporated by reference into this Base Prospectus.]

## A. Part A – Contractual Terms

The Final Terms have been prepared for the purpose of the Prospectus Regulation and must be read in conjunction with the Registration Document dated [●] and any supplement thereto, and Securities Note dated [●] ("**Securities Note**") and any supplement thereto (Securities Note, Registration Document and any supplement thereto "**Base Prospectus**"), in order to obtain all the relevant information.

An offer of the Products may be made by the Issuer or by relevant authorized participants as specified in Part B of these Final Terms ("**Authorized Participant**") [during the period from [●] until [●]] [on an ongoing basis on every Business Day] ("**Offer Period**") in accordance with the following requirements:

In relation to each Member State of the EEA which has implemented the Prospectus Regulation (each "**Relevant Member State**"), the relevant Authorized Participant has represented and agreed that with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State ("**Relevant Implementation Date**") it has not made and will not make an offer of securities which are the subject of this Base Prospectus as completed by the applicable Final Terms to the public in that Relevant Member State, except that the securities may, with effect from and including the Relevant Implementation Date, be offered to the public in that Relevant Member State:

- a. if the Final Terms in relation to the securities specifies that an offer of those securities may be made by the Authorised Participant(s) other than pursuant to Art. 1 Para. 4 of the Prospectus Regulation in that Relevant Member State ("**Non-Exempt Offer**"), following the date of publication of the Base Prospectus in relation to such securities. Such offer must have been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State. This is under the condition that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-Exempt Offer, in accordance with the Prospectus Directive, in the period (if any) beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-Exempt Offer;
- b. at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- c. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Authorized Participant for any such offer; or
- d. at any time in any other circumstances falling within Art. 1 Para. 4 of the Prospectus Regulation;

provided that no such offer of securities referred to in (b) to (d) above shall require the Issuer or any Authorized Participant to publish a prospectus pursuant to the Prospectus Regulation or supplement a base prospectus pursuant to Art. 23 of the Prospectus Regulation as soon as possible prior to the respective offer.

Neither the Issuer nor any Authorised Participant has authorised, nor do they authorise, the making of any offer of Products in any other circumstances.

For the purposes of this provision, the expression “an offer of Products to the public” in relation to any Products in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an Investor to decide to purchase or subscribe the Products.

Terms used herein shall be deemed to be defined as such for the purposes of the general terms and conditions ("**Terms and Conditions**") of the Products issued by Backed Assets GmbH (the Issuer) set forth in the Base Prospectus dated [●]. This document constitutes the Final Terms of the Products described herein for the purposes of Art. 8 Para. 5 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus (and any supplement thereto). Full information on the Issuer and the offer of the Products is only available on the basis of the combination of these Final Terms and the Base Prospectus. These Final Terms and the Base Prospectus (together with any supplement thereto) is available in electronic form on the website of the Issuer ([www.backedassets.fi](http://www.backedassets.fi)) or any replacing website in accordance with Article 21 of the Prospectus Regulation. A summary for the individual issuance is attached to the Final Terms. The subject matter of the Final Terms shall be determined in accordance with Article 26 of the Delegated Regulation.

## 1. Information Concerning the Products to be Offered to the Public

### 1.1 Information Concerning the Products

<b>ISIN of the Product</b>	The ISIN is [●]
<b>Address of smart contract serving as Securities Ledger</b>	The address of the smart contract serving as the Securities Ledger of the Product is: [●]  The Issuer will publish a link to such record of transaction for each Product on its Website: <a href="http://www.backedassets.fi">www.backedassets.fi</a>
<b>Total issue volume</b>	The total issue volume is [up to] [●].  [The Issuer reserves the right to extend the total issue volume at any time, in particular in view of the total issued amount of Underlyings and the demand for Products.]
<b>Expected issue date</b>	[The expected issue date of the Products is one day after the publication of these Final Terms. [●]]
<b>Maturity date</b>	[The Product is open-ended and therefore does not have a predetermined fixed maturity date. Instead, the Product provides for a redemption right in favour of the investor (i.e. the <b>Investor Put Option</b> ), and termination rights in favour of the Issuer (i.e. the <b>Issuer Call Option</b> ) as set out in the Base Prospectus.]  [In view of the Product having an Underlying with a fixed maturity date, the Issuer will exercise its Issuer Call Option upon reaching

	<p>the maturity date of the Underlying, in which case the Product will be terminated with the Termination Date being the same as the maturity date of the Underlying.]</p> <p>[In view of the Product having an Underlying with a fixed maturity date, the Issuer will replace the Underlying with another Underlying that has similar characteristics upon reaching the maturity date of the Underlying. The replacement product will be selected by the Issuer in its sole discretion and may be subject to certain conditions or restrictions.]</p> <p>[In view of the Product having an Underlying with a fixed maturity date, the Product is closed-ended and has the same maturity date as the Underlying on [●].]</p> <p>[●]</p>
<b>Interest Payments</b>	The Products do not bear interest.
<b>Currency of the Products issue</b>	The currency of the Products issue is [USD][EUR][GBP][CHF][any other Fiat currency].
<b>Minimum/maximum subscription amount</b>	<p>[There is no minimum subscription amount.] [The minimum subscription amount is [●]]</p> <p>[The maximum subscription amount is limited to [●] [the total issue volume].]</p> <p>[●]</p>
<b>Issue Price</b>	<p>[The Issue Price is calculated as follows:</p> <ol style="list-style-type: none"> <li>1) The invested amount, which corresponds to the market price of the Underlying issued by the following Reference Source(s): <ul style="list-style-type: none"> <li>- [Reference Source name, jurisdiction, [●]];</li> <li>- [●]</li> </ul> <p><i>minus</i> Investor Fees of [up to 5%] of the market price of the Underlying</p> </li> <li>2) <i>plus</i> Investor Fees of [up to 5%] of the market price of the Underlying.]</li> </ol> <p>[3] [●].]</p>



	[The resulting value will further be adjusted by the applicable fees, tracking errors from foreign currency hedging and conversion ratios as the Underlyings or Underlying Components of the Products are traded in a Underlying Currency, which may not be the Settlement Currency.]
<b>Calculation of Product Purchase</b>	<p>The Issuer buys the number of Underlyings equivalent to the amount resulting from the Investor's payment divided through the Issue Price, whereas fractional Underlyings are possible. Then the Issuer instructs the Tokenizer to activate the pre-created Ledger-Based Securities of the specific Product in the amount equivalent to the purchased Underlyings and to transfer them to the wallet specified by the Investor.</p> <p>Any excess amount paid by the Investors is kept by the Issuer and not re-funded to the Investor.</p>
<b>Redemption amount (way of calculation)</b>	<p>[The Redemption Amount is calculated as follows:</p> <ol style="list-style-type: none"> <li>1) The market prices of the Underlying issued by the following Reference Sources: <ul style="list-style-type: none"> <li>- [Reference Source name, jurisdiction, [●]]; <ul style="list-style-type: none"> <li>- [●]</li> </ul> </li> </ul> </li> <li>2) <i>minus</i> Investor Fees of [up to 5%] of the market price of the Underlying.]</li> </ol> <p>[3) [●].]</p> <p>[The resulting value will further be adjusted by the applicable fees, tracking errors from foreign currency hedging and conversion ratios as the Underlyings or Underlying Components of the Products are traded in a Underlying Currency, which may not be the Settlement Currency.]</p>
<b>Resolutions, authorisations and approvals of new issues</b>	<p>[The Products are issued in accordance with Swiss law and the resolution of the Issuer's [management/quotaholders] on [date].</p> <p>[●]</p>
<b>Offeror of the Products</b>	<p>The Issuer will offer the Products by itself exclusively to Professional Investors. [In particular, the following Authorized Participants will offer the Products:</p> <ul style="list-style-type: none"> <li>- [name and address of Authorized Participant], [LEI of the Authorized Participant], offers the Products to [Private and/or</li> </ul>

	<p>Professional Investors] in [jurisdictions]. Email address: [E-Mail-address of the Authorized Participant]</p> <p>- [name and address of Authorized Participant], [LEI of the Authorized Participant], offers the Products to [Private and/or Professional Investors] in [jurisdictions]. Email address: [E-Mail-address of the Authorized Participant]</p> <p>- [•]]</p> <p>[The Issuer will publish all Authorized Participants on its Website: <a href="http://www.backedassets.fi">www.backedassets.fi</a> and reserves the right to amend such list at any time.]</p>
<b>Broker</b>	<p>[The broker is [name and address, LEI].]</p> <p>/ [Not applicable.]</p> <p>[•]</p>
<b>Calculations</b>	<p>[The Issuer will provide for all required calculations.]</p> <p>[[name and address, LEI] will act as calculation agent.]</p> <p>[•]</p>
<b>Custodian(s)</b>	<p>[The custodian(s) is/are [name and address, LEI].]</p> <p>[•]</p>
<b>Market Maker</b>	<p>[[The market maker is/are [name and address, LEI].]</p> <p>/ [Not applicable.]</p> <p>[•]]</p>
<b>Paying Account Provider</b>	<p>[The paying account provider is [name and address, LEI].]</p> <p>[•]</p>
<b>Security Agent</b>	<p>[The security agent is [name and address, LEI].]</p> <p>[•]</p>
<b>Tokenizer</b>	<p>The tokenizer is the Parent of the Issuer, i.e. Backed Finance AG, Baarerstrasse 14, 6300 Zug (ZG), Switzerland.</p>

## 1.2 Information Concerning the Underlying

<b>Issuer of the Underlying</b>	[The issuer of the Underlying is [name and address, LEI]] [Not applicable] [•]
<b>Security Codes of the Underlying</b>	[[The ISIN is [•].] [/ [Not applicable.] [/ [The Underlying has no ISIN [•]] [/ [Swiss Sec. No.: [•]] [/ [Bloomberg Ticker]]]
<b>Underlying Currency</b>	[The Underlying is denominated in [•]].
<b>Dividend and/or Interest Payments and/or any other income or payments</b>	[Any dividend and/or interest payments [and/or any other income or payments] [and/or [•]] shall not be included in the calculation of the reference value of the Underlying] [Any dividend and/or interest payments [and/or any other income or payments] [and/or [•]] shall be included in the calculation of the reference value of the Underlying.] [•]
<b>Description of the Underlying</b>	The Underlying[s] [is][are][a][an]:  [share[s], security representing share[s] (ADR/GDR), preference share[s], participation certificate[s], other [security][securities] or [•] of [[issuer:] [•]]]  [bond[s] of [issuer: [•]]]  [[index][indices]]  [derivative[s] linked to [a][an] [future[s]][exchange rate[s]][interest rate][[commodity][commodities]]]  [fund[s]]  [ETF[s]]  [Basket consisting of [[share[s], security representing share[s] (ADR/GDR), preference share[s], participation certificate[s], other [security][securities] or [•] of [issuer: [•]].] [and] [bond[s] of [issuer: [•]].][and] [[index][indices]].] [and] [derivative[s] linked to [a][an] [future[s]][exchange rate[s]][interest rate][[commodity][commodities]]].] [and] [Fund[s].] [and] [ETF[s]]]

	<p>[Information on the past and future performance of the Underlying as well as regarding its volatility is generally available, e.g. on the website [●]. This information is available free of charge on this homepage.]</p> <p>[●]</p>
<b>[Index name]</b>	<p>[The index is [name of index].</p> <p>[Not applicable.]]</p> <p>[●]</p>
<b>[Information on the index]</b>	<p>[[Information on [●] is generally available, e.g. on the website [●].]</p> <p>[[Index sponsor][Index calculation agent]: [●]]</p> <p>[Index disclaimer where relevant: [●]]</p> <p>[in the case of a proprietary index as the Underlying or a basket constituent, insert description of the principal index parameters: [●]]</p> <p>[Not applicable.]]</p> <p>[●]</p>
<b>[Bond]</b>	<p>[The bond is [●]</p> <p>[Not applicable.]]</p> <p>[Information on [●] is generally available, e.g. on the website [●].]</p> <p>[●]</p>
<b>[Derivative]</b>	<p>[The derivative is [●].</p> <p>[Not applicable.]]</p> <p>[Information on [●] is generally available, e.g. on the website [●].]</p> <p>[brief description where relevant: [●] [and in particular][,]</p> <p>[if the Underlying is a standardized option and/or a future contract: contract months, including the term and expiration or information on the switching mechanism, contract unit and price quotation: [●]]</p> <p>[if the Underlying is a derivative which is managed on a discretionary basis during the term: Key figures of the</p>

	<p>investment strategy, stock universe, title selection criteria, information on how the returns of the Underlyings are treated and disclosures on the investment strategy manager: [●]</p> <p>[Information on compensation: [●]]</p> <p>[if the Underlying is a derivative which is linked to [an interest rate][an exchange rate] description of the [interest rate][exchange rate]: [●]]</p> <p>[●]</p>
<b>[ETF name]</b>	<p>[The ETF is [name of ETF].</p> <p>/ [Not applicable.]]</p>
	<p>[name of ETF] constitutes [a Swiss collective investment scheme authorized by FINMA in accordance with the CISA] [a non-Swiss collective investment scheme approved by FINMA for sale in Switzerland in accordance with the CISA]] [●]</p>
<b>[Information on the ETF]</b>	<p>[[Information on [●] is generally available, e.g. on the website [●].]</p> <p>[Exchange where the ETF is listed: [●]]</p> <p>[Fund Administrator of the ETF: [●]]</p> <p>[Fund Manager of the ETF: [●]]</p> <p>[Management Company: [●]]</p> <p>[Composition of the ETF: [●]]</p> <p>[Investment universe of the ETF: [●]]</p> <p>/ [Not applicable.]]</p> <p>[●]</p>
<b>[Fund name]</b>	<p>[The fund is [name of the fund].</p> <p>/ [Not applicable.]]</p>
	<p>[name of fund] constitutes [●][a Swiss collective investment scheme authorized by FINMA in accordance with the CISA] [a non-Swiss collective investment scheme approved by FINMA for sale in Switzerland in accordance with the CISA]]</p>

<b>[Information on the fund]</b>	<p>[[Information on [●] is generally available, e.g. on the website [●].]</p> <p>[Fund Administrator of the fund: [●]]</p> <p>[Fund Manager of the fund: [●]]</p> <p>[Management Company: [●]]</p> <p>[Composition of the fund: [●]]</p> <p>[Investment universe of the fund: [●]]</p> <p>[/ [Not applicable]]</p> <p>[●]</p>
	<p>[Any dividend and/or interest payments [and/or any other income or payments] [and/or [●]] shall not be included in the calculation of the reference value of the fund.] [Any dividend and/or interest payments [and/or any other income or payments] [and/or [●]] shall be included in the calculation of the reference value of the fund.] [●]</p>
<b>[Basket]</b>	<p>[[Insert information about the individual basket constituents, as described above for the individual types of Underlyings: [●]]</p> <p>[Not applicable]</p> <p>[in the case of a proprietary basket as the Underlying, insert description of the selection method: [●]]</p> <p>[●]</p>

**2. Terms and Conditions of the Offer of Securities to the Public**

[[Insert terms and conditions of the offer of securities to the public] [●]]

**B. Part B – Other Information**

**3. Admission to Trading and Dealing Arrangements**

<b>Listing and admission to trading and dealing arrangements</b>	<p>[The Issuer neither has listed or admitted nor does commit to not list or admit the Products to trading at any stock exchange, authorized multilateral trading facility, organized trading facility, DLT trading facility or equivalent.]</p>
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**4. Interests of Natural and Legal Persons, Third Party Information, Reasons for the Offer and Use of Proceeds**

<b>Interests of natural and legal persons involved in the issue</b>	<p>[Except of the service providers and other factors already disclosed in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Products has an interest material to the offer.]</p> <p>[Specify as applicable.]</p>
<b>Reasons for the offer and use of proceeds</b>	<p>[The offer for the Products uses ledger-based securities (i.e. securities in the form of tokens on a distributed ledger or blockchain), representing the value of major tradable securities and fully backed by the Underlyings. This has several major advantages compared to the use of the original underlying security in a conventional form, such as certificated securities, uncertificated securities or book-entry securities. One major advantage is e.g. that ledger-based securities can be traded 24 hours per day, 7 days per week. Another advantage is that secondary markets for such ledger-based securities are inherently global, as opposed to national markets where conventional securities are traded. A third advantage lies in the direct control of the ledger-based security by the Investor, as it may be held in an unhosted respectively non-custody wallet, which the Investor has exclusive access to.]</p> <p>[The Issuer will use the Proceeds to (i) finance the purchase of the Collateral, (ii) pay the fees and costs of the various service providers in connection with creating, launching, issuing, redeeming, and providing all further services for the Products, (iii) finance its own existing and future business activities.]</p> <p>[•]</p>
<b>[Third party information]</b>	<p>[[<i>Relevant third party information</i>] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]</p> <p>/ [Not Applicable.]</p>

**5. Costs and Taxes in connection with the subscription of the Products**

[•]	[•]
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**6. Additional Information**

<b>Country(ies) of offer(s)</b>	The Products will be offered in Liechtenstein [and Switzerland]. [The right to offer in other jurisdictions is explicitly reserved.] [Specify as applicable.]
<b>Country(ies) where the Base Prospectus has been notified</b>	A notification shall in a first step be made to Austria, Belgium, Czech Republic, Denmark, France, Germany, Ireland, Luxembourg, Malta, Norway, Spain and the Netherlands [and [•]]. [The right to notify other EU-/EEA-member countries is explicitly reserved.] [Specify as applicable.]
<b>ECB eligibility</b>	[The Product is [not] expected to be ECB eligible. [•]]
<b>[[Additional]Selling Restrictions]</b>	[•]
<b>[Post issuance information]</b>	[Specify as applicable.]  / [Not applicable.]
<b>[Notices]</b>	[•]

Signed on behalf of the Issuer as duly authorized representative:

[signature]

**C. Annex – Summary**

[Summary to be inserted in all required translations]

\* \* \*



## **7. Admission to Trading and Dealing Arrangements**

The Products offered are not object of an application for admission to trading on a regulated market, other third country markets, small and medium-sized enterprises ("**SME**") Growth Market or multilateral trading facility ("**MTF**") filed by the Issuer.

The earliest dates on which the Products will be offered, at which issue price and further information concerning the specific Products will be specified in the respective Final Terms.

## **8. Additional Information**

The issue price and the number of the relevant Products will be determined before filing of the applicable Final Terms of each Product based on then prevailing market conditions. The Issuer provides post-issuance information in relation to the Indices or Products at its own discretion.

The information provided in this Securities Note have neither been audited or reviewed by statutory auditors. Therefore, no indication has been given.

During 10 years after publication, the following documents will be available on the Issuer's website [www.backedassets.fi](http://www.backedassets.fi):

- this Securities Note;
- the Registration Document;
- the Final Terms concerning each respective Product;
- the material provisions of the Collateral Agreement regarding the representation of the Investors by the Security Agent.

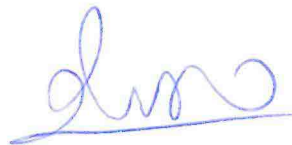
Any website mentioned in this Securities Note does not form part of this Securities Note itself.

9. **List of Products with a Continuation of the Public Offer**

The Issuer has already issued the following products, which are continued to be offered on the basis of this succeeding Base Prospectus:

<b>Name of Product</b>	<b>ISIN</b>
Backed CSPX Core S&P 500 (bCSPX)	CH1173294237
Backed Niu Technologies (bNIU)	CH1173294252
Backed Coinbase Global (bCOIN)	CH1173294245
Backed IBTA \$ Treasury Bond 1-3yr (bIBTA)	CH1173294229
Backed IB01 \$ Treasury Bond 0-1yr (bIB01)	CH1173294260

Zug, 8 May 2023



Roy Matas, Managing Director