

# GRAYSCALE STACKS TRUST (STX)

A Delaware Trust

*Sponsored by*

Grayscale Investments Sponsors, LLC  
290 Harbor Drive, 4<sup>th</sup> Floor  
Stamford, Connecticut 06902  
Telephone: (212) 668-1427  
Facsimile: (212) 937-3645

Corporate website: [www.grayscale.com](http://www.grayscale.com)

Primary Standard Industrial Code: 6221

## 2025 ANNUAL REPORT

Shares Representing Common Units of Fractional Undivided Beneficial Interest

No Par Value Per Share

Unlimited Shares Authorized

373,400 Shares Issued and Outstanding as of December 31, 2025

**OTCQB: STCK**

**Grayscale Investments Sponsors, LLC (the “Sponsor”), on behalf of Grayscale Stacks Trust (STX) (the “Trust”), is responsible for the content of this annual report for the year ended December 31, 2025 (the “Annual Report”), which has been prepared to fulfill the disclosure requirements of the OTCQX U.S. marketplace. The information contained in this Annual Report has not been filed with, or approved by, the U.S. Securities and Exchange Commission (the “SEC”), or any state securities commission. Any representation to the contrary is a criminal offense.**

All references to “the Trust,” “the Sponsor,” “the Issuer,” “Grayscale Stacks Trust (STX),” “we,” “us” or “our” refers to the Trust or the Sponsor, as the context indicates. The Trust is a passive entity with no operations, and where the context requires, we provide disclosure with respect to the Sponsor, which administers the Trust.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934).

Yes ☐ No ☒

Indicate by check mark whether the company’s shell status has changed since the previous reporting period.

Yes ☐ No ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period.

Yes ☐ No ☒

Dated as of March 24, 2026

## **TABLE OF CONTENTS**

|                                                                                                                                                                                                                            |     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| <b><u>PART A. GENERAL COMPANY INFORMATION</u></b>                                                                                                                                                                          | 11  |
| Item 1. The exact name of the issuer and its predecessor (if any).....                                                                                                                                                     | 11  |
| Item 2. The address of the issuer’s principal executive offices and principal place of business. ....                                                                                                                      | 11  |
| Item 3. The jurisdiction(s) and date of the issuer’s incorporation or organization. ....                                                                                                                                   | 11  |
| <b><u>PART B. SHARE STRUCTURE</u></b>                                                                                                                                                                                      | 11  |
| Item 4. The exact title and class of securities outstanding. ....                                                                                                                                                          | 11  |
| Item 5. Par or stated value and description of the security.....                                                                                                                                                           | 11  |
| Item 6. The number of shares or total amount of the securities outstanding for each class of securities authorized.....                                                                                                    | 14  |
| Item 7. The name and address of the transfer agent. ....                                                                                                                                                                   | 15  |
| <b><u>PART C. BUSINESS INFORMATION</u></b>                                                                                                                                                                                 | 15  |
| Item 8. The nature of the issuer’s business. ....                                                                                                                                                                          | 15  |
| Item 9. The nature of products and services offered. ....                                                                                                                                                                  | 92  |
| Item 10. The nature and extent of the issuer’s facilities. ....                                                                                                                                                            | 93  |
| <b><u>PART D. MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION</u></b>                                                                                                                                                       | 94  |
| Item 11. Company insiders (Officers, Directors, and Control Persons).....                                                                                                                                                  | 94  |
| Item 12. Financial information for the issuer’s most recent fiscal period.....                                                                                                                                             | 96  |
| Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.....                                                                         | 97  |
| Item 14. The name, address, telephone number, and email address of each of the following outside providers that provide services to the issuer on matters relating to operations, business development and disclosure..... | 97  |
| Item 15. Management’s Discussion and Analysis. ....                                                                                                                                                                        | 97  |
| <b><u>PART E. ISSUANCE HISTORY</u></b>                                                                                                                                                                                     | 102 |
| Item 16. List of securities offerings and shares issued for services in the past two years. ....                                                                                                                           | 102 |
| <b><u>PART F. EXHIBITS</u></b>                                                                                                                                                                                             | 103 |
| Item 17. Material Contracts. ....                                                                                                                                                                                          | 103 |
| Item 18. Articles of Incorporation and Bylaws. ....                                                                                                                                                                        | 111 |
| Item 19. Purchases of Equity Securities by the Issuer and Affiliated Purchasers. ....                                                                                                                                      | 111 |
| Item 20. Issuer’s Certifications. ....                                                                                                                                                                                     | 112 |
| Exhibit 1 Audited Financial Statements for the Year Ended December 31, 2025 and the Period from May 22, 2024 (the Commencement of the Trust’s Operations) to December 31, 2024                                             |     |
| Exhibit 2 Third Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Stacks Trust (STX), dated November 14, 2025                                                                                     |     |

### **Cautionary Note Regarding Forward-Looking Statements**

This Annual Report contains “forward-looking statements” with respect to the Trust’s financial condition, results of operations, plans, objectives, future performance and business. Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Annual Report that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Trust’s operations, the plans of Grayscale Investments Sponsors, LLC (the “Sponsor”), and references to the Trust’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Sponsor made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. You should specifically consider the numerous risks outlined under “Risk Factors.” Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including:

- the risk factors discussed in this Annual Report, including the particular risks associated with new technologies such as STX and blockchain technology;
- the Trust’s inability to redeem Shares;
- the inability of the Trust to meet its investment objective;
- economic conditions in the STX industry and market;
- general economic, market and business conditions;
- global or regional political, economic or financial conditions, events and situations;
- the use of technology by us and our vendors, including the Custodian, in conducting our business, including disruptions in our computer systems and data centers and our transition to, and quality of, new technology platforms;
- changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies;
- the costs and effect of any litigation or regulatory investigations;
- our ability to maintain a positive reputation; and
- other world economic and political developments.

Consequently, all of the forward-looking statements made in this Annual Report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust’s operations or the value of the Shares. Should one or more of the risks discussed under “Risk Factors” or other uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those described in forward-looking statements. Forward-looking statements are made based on the Sponsor’s beliefs, estimates and opinions on the date the statements are made and neither the Trust nor the Sponsor is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Moreover, neither the Trust, the Sponsor, nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Investors are therefore cautioned against relying on forward-looking statements.

## Glossary

In this Annual Report, each of the following quoted terms has the meanings set forth after such term:

“Actual Exchange Rate”—With respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Trust is able to sell such asset for U.S. dollars (or other applicable fiat currency) at such time to enable the Trust to timely pay any Additional Trust Expenses, through use of the Sponsor’s commercially reasonable efforts to obtain the highest such price.

“Additional Trust Expenses”—Together, any expenses incurred by the Trust in addition to the Sponsor’s Fee that are not Sponsor-paid Expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of shareholders (including in connection with any Incidental Rights and any IR Virtual Currency), (iii) any indemnification of the Custodian or other agents, service providers or counterparties of the Trust, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

“Administrator Fee”—The fee payable to any administrator of the Trust for services it provides to the Trust, which the Sponsor will pay such administrator as a Sponsor-paid Expense.

“Affirmative Action”—A decision by the Trust to acquire or abandon specific Incidental Rights and IR Virtual Currency at any time prior to the time of a creation of Shares.

“Agent”—A Person appointed by the Trust to act on behalf of the shareholders in connection with any distribution of Incidental Rights and/or IR Virtual Currency.

“AML”—Anti-money laundering.

“Annual Report”—This Annual Report for the fiscal year ended December 31, 2025.

“Authorized Participant”—Certain eligible financial institutions that have entered into an agreement with the Trust and the Sponsor concerning the creation of Shares. Each Authorized Participant (i) is a registered broker-dealer, (ii) has entered into a Participant Agreement with the Sponsor and (iii) owns a digital wallet address that is known to the Custodian as belonging to the Authorized Participant or a Liquidity Provider.

“Basket”—A block of 100 Shares.

“Basket Amount”—On any trade date, the amount of STX required as of such trade date for each Creation Basket, as determined by dividing (x) the amount of STX owned by the Trust at 4:00 p.m., New York time, on such trade date, after deducting the amount of STX representing the U.S. dollar value of accrued but unpaid fees and expenses of the Trust (converted using the Reference Rate Price at such time, and carried to the eighth decimal place), by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth of one STX (*i.e.*, carried to the eighth decimal place)), and multiplying such quotient by 100.

“Binance”—Binance Holdings Ltd.

“Bitcoin”—A type of digital asset based on an open-source cryptographic protocol existing on the Bitcoin network.

“Blockchain” or “Stacks Blockchain”—The public transaction ledger of the Stacks Network on which transactions in STX are recorded.

“Board”—Board of Directors of Grayscale Investments, Inc., which, as of October 22, 2025, and pursuant to the Management Reorganization, manages and directs the affairs of the Sponsor. Prior to January 1, 2025, any references to

the "Board" refer to the board of directors of Grayscale Investments, LLC, the former Sponsor of the Trust. From January 1, 2025, to October 22, 2025, any references to the "Board" refer to the board of directors of GSIOH. From and after October 22, 2025, any references to the "Board" refer to the board of directors of Grayscale Investments.

"CDI"—CoinDesk Indices, Inc., with its affiliates, including CC Data Limited.

"CEA"—Commodity Exchange Act of 1936, as amended.

"CFPB"—The Consumer Financial Protection Bureau.

"CFTC"—The U.S. Commodity Futures Trading Commission, an independent agency with the mandate to regulate commodity futures and option markets in the United States.

"Code"—The U.S. Internal Revenue Code of 1986, as amended.

"Coinbase"—Coinbase, Inc.

"Covered Person"—The Sponsor and its affiliates. See "Material Contracts—Description of the Trust Agreement—The Sponsor—Liability of the Sponsor and Indemnification."

"Creation Basket"—Basket of Shares issued by the Trust upon deposit of the Basket Amount required for each such Creation Basket.

"Creation Time"—With respect to the creation of any Shares by the Trust, the time at which the Trust creates such Shares.

"Custodial Services"—The Custodian's services that (i) allow STX to be deposited from a public blockchain address to the Trust's Digital Asset Account and (ii) allow the Trust and the Sponsor to withdraw STX from the Trust's Digital Asset Account to a public blockchain address the Trust or the Sponsor controls pursuant to instructions the Trust or the Sponsor provides to the Custodian.

"Custodian"—Coinbase Custody Trust Company, LLC.

"Custodian Agreement"—The Amended and Restated Custodial Services Agreement, dated as of June 29, 2022, by and between the Trust and the Sponsor and Custodian that governs the Trust's and the Sponsor's use of the Custodial Services provided by the Custodian as a fiduciary with respect to the Trust's assets.

"Custodian Fee"—Fee payable to the Custodian for services it provides to the Trust, which the Sponsor shall pay to the Custodian as a Sponsor-paid Expense.

"DAOs"—Decentralized autonomous organizations.

"DCG"—Digital Currency Group, Inc.

"DCG Holdco"—DCG Grayscale Holdco, LLC.

"Digital Asset Account"—A segregated custody account controlled and secured by the Custodian to store private keys, which allow for the transfer of ownership or control of the Trust's STX on the Trust's behalf.

"Digital Asset Market"—A "Brokered Market," "Dealer Market," "Principal-to-Principal Market" or "Exchange Market" (referred to as "Trading Platform Market" in this Annual Report), as each such term is defined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Master Glossary.

"Digital Asset Trading Platform"—An electronic marketplace where trading platform participants may trade, buy and sell STX based on bid-ask trading. The largest Digital Asset Trading Platforms are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

“Digital Asset Trading Platform Market”—The global trading platform market for the trading of STX, which consists of transactions on electronic Digital Asset Trading Platforms.

“DSTA”—The Delaware Statutory Trust Act, as amended.

“DTC”—The Depository Trust Company. DTC is a limited purpose trust company organized under New York law, a member of the U.S. Federal Reserve System and a clearing agency registered with the SEC. DTC will act as the securities depository for the Shares.

“Ether”—Ethereum tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Ethereum Network.

“Ethereum Network”—The online, end-user-to-end-user network hosting a public transaction ledger, known as the Ethereum blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing the Ethereum Network.

“Exchange Act”—The Securities Exchange Act of 1934, as amended.

“FDIC”—The Federal Deposit Insurance Corporation.

“FinCEN”—The Financial Crimes Enforcement Network, a bureau of the U.S. Department of the Treasury.

“FINRA”—The Financial Industry Regulatory Authority, Inc., which is the primary regulator in the United States for broker-dealers, including Authorized Participants.

“FSMA”—The Financial Services and Markets Act 2023.

“FTX”—FTX Trading, Ltd.

“Genesis”—Genesis Global Trading, Inc., a wholly owned subsidiary of Digital Currency Group, Inc.

“Grayscale Investments”—Grayscale Investments, Inc., a Delaware corporation and a consolidated subsidiary of DCG.

“Grayscale Securities”—Grayscale Securities, LLC, a consolidated subsidiary of Grayscale Operating, LLC, which as of the date of this Annual Report, is the only acting Authorized Participant.

“GSI”—Grayscale Investments, LLC, the Sponsor of the Trust until December 31, 2024.

“GSIS”—Grayscale Investments Sponsors, LLC, a Delaware limited liability company and a consolidated subsidiary of Grayscale Operating, LLC.

“GSO”—Grayscale Operating, LLC, a Delaware limited liability company and a consolidated subsidiary of DCG.

“GSOIH”—GSO Intermediate Holdings Corporation, a Delaware corporation and a consolidated subsidiary of DCG.

“ICE”—Intercontinental Exchange.

“Incidental Rights”—Rights to acquire, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Trust’s ownership of STX and arise without any action of the Trust, or of the Sponsor or Trustee on behalf of the Trust.

“Investment Advisers Act”—Investment Advisers Act of 1940, as amended.

“Investment Company Act”—Investment Company Act of 1940, as amended.

“Investor”—Any investor that has entered into a subscription agreement with an Authorized Participant, pursuant to which such Authorized Participant will act as agent for the investor.

“IR Virtual Currency”—Any virtual currency tokens, or other asset or right, acquired by the Trust through the exercise (subject to the applicable provisions of the Trust Agreement) of any Incidental Right.

“IRS”—The U.S. Internal Revenue Service, a bureau of the U.S. Department of the Treasury.

“KYC”—Know-your-customer.

“Layer 1”—The underlying smart contract platform blockchain on which a digital asset functions.

“Layer 2”—Protocols built on top of an underlying smart contract platform blockchain intended to provide scalability to the underlying blockchain by increasing transaction efficiency.

“Liquidity Provider”—A service provider that facilitates the purchase of STX in connection with the creation of Baskets.

“Management Reorganization”—An internal corporate reorganization consummated on October 22, 2025. As a result of the Management Reorganization, Grayscale Investments is now the sole managing member of GSO, the sole member of the Sponsor, and the Board of Grayscale Investments is responsible for managing and directing the affairs of the Sponsor.

“Marketing Fee”—Fee payable to the marketer for services it provides to the Trust, which the Sponsor will pay to the marketer as a Sponsor-paid Expense.

“Merge”—The Ethereum Network, which was initially known as “Ethereum 2.0.” and was completed on September 15, 2022.

“Merger”—The merger of Grayscale Investments, LLC with and into Grayscale Operating, LLC, with Grayscale Operating, LLC continuing as the surviving company.

“MiCA”—The Markets in Crypto-Assets Regulation, which was approved by the Parliament of the European Union in 2023.

“MSB”—A money services business.

“NAV”—The aggregate value, expressed in U.S. dollars, of the Trust’s assets (other than U.S. dollars or other fiat currency), less its liabilities (which include estimated accrued but unpaid fees and expenses), a non-GAAP metric, calculated in the manner set forth under “Grayscale Stacks Trust (STX)—Description of the Trust—Valuation of STX and Determination of NAV.” See also “Management’s Discussion and Analysis—Critical Accounting Policies—Principal Market and Fair Value Determination” for a description of the Trust’s Principal Market NAV, as calculated in accordance with U.S. GAAP.

“NAV Fee Basis Amount”—The amount on which the Sponsor’s Fee for the Trust is based, as calculated in the manner set forth under “Grayscale Stacks Trust (STX)—Description of the Trust—Valuation of STX and Determination of NAV.” For purposes of the Trust Agreement, the term Digital Asset Holdings Fee Basis Amount shall mean the NAV Fee Basis Amount as defined herein.

“OTCQB”—The OTCQB U.S. Market of OTC Markets Group Inc.

“Participant Agreement”—An agreement entered into by an Authorized Participant with the Sponsor that provides the procedures for the creation of Baskets and for the delivery of STX required for Creation Baskets.

“Pre-Creation Abandonment”—The abandonment by the Trust, irrevocably for no direct or indirect consideration, all Incidental Rights and IR Virtual Currency to which the Trust would otherwise be entitled, effective immediately prior to a Creation Time for the Trust.

“Pre-Creation Abandonment Notice”—A notice delivered by the Sponsor to the Custodian, on behalf of the Trust, stating that the Trust is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each Creation Time, all Incidental Rights and IR Virtual Currency to which it would otherwise be entitled as of such time and with respect to which the Trust has not taken any Affirmative Action at or prior to such time.

“Principal Market NAV”—The net asset value of the Trust determined on a U.S. GAAP basis.

“Reference Rate”—The CoinDesk Stacks Reference Rate.

“Reference Rate License Agreement”—The license agreement entered into by the Reference Rate Provider and the Sponsor governing the Sponsor’s use of the Reference Rate for calculation of the Reference Rate Price.

“Reference Rate Price”—The U.S. dollar value of a STX derived from the Digital Asset Trading Platforms that are reflected in the Reference Rate, calculated by applying a weighting algorithm to the price and trading volume data for the immediately preceding 60-minute period as of 4:00 p.m., New York time, on each business day. See “Grayscale Stacks Trust (STX)—The Reference Rate and the Reference Rate Price” for a description of how the Reference Rate Price is calculated. For purposes of the Trust Agreement, the term Stacks Reference Rate shall mean the Reference Rate Price as defined herein.

“Reference Rate Provider”—CoinDesk Indices, Inc., a Delaware corporation that published the Reference Rate.

“Reorganization”—The internal corporate reorganization of Grayscale Investments, LLC consummated on January 1, 2025.

“Rule 144”—Rule 144 under the Securities Act.

“SEC”—The U.S. Securities and Exchange Commission.

“Secondary Market”—Any marketplace or other alternative trading system, as determined by the Sponsor, on which the Shares may then be listed, quoted or traded, including but not limited to, the OTCQB U.S. Market of OTC Markets Group Inc.

“Secondary Reference Rate”—The Coin Metrics Real-Time Rate.

“Secondary Reference Rate Price”—The price set by Coin Metrics Real-Time Rate as of 4:00 p.m., New York time, on the valuation date. See “Description of the Trust—The Reference Rate and the Reference Rate Price—Determination of the Reference Rate Price When Reference Rate Price is Unavailable” for a description of how the Secondary Reference Rate Price is utilized when the Reference Rate Price is unavailable.

“Secondary Reference Rate Provider”—Coin Metrics Inc., a Delaware corporation that publishes the Secondary Reference Rate.

“Securities Act”—The Securities Act of 1933, as amended.

“Shares”—Common units of fractional undivided beneficial interest in, and ownership of, the Trust.

“Share Percentage”—A fraction the numerator of which is the number of Shares disposed of and the denominator of which is the total number of Shares held by such U.S. Holder immediately prior to such sale or other disposition.

“SIPC”—The Securities Investor Protection Corporation.

“Sponsor” or “Co-Sponsor”—The sponsor of the Trust, Grayscale Investments, LLC was the sponsor of the Trust before January 1, 2025, Grayscale Operating, LLC was a co-sponsor of the Trust from January 1, 2025 to May 3, 2025, and Grayscale Investments Sponsors, LLC was a co-sponsor of the Trust from January 1, 2025 to May 3, 2025 and became the sole remaining sponsor thereafter.

“Sponsor Contracts”—Certain contracts assigned by GSO pertaining to its role as Sponsor (as such term is defined in the Trust Agreement) of the Trust to GSIS in connection with the Reorganization.

“Sponsor-paid Expenses”—The fees and expenses incurred by the Trust in the ordinary course of its affairs that the Sponsor is obligated to assume and pay, excluding taxes, but including: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) the Custodian Fee and fees for any other security vendor engaged by the Trust, (iv) the Transfer Agent Fee, (v) the Trustee fee, (vi) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year, (vii) ordinary course legal fees and expenses, (viii) audit fees, (ix) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act, (x) printing and mailing costs, (xi) costs of maintaining the Trust’s website and (xii) applicable license fees, provided that any expense that qualifies as an Additional Trust Expense will be deemed to be an Additional Trust Expense and not a Sponsor-paid Expense.

“Sponsor’s Fee”—A fee, payable in STX, which accrues daily in U.S. dollars at an annual rate of 2.5% of the NAV Fee Basis Amount of the Trust as of 4:00 p.m., New York time, on each day, provided that for a day that is not a business day, the calculation of the Sponsor’s Fee will be based on the NAV Fee Basis Amount from the most recent business day, reduced by the accrued and unpaid Sponsor’s Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date.

“Staking”—Using STX, or permitting STX to be used, directly or indirectly, through an agent or otherwise, in a staking protocol, in exchange for the receipt of consideration, including, but not limited to, staking rewards paid in fiat currency or paid in kind.

“Stacks Network”—A set of smart contracts deployed on a decentralized public transaction ledger known as the blockchain. The Stacks Network leverages the cryptographic and algorithmic protocols of the underlying blockchain to govern its application. See “Overview of the STX Industry and Market.”

“STX”—A type of digital asset based on an open-source cryptographic protocol existing on the Stacks network.

“Tertiary Pricing Option”—The price set by the Trust’s principal market.

“Total Basket Amount”—With respect to any creation order, the applicable Basket Amount multiplied by the number of Baskets being created.

“Transfer Agency and Service Agreement”—The agreement between the Sponsor and the Transfer Agent which sets forth the obligations and responsibilities of the Transfer Agent with respect to transfer agency services and related matters.

“Transfer Agent”—Continental Stock Transfer & Trust Company, a Delaware corporation.

“Transfer Agent Fee”—Fee payable to the Transfer Agent for services it provides to the Trust, which the Sponsor will pay to the Transfer Agent as a Sponsor-paid Expense.

“Treasury Regulations”—The regulations, including proposed or temporary regulations, promulgated under the Code.

“Trust”—Grayscale Stacks Trust (STX), a Delaware statutory trust, formed on February 10, 2021 under the DSTA and pursuant to the Trust Agreement.

“Trust Agreement”—The Third Amended and Restated Declaration of Trust and Trust Agreement between the Trustee and the Sponsor establishing and governing the operations of the Trust, as the same may be amended from time to time.

“Trustee”—CSC Delaware Trust Company (formerly known as Delaware Trust Company), a Delaware trust company, is the Delaware trustee of the Trust.

“U.S.”—United States.

“U.S. dollar,” “USD” or “\$”—United States dollar or dollars.

“U.S. GAAP”—United States generally accepted accounting principles.

## **PART A. GENERAL COMPANY INFORMATION**

### **Item 1. The exact name of the issuer and its predecessor (if any).**

The name of the Trust is Grayscale Stacks Trust (STX). The Trust was previously named Grayscale Blockstack Trust (STX), whose name was changed pursuant to a Certificate of Amendment to the Certificate of Trust of Grayscale Blockstack Trust (STX) filed with the Delaware Secretary of State on May 1, 2024.

### **Item 2. The address of the issuer's principal executive offices and principal place of business.**

The address of the Sponsor is: Grayscale Investments Sponsors, LLC  
290 Harbor Drive, 4<sup>th</sup> Floor  
Stamford, Connecticut 06902

The Sponsor's telephone number is: (212) 668-1427

The Sponsor's facsimile number is: (212) 937-3645

The Sponsor's website: The Sponsor maintains a corporate website, [www.grayscale.com](http://www.grayscale.com), which contains general information about the Trust and the Sponsor. The reference to our website is an interactive textual reference only, and the information contained on our website shall not be deemed incorporated by reference herein.

Investor relations contact: Peter Mintzberg  
c/o Grayscale Investments Sponsors, LLC  
290 Harbor Drive, 4<sup>th</sup> Floor  
Stamford, Connecticut 06902  
Telephone: (212) 668-1427  
Facsimile: (212) 937-3645  
Email: [info@grayscale.com](mailto:info@grayscale.com)

### **Item 3. The jurisdiction(s) and date of the issuer's incorporation or organization.**

The Trust was formed as a statutory trust in the State of Delaware on February 10, 2021. The Trust is currently active in the State of Delaware.

## **PART B. SHARE STRUCTURE**

### **Item 4. The exact title and class of securities outstanding.**

The only class of securities outstanding is common units of fractional undivided beneficial interest ("Shares"), which represent ownership in the Trust. The Trust's trading symbol on the OTCQB U.S. Market ("OTCQB") of the OTC Markets Group Inc. is "STCK" and the CUSIP number for the Trust's Shares is 389931106.

### **Item 5. Par or stated value and description of the security.**

#### **A. Par or Stated Value**

The Shares represent units of fractional undivided beneficial interest in and ownership of the Trust and have no par value.

#### **B. Common or Preferred Stock**

##### *General*

The Trust is authorized under the Trust Agreement to create and issue an unlimited number of Shares. The Trust issues Shares only in Baskets (a Basket equals a block of 100 Shares) in connection with creation orders. The Shares represent common units of fractional undivided beneficial interest in and ownership of the Trust and have no par value. The Shares are quoted on OTCQB under the ticker symbol "STCK."

### *Description of Limited Rights*

The Shares do not represent a traditional investment and should not be viewed as similar to “shares” of a corporation operating a business enterprise with management and a board of directors. A shareholder will not have the statutory rights normally associated with the ownership of shares of a corporation. Each Share is transferable, is fully paid and non-assessable and entitles the holder to vote on the limited matters upon which shareholders may vote under the Trust Agreement. For example, shareholders do not have the right to elect or remove directors and will not receive dividends. The Shares do not entitle their holders to any conversion or pre-emptive rights or, except as discussed below, any redemption rights or rights to distributions.

### *Voting and Approvals*

The shareholders take no part in the management or control of the Trust. Under the Trust Agreement, shareholders have limited voting rights. For example, in the event that the Sponsor withdraws, a majority of the shareholders may elect and appoint a successor sponsor to carry out the affairs of the Trust. The Sponsor is also permitted to make certain restatements, amendments or supplements to the Trust Agreement that would materially adversely affect the interests of the shareholders as determined by the Sponsor in its sole discretion with a 20-day notice to shareholders. Additionally, the Sponsor is permitted to make certain restatements, amendments, or supplements to the Trust Agreement that could adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes, but only if certain conditions set forth in the amendments relating to the qualification of the Trust as a grantor trust for U.S. federal income tax purposes are satisfied. Furthermore, subject to certain limitations, the Sponsor may make any other amendments to the Trust Agreement which do not materially adversely affect the interests of the shareholders in its sole discretion without shareholder consent.

### *Distributions*

Pursuant to the terms of the Trust Agreement, the Trust may make distributions on the Shares in-cash or in-kind, including in such form as is necessary or permissible for the Trust to facilitate its shareholders’ access to any Incidental Rights or to IR Virtual Currency.

In addition, if the Trust is terminated and liquidated, the Sponsor will distribute to the shareholders any amounts of the cash proceeds of the liquidation remaining after the satisfaction of all outstanding liabilities of the Trust and the establishment of reserves for applicable taxes, other governmental charges and contingent or future liabilities as the Sponsor will determine. See “Material Contracts—Description of the Trust Agreement—Termination of the Trust.” Shareholders of record on the record date fixed by the Transfer Agent for a distribution will be entitled to receive their pro rata portions of any distribution.

### *Appointment of Agent*

Pursuant to the terms of the Trust Agreement, by holding the Shares, shareholders will be deemed to agree that the Sponsor may cause the Trust to appoint an agent (any person appointed in such capacity, an “Agent”) to act on their behalf in connection with any distribution of Incidental Rights and/or IR Virtual Currency if the Sponsor has determined in good faith that such appointment is reasonably necessary or in the best interests of the Trust and the shareholders in order to facilitate the distribution of any Incidental Rights and/or IR Virtual Currency. The Sponsor may cause the Trust to appoint Grayscale Investments Sponsors, LLC (acting other than in its capacity as Sponsor) or any of its affiliates to act in such capacity.

Any Agent appointed to facilitate a distribution of Incidental Rights and/or IR Virtual Currency will receive an in-kind distribution of Incidental Rights and/or IR Virtual Currency on behalf of the shareholders of record with respect to such distribution, and following receipt of such distribution, will determine, in its sole discretion and without any direction from the Trust, or the Sponsor, in its capacity as Sponsor of the Trust, whether and when to sell the distributed Incidental Rights and/or IR Virtual Currency on behalf of the record date shareholders. If the Agent is able to do so, it will remit the cash proceeds to the record date shareholders. There can be no assurance as to the price or prices for any Incidental Rights and/or IR Virtual Currency that the Agent may realize, and the value of the Incidental Rights and/or IR Virtual Currency may increase or decrease after any sale by the Agent.

Any Agent appointed pursuant to the Trust Agreement will not receive any compensation in connection with its role as agent. However, any Agent will be entitled to receive from the record-date shareholders, out of the distributed Incidental

Rights and/or IR Virtual Currency, an amount of Incidental Rights and/or IR Virtual Currency with an aggregate fair market value equal to the amount of administrative and other reasonable expenses incurred by the Agent in connection with its activities as agent of the record-date shareholders, including expenses incurred by the Agent in connection with any post-distribution sale of such Incidental Rights and/or IR Virtual Currency.

The Sponsor currently expects to cause the Trust to appoint Grayscale Investments Sponsors, LLC, acting other than in its capacity as Sponsor, as Agent to facilitate any distribution of Incidental Rights and/or IR Virtual Currency to shareholders. The Trust has no right to receive any information about any distributed Incidental Rights and/or IR Virtual Currency or the disposition thereof from the record date shareholders, their Agent or any other person.

#### *Creation of Shares*

The Trust creates Shares at such times and for such periods as determined by the Sponsor, but only in one or more whole Baskets. A Basket equals 100 Shares. As of December 31, 2025, each Share represented approximately 4.8028 STX. See “Creation and Redemption of Shares.” The creation of a Basket requires the delivery to the Trust of the amount of STX represented by one Share immediately prior to such creation multiplied by 100. The Trust may from time to time halt creations, including for extended periods of time, for a variety of reasons, including in connection with forks, airdrops and other similar occurrences.

#### *Redemption of Shares*

Redemptions of Shares are currently not permitted and the Trust is unable to redeem Shares. Subject to receipt of regulatory approval from the SEC and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. However, the Sponsor currently has no intention of seeking regulatory approval from the SEC for the Trust to operate an ongoing redemption program.

Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Sponsor approves a redemption program, the Shares will be redeemable only in accordance with the provisions of the Trust Agreement and the relevant Participant Agreement. See “Risk Factors—Risk Factors Related to the Trust and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Trust’s ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Reference Rate Price and the Shares have historically traded at a substantial premium over the NAV per Share”, “Risk Factors—Risk Factors Related to the Trust and the Shares—The Shares may trade at a price that is at, above or below the Trust’s NAV per Share as a result of the non-concurrent trading hours between OTCQB and the Digital Asset Trading Platform Market” and “Risk Factors—Risk Factors Related to the Trust and the Shares—The restrictions on transfer and redemption may result in losses on the value of the Shares.”

#### *Transfer Restrictions*

Shares purchased in a private placement are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws and any such transaction must be approved by the Sponsor. In determining whether to grant approval, the Sponsor will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Sponsor in its sole discretion will be void *ab initio*. ***A minimum one year holding period will apply to all Shares purchased from the Trust.***

***Because of the one-year holding period and the lack of an ongoing redemption program, Shares should not be purchased by any investor who is not willing and able to bear the risk of investment and lack of liquidity for at least one year. No assurances are given that after the one year holding period, there will be any market for the resale of Shares, or, if there is such a market, as to the price at which such Shares may be sold into such a market.***

On a bi-weekly basis, the Trust aggregates the Shares that have been held for the requisite holding period under Rule 144 by non-affiliates of the Trust to assess whether the Rule 144 transfer restriction legends may be removed. Any Shares that qualify for the removal of the Rule 144 transfer restriction legends are presented to outside counsel, who may instruct the Transfer Agent to remove the transfer restriction legends from the Shares, allowing the Shares to then be resold without restriction, including on OTCQB U.S. Market. The outside counsel requires that certain representations be made, providing that:

- the Shares subject to each sale have been held for the requisite holding period under Rule 144 by the selling shareholder;
- the shareholder is the sole beneficial owner of the Shares;
- the Sponsor is aware of no circumstances in which the shareholder would be considered an underwriter or engaged in the distribution of securities for the Trust;
- none of the Shares are subject to any agreement granting any pledge, lien, mortgage, hypothecation, security interest, charge, option or encumbrance;
- none of the identified selling shareholders is an affiliate of the Sponsor;
- the Sponsor consents to the transfer of the Shares; and
- outside counsel and the Transfer Agent can rely on the representations.

In addition, because the Trust Agreement prohibits the transfer or sale of Shares without the prior written consent of the Sponsor, the Sponsor must provide a written consent that explicitly states that it irrevocably consents to the transfer and resale of the Shares. Once the transfer restriction legends have been removed from a Share and the Sponsor has provided its written consent to the transfer of that Share, no consent of the Sponsor is required for future transfers of that particular Share.

#### *Book-Entry Form*

Shares are held primarily in book-entry form by the Transfer Agent. The Sponsor or its delegate will direct the Transfer Agent to credit the number of Creation Baskets to the applicable Authorized Participant. The Transfer Agent will issue Creation Baskets. Transfers will be made in accordance with standard securities industry practice. The Sponsor may cause the Trust to issue Shares in certificated form in limited circumstances in its sole discretion.

#### *Share Splits*

In its discretion, the Sponsor may direct the Transfer Agent to declare a split or reverse split in the number of Shares outstanding and to make a corresponding change in the number of Shares constituting a Basket. For example, if the Sponsor believes that the per Share price in the secondary market for Shares has risen or fallen outside a desirable trading price range, it may declare such a split or reverse split.

#### **Item 6. The number of shares or total amount of the securities outstanding for each class of securities authorized.**

As of December 31, 2025 and 2024, the Trust had unlimited Shares authorized. As of December 31, 2025 and 2024, there were 373,400 and 343,400 Shares issued and outstanding, respectively.

The following table shows the number of the Shares outstanding:

|                                                                                   | As of December 31, |           |
|-----------------------------------------------------------------------------------|--------------------|-----------|
|                                                                                   | 2025               | 2024      |
| <b>(i) Number of Shares authorized</b>                                            | Unlimited          | Unlimited |
| <b>(ii) Number of Shares outstanding</b>                                          | 373,400            | 343,400   |
| <b>(iii) Number of Shares freely tradable (public float)<sup>(1)</sup></b>        | 269,376            | 0         |
| <b>(iv) Number of beneficial holders owning at least 100 Shares<sup>(2)</sup></b> | 31                 | 35        |
| <b>(v) Number of holders of record<sup>(2)</sup></b>                              | 31                 | 35        |

(1) Public float means the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10% of the total shares outstanding, or anyone who controls, is controlled by or is under common control with such person, or any immediate family members of officers, directors and control persons. Freely tradable Shares inclusive of holders with more than 10% of total Shares outstanding was 276,328 and 0 as of December 31, 2025 and 2024, respectively.

(2) Includes Cede & Co. nominee for DTC for the Shares traded on OTCQB, but not its direct participants. Therefore, this number does not include the individual holders who have bought/sold Shares on OTCQB or transferred their eligible Shares to their brokerage accounts.

**Item 7. The name and address of the transfer agent.**

The Trust's transfer agent is Continental Stock Transfer & Trust Company (the "Transfer Agent"). The Transfer Agent's address is 1 State Street, 30<sup>th</sup> Floor, New York, New York 10004, and its telephone number is (212) 509-4000. Continental Stock Transfer & Trust Company is registered under the Securities Exchange Act and is regulated by the SEC.

**PART C. BUSINESS INFORMATION****Item 8. The nature of the issuer's business.****A. Business Development**

The activities of the Trust are limited to (i) issuing Baskets in exchange for STX transferred to the Trust as consideration in connection with the creations, (ii) transferring or selling STX, Incidental Rights and IR Virtual Currency as necessary to cover the Sponsor's Fee and/or any Additional Trust Expenses, (iii) transferring STX in exchange for Baskets surrendered for redemption (subject to obtaining regulatory approval from the SEC and approval from the Sponsor), (iv) causing the Sponsor to sell STX, Incidental Rights and IR Virtual Currency on the termination of the Trust, (v) making distributions of Incidental Rights and/or IR Virtual Currency or cash from the sale thereof and (vi) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the Trust Agreement, the Custodian Agreement, the Reference Rate License Agreement and the Participant Agreements.

In addition, the Trust may engage in any lawful activity necessary or desirable in order to facilitate shareholders' access to Incidental Rights or IR Virtual Currency, provided that such activities do not conflict with the terms of the Trust Agreement. The Trust will not be actively managed. It will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the market prices of STX.

The Sponsor entered into an agreement with Coinbase Custody Trust Company, LLC (the "Custodian") to serve as custodian for the underlying asset of the Trust (the "Custodian Agreement"). The Custodian Agreement establishes the rights and responsibilities of the Custodian, Sponsor, Trust and Authorized Participants with respect to the Trust's STX in the Digital Asset Account, which is maintained and operated by the Custodian on behalf of the Trust. For additional information, see "Custody of the Trust's STX."

The Custodian is responsible for safeguarding the STX, Incidental Rights, and IR Virtual Currency held by the Trust, and holding the private key(s) that provide access to the Trust's digital wallets and vaults.

**Trust Objective**

The Trust's investment objective is for the value of the Shares (based on STX per Share) to reflect the value of the STX held by the Trust, determined by reference to the Reference Rate Price, less the Trust's expenses and other liabilities. While an investment in the Shares is not a direct investment in STX, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to STX. A substantial direct investment in STX may require expensive and sometimes complicated arrangements in connection with the acquisition, security and safekeeping of the STX and may involve the payment of substantial fees to acquire such STX from third-party facilitators through cash payments of U.S. dollars. Because the value of the Shares is correlated with the value of the STX held by the Trust, it is important to understand the investment attributes of, and the market for, STX.

To date, the Trust has not met its investment objective and the Shares quoted on OTCQB have not reflected the value of the STX held by the Trust, less the Trust's expenses and other liabilities, but instead have traded at a premium to such value, which at times has been substantial.

In the event the Shares trade at a substantial premium, investors who purchase Shares on OTCQB will pay substantially more for their Shares than investors who purchase Shares in a private placement. The value of the Shares may not reflect the value of the Trust's STX, less the Trust's expenses and other liabilities, for a variety of reasons, including the holding period under Rule 144 for Shares purchased in a private placement, the lack of an ongoing redemption program, any halting of creations by the Trust, STX price volatility, trading volumes on, or closures of, trading platforms where digital assets trade due to fraud, failure, security breaches or otherwise, and the non-concurrent trading hours between OTCQB and the global trading platform market for trading STX. As a result, the Shares may continue to trade at a substantial

premium over the value of the Trust's STX, less the Trust's expenses and other liabilities, and the Trust may be unable to meet its investment objective for the foreseeable future.

***At this time, the Trust is not operating a redemption program for Shares and therefore Shares are not redeemable by the Trust. In addition, the Trust may halt creations for extended periods of time for a variety of reasons, including in connection with forks, airdrops and other similar occurrences.***

As a result, Authorized Participants are not able to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Trust's NAV per Share, which may cause the Shares to trade at a substantial premium over, or a substantial discount to, the value of the Trust's NAV per Share.

Subject to receipt of regulatory approval from the SEC and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. However, the Sponsor currently has no intention of seeking regulatory approval from the SEC for the Trust to operate an ongoing redemption program. Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Sponsor approves a redemption program, the Shares will be redeemable in accordance with the provisions of the Trust Agreement and the relevant Participant Agreement. Although the Sponsor cannot predict with certainty what effect, if any, the operation of a redemption program would have on the trading price of the Shares, a redemption program would allow Authorized Participants to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Trust's STX, less the Trust's expenses and other liabilities, which may have the effect of reducing any premium at which the Shares trade on OTCQB over such value, which at times has been substantial.

For a discussion of risks relating to the deviation in the trading price of the Shares from the NAV per Share, see "Risk Factors—Risk Factors Related to the Trust and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Trust's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Reference Rate Price and the Shares have historically traded at a substantial premium over the NAV per Share," "Risk Factors—Risk Factors Related to the Trust and the Shares—The Shares may trade at a price that is at, above or below the Trust's NAV per Share as a result of the non-concurrent trading hours between OTCQB and the Digital Asset Trading Platform Market," "Risk Factors—Risk Factors Related to the Trust and the Shares—Shareholders may suffer a loss on their investment if the Shares trade above or below the Trust's NAV per Share" and "Risk Factors—Risk Factors Related to the Trust and the Shares—The restrictions on transfer and redemption may result in losses on the value of the Shares."

## **Staking**

Staking on the Stacks Network refers to using STX, or permitting STX to be used, directly or indirectly, through an agent or otherwise, in a staking protocol, in exchange for the receipt of consideration, including, but not limited to, staking rewards paid in fiat currency or paid in kind (collectively, "Staking"). At this time, none of the Trust, the Sponsor, the Custodian, nor any other person associated with the Trust may, directly or indirectly, engage in Staking of the Trust's STX on behalf of the Trust, meaning no action will be taken pursuant to which any portion of the Trust's STX becomes used in any staking protocol or is used to earn additional digital assets or generate income or other earnings, and there can be no assurance that the Trust, the Sponsor, the Custodian or any other person associated with the Trust will ever be permitted to engage in Staking of the Trust's STX or such income generating activity in the future. Under current law, there can be no assurance that Staking the Trust's STX would be consistent with the intended treatment of the Trust as a grantor trust for U.S. federal income tax purposes.

To the extent the Trust were to amend its Trust Agreement to permit Staking of the Trust's STX, in the future the Trust may seek to establish a program to use its STX in a staking protocol to receive rewards comprising additional STX or other digital assets in respect of a portion of its STX holdings. However, as long as such conditions and requirements have not been satisfied, the Trust will not use its STX in a staking protocol to receive rewards comprising additional STX or other digital assets in respect of its STX holdings. The current inability of the Trust to use its STX in Staking and receive rewards could place the Shares at a comparative disadvantage relative to an investment in STX directly or through a vehicle that is not subject to such a prohibition, which could negatively affect the value of the Shares. See "Risk Factor—Risk Factors Related to the Trust and the Shares—The Trust is not permitted to engage in Staking, which could negatively affect the value of the Shares."

## Characteristics of the Shares

The Shares are intended to offer investors an opportunity to gain exposure to digital assets through an investment in securities. As of December 31, 2025, each Share represented approximately 4.8028 STX. The logistics of accepting, transferring and safekeeping of STX are dealt with by the Sponsor and Custodian, and the related expenses are built into the value of the Shares. Therefore, shareholders do not have additional tasks or costs over and above those generally associated with investing in any other privately placed security.

The Shares have certain other key characteristics, including the following:

- *Easily Accessible and Relatively Cost Efficient.* Investors in the Shares can also directly access the Digital Asset Markets. The Sponsor believes that investors will be able to more effectively implement strategic and tactical asset allocation strategies that use STX by using the Shares instead of directly purchasing and holding STX, and for many investors, transaction costs related to the Shares will be lower than those associated with the direct purchase, storage and safekeeping of STX.
- *Market Traded and Transparent.* The Shares are quoted on OTCQB. Shareholders that purchased Shares directly from the Trust and have held them for the requisite holding period under Rule 144 may sell their Shares on OTCQB upon receiving approval from the Sponsor. Investors may also choose to purchase Shares on OTCQB. Shares purchased on OTCQB are not restricted. The Sponsor believes the quotation of the Shares on OTCQB provides investors with an efficient means to implement various investment strategies. The Trust will not hold or employ any derivative securities. Furthermore, the value of the Trust's assets will be reported each day on [www.grayscale.com/funds/grayscale-stacks-trust/](http://www.grayscale.com/funds/grayscale-stacks-trust/).
- *Minimal Credit Risk.* The Shares represent an interest in actual STX owned by the Trust. The Trust's STX are not subject to borrowing arrangements with third parties and are subject to counterparty and minimal credit risk with respect to the Custodian. This contrasts with the other financial products such as CoinShares exchange-traded notes, TeraExchange swaps and futures traded on the Chicago Mercantile Exchange ("CME") and the Intercontinental Exchange ("ICE") through which investors gain exposure to digital assets through the use of derivatives that are subject to counterparty and credit risks.
- *Safekeeping System.* The Custodian has been appointed to control and secure the STX for the Trust using offline storage, or "cold storage", mechanisms to secure the Trust's private key "shards". The hardware, software, administration and continued technological development that are used by the Custodian may not be available or cost-effective for many investors.

The Trust differentiates itself from many competing digital asset financial vehicles in the following ways:

- *Custodian.* The Custodian that holds the private key shards associated with the Trust's STX is Coinbase Custody Trust Company, LLC. Other digital asset financial vehicles that use cold storage may not use a custodian to hold their private keys.
- *Cold Storage of Private Keys.* The private key shards associated with the Trust's STX are kept in cold storage, which means that the Trust's STX are disconnected and/or deleted entirely from the internet. See "—Custody of the Trust's STX" for more information relating to the storage and retrieval of the Trust's private keys to and from cold storage. Other digital asset financial vehicles may not utilize cold storage or may utilize less effective cold storage-related hardware and security protocols.
- *Location of Private Vaults.* Private key shards associated with the Trust's STX are distributed geographically by the Custodian in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes.
- *Enhanced Security.* Transfers from the Trust's Digital Asset Account require certain security procedures, including but not limited to, multiple encrypted private key shards, usernames, passwords and 2-step verification. Multiple private key shards held by the Custodian must be combined to reconstitute the private key to sign any transaction in order to transfer the Trust's STX. Private key shards are distributed geographically in secure vaults around the world, including in the United States. As a result, if any one secure vault is ever compromised, this event will have no impact on the ability of the Trust to access its assets, other than a possible delay in operations,

while one or more of the other secure vaults is used instead. These security procedures are intended to remove single points of failure in the protection of the Trust's STX.

- *Custodian Inspections.* The Custodian has agreed to allow the Trust and the Sponsor to take such steps as necessary to verify that satisfactory internal control systems and procedures are in place.
- *Directly Held STX.* The Trust directly owns actual STX held through the Custodian. This may differ from other digital asset financial vehicles that provide STX exposure through other means, such as the use of financial or derivative instruments.
- *Sponsor's Fee.* The Sponsor's Fee is a competitive factor that may influence the value of the Shares.

## **Secondary Market Trading**

While the Trust's investment objective is for the value of the Shares (based on STX per Share) to reflect the value of the STX held by the Trust, determined by reference to the Reference Rate Price, less the Trust's expenses and other liabilities, the Shares may trade in the Secondary Market on OTCQB (or on another Secondary Market in the future) at prices that are lower or higher than the NAV per Share. The amount of the discount or premium in the trading price relative to the NAV per Share may be influenced by non-concurrent trading hours and liquidity between OTCQB and larger Digital Asset Trading Platforms. While the Shares trade on OTCQB from 6:00 a.m. until 5:00 p.m., New York time, liquidity in the Digital Asset Markets may fluctuate depending upon the volume and availability of larger Digital Asset Trading Platforms. As a result, during periods in which Digital Asset Market liquidity is limited or a major Digital Asset Trading Platform is off-line, trading spreads, and the resulting premium or discount, on the Shares may widen.

### **1. The form of organization of the issuer.**

The Trust is a Delaware statutory trust.

### **2. The year that the issuer (or any predecessor) was organized.**

The Trust was formed on February 10, 2021.

### **3. The issuer's fiscal year end date.**

The Trust's fiscal year end date is December 31.

### **4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding.**

The Trust has not been in, and is not in the process of, any bankruptcy, receivership or any similar proceeding since its inception.

### **5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.**

The Trust has not undergone any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets since its inception.

### **6. Any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments.**

The Trust has not experienced any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Trust to make payments since its inception.

### **7. Any change of control.**

The Trust has not experienced any change of control since its inception.

### **8. Any increase of 10% or more of the same class of outstanding equity securities.**

The Trust has only one class of outstanding equity securities. The Trust has experienced increases of more than 10% of the Shares since inception of the Trust (February 10, 2021). The Trust is an investment trust that has no limit on the

number of Shares that can be issued. The Trust publishes the total number of Shares outstanding as of the end of each month on the Sponsor's website at [www.grayscale.com](http://www.grayscale.com).

**9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.**

There are no past or pending share splits, dividends, recapitalizations, mergers, acquisitions, spin-offs, or reorganizations since the Trust's inception.

**10. Any delisting of the issuer's securities by any securities exchange.**

There has not been any delisting of the Shares by any securities exchange.

**11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.**

Grayscale Operating, LLC, the former Co-Sponsor of the Trust until May 3, 2025, was a party to certain legal proceedings during the period covered by this report. Although the Trust is not a party to these proceedings, the Trust may in the future be subject to legal proceedings or disputes.

On May 19, 2025, Genesis Global Capital, LLC ("Genesis Capital") and Genesis Asia Pacific Pte. Ltd. ("Genesis Asia") filed a complaint in the United States Bankruptcy Court for the Southern District of New York ("SDNY Bankruptcy Court") against Digital Currency Group, Inc. ("DCG") and certain of its affiliates including GSO alleging that Genesis Capital made certain preferential transfers to GSI, the predecessor in interest to GSO prior to the Merger, during the preference period prior to Genesis Capital's filing of a bankruptcy petition in SDNY Bankruptcy Court while GSI was allegedly an insider to Genesis Capital pursuant to 11 U.S.C. § 101(31). Genesis Capital seeks to avoid the alleged preferential transfers pursuant to 11 U.S.C. § 547(b), as well as recovery of property and disallowance of claims. Genesis Capital is seeking to avoid transfers to GSI, the predecessor in interest to GSO prior to the Merger, of 105 Bitcoin and 37,647.06 Ethereum Classic tokens. GSO believes this lawsuit is without merit and intends to vigorously defend against it.

As of the date of this Annual Report, the Sponsor does not expect the foregoing proceedings to have a material adverse effect on the Trust's business, financial condition or results of operations.

The Sponsor and/or the Trust may be subject to additional legal proceedings and disputes in the future.

**B. Business of Issuer.**

**OVERVIEW OF THE STX INDUSTRY AND MARKET**

**Introduction to STX and the Stacks Network**

STX is a digital asset that is created and transmitted through the operations of the peer-to-peer Stacks Network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Stacks Network, the infrastructure of which is collectively maintained by a decentralized user base. The Stacks Network allows people to exchange tokens of value, called STX, which are recorded on a public transaction ledger known as a blockchain. STX can be used to pay for goods and services, including computational power on the Stacks Network, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Trading Platforms or in individual end-user-to-end-user transactions under a barter system. Furthermore, the Stacks Network was designed to allow users to write and implement smart contracts—that is, general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. Using smart contracts, users can create markets, store registries of debts or promises, represent the ownership of property, move funds in accordance with conditional instructions and create digital assets other than STX on the Stacks Network. Smart contract operations are executed on the Stacks Blockchain in exchange for payment of STX. Like the Ethereum Network, the Stacks Network is one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

The Stacks protocol introduced the Proof-of-Transfer (“PoX”) consensus mechanism. PoX is intended to facilitate the operation of the Stacks Blockchain while leveraging the Bitcoin network’s perceived security advantages. PoX relies on the consensus mechanism of another blockchain (the “Reference Chain”) to secure its own transactions (in the Stacks Blockchain’s case, the Reference Chain is the Bitcoin blockchain). Unlike proof-of-work, in which miners expend computational resources to compete to validate transactions and are rewarded coins in proportion to the amount of computational resources expended, or proof-of-stake, in which validators risk or “stake” coins to compete to be randomly selected to validate transactions and are rewarded coins in proportion to the amount of coins staked, in PoX, a “PoX Miner” must dedicate an amount of a Reference Chain’s native digital asset (the “Base Asset”); in the Stacks Blockchain’s case, PoX Miners are referred to as “Stacks Miners” and they contribute Bitcoin, the Base Asset, on the Bitcoin blockchain to participate in consensus on the Stacks protocol.

During the validation process, PoX Miners transfer the Base Asset on the Reference Chain to other users, who also participate in the PoX blockchain consensus known as “Stackers.” In making this transfer, PoX Miners become eligible to produce blocks on the PoX blockchain and earn “PoX Assets” that are both newly-minted and paid as transaction fees as rewards in exchange (in the Stack Blockchain’s case, Stacks Miners receive STX as the PoX Asset in exchange for their Bitcoin contributions).

“Stackers,” participants on the Stacks protocol, become eligible to assist Stacks Miners (participants on the Bitcoin blockchain) in securing the Stacks Blockchain by locking, or “Stacking,” their STX in a smart contract on the Stacks protocol. Once Stacking has occurred, Stackers assist Stacks Miners in identifying incorrect or malicious transactions. Specific to the Stacks Network, Stackers use software known as a “signer client” to cryptographically broadcast messages to Stacks Miners that attest to the validity of each new block. By reviewing the blockchain histories that have been approved by Stackers, Stacks Miners can infer the correct Stacks transaction history and identify any missing blocks. This is useful at times when Stacks Miners are unable to distinguish between pending (and potentially malicious) blocks or blocks that are missing from the Stacks Blockchain before a consensus is reached. In return providing this service, Stackers are rewarded with a portion of the Base Asset initially dedicated by Stacks Miners.

The Stacks community has recently approved an upgrade to the Protocol called the “Nakamoto Upgrade” (described further below) which is intended, among other goals, to support “sBTC,” a decentralized, non-custodial Bitcoin-pegged digital asset unique to the Stacks Blockchain. sBTC is a fungible token compatible with the Stacks Blockchain that represents a trustless 1:1 representation of Bitcoin that does not rely on a centralized custodian to maintain its price parity. Following this upgrade, Bitcoin holders can deposit Bitcoin on the Bitcoin blockchain and receive sBTC on the Stacks Blockchain, and withdraw sBTC from the Stacks Blockchain and receive Bitcoin on the Bitcoin blockchain. This feature is intended to allow Bitcoin users to utilize smart contract functionality in the Stacks Network.

The Stacks protocol was first conceived as the “Blockstack Protocol” by Muneeb Ali et al in a 2017 whitepaper. Development of the Stacks Network is overseen by the Stacks Open Internet Foundation (the “Stacks Foundation”), a Delaware non-profit non-stock corporation, and Hiro Systems PBC (the “Company”), a Delaware corporation, which administered the original network launch and token distribution.

Although the Stacks Foundation and the Company continue to exert significant influence over the direction of the development of Stacks, the Stacks Network, like the Ethereum network, is decentralized and does not require governmental authorities or financial institution intermediaries to create, transmit or determine the value of STX.

### *Smart Contracts and Development on the Stacks Network*

Smart contracts are programs that run on a blockchain that can execute automatically when certain conditions are met. Smart contracts facilitate the exchange of anything representative of value, such as money, information, property, or voting rights. Using smart contracts, users can send or receive digital assets, create markets, store registries of debts or promises, represent ownership of property or a company, move funds in accordance with conditional instructions and create new digital assets.

Development on the Stacks Network involves building more complex tools on top of smart contracts, such as decentralized apps (“DApps”); organizations that are autonomous, known as decentralized autonomous organizations (“DAOs”); and entirely new decentralized networks. For example, a company that distributes charitable donations on behalf of users could hold donated funds in smart contracts that are paid to charities only if the charity satisfies certain pre-defined conditions.

In total, as of the date of this Annual Report, more than 40 DApps are currently built on the Stacks Network, including DApps in the collectible non-fungible token, gaming, music streaming, and decentralized finance categories.

Additionally, the Stacks Network has been used for decentralized finance (“DeFi”), or open finance platforms, which seek to democratize access to financial services, such as borrowing, lending, custody, trading, derivatives and insurance, by removing third-party intermediaries. DeFi can allow users to lend and earn interest on their digital assets, exchange one digital asset for another and create derivative digital assets such as stablecoins, which are digital assets pegged to a reserve asset such as fiat currency. During the twelve months ended December 31, 2025, between approximately \$78 million and \$138 million worth of digital assets were locked up as collateral on DeFi platforms on the Stacks Network.

In addition, the Stacks Network and other smart contract platforms have been used for creating non-fungible tokens, or NFTs. Unlike digital assets native to smart contract platforms which are fungible and enable the payment of fees for smart contract execution. Instead, NFTs allow for digital ownership of assets that convey certain rights to other digital or real world assets. This new paradigm allows users to own rights to other assets through NFTs, which enable users to trade them with others on the Stacks Network. For example, an NFT may convey rights to a digital asset that exists in an online game or a DApp, and users can trade their NFT in the DApp or game, and carry them to other digital experiences, creating an entirely new free-market internet-native economy that can be monetized in the physical world.

### *Overview of the Stacks Network’s Operations*

In order to own, transfer or use STX directly on the Stacks Network (as opposed to through an intermediary, such as a custodian), a person generally must have internet access to connect to the Stacks Network. STX transactions may be made directly between end-users without the need for a third-party intermediary. To prevent the possibility of double-spending STX, a user must notify the Stacks Network of the transaction by broadcasting the transaction data to its network peers. The Stacks Network provides confirmation against double-spending by memorializing every transaction in the Stacks Blockchain, which is publicly accessible and transparent. This memorialization and verification against double-spending is accomplished through the Stacks Network validation process, which adds “blocks” of data, including recent transaction information, to the Stacks Blockchain. Unlike other blockchains that rely solely on sequential production of blocks through PoW or PoS mechanisms, however, the Stacks Network introduces PoX, which is intended to leverage the Bitcoin network’s security while providing Stacks’ smart contract capabilities.

### *Summary of a STX Transaction*

Prior to engaging in STX transactions directly on the Stacks Network, a user generally must first install on its computer or mobile device a Stacks Network software program that will allow the user to generate a private and public key pair associated with a STX address. The Stacks Network software program and the STX address also enable the user to connect to the Stacks Network and transfer STX to, and receive STX from, other users.

Each Stacks Network address, or wallet, is associated with a unique “public key” and “private key” pair. To receive STX, the STX recipient must provide its public key to the party initiating the transfer. This activity is analogous to a recipient for a transaction in U.S. dollars providing a routing address in wire instructions to the payor so that cash may be wired to the recipient’s account. The payor approves the transfer to the address provided by the recipient by “signing” a transaction that consists of the recipient’s public key with the private key of the address from where the payor is transferring the STX. The recipient, however, does not make public or provide to the sender its related private key.

Neither the recipient nor the sender reveal their private keys in a transaction, because the private key authorizes transfer of the funds in that address to other users. Therefore, if a user loses his or her private key, the user may permanently lose access to the STX contained in the associated address. Likewise, STX is irretrievably lost if the private key associated with them is deleted and no backup has been made. When sending STX, a user’s Stacks Network software program must validate the transaction with the associated private key. In addition, since every computation on the Stacks Network requires processing power, there is a transaction fee involved with the transfer that is paid by the payor. The resulting digitally validated transaction is sent by the user’s Stacks Network software program to the Stacks Miners to allow transaction confirmation.

Stacks Miners record and confirm transactions when they validate and add blocks of information to the Stacks Blockchain. When a Stacks Miner creates a block, it includes data relating to (i) the verification of newly submitted and accepted transactions and (ii) a reference to the prior block in the Stacks Blockchain to which the new block is being

added. The Stacks Miner becomes aware of outstanding, unrecorded transactions through the data packet transmission and distribution discussed above.

Upon the addition of a block of STX transactions, the Stacks Network software program of both the spending party and the receiving party will show confirmation of the transaction on the Stacks Blockchain and reflect an adjustment to the STX balance in each party's Stacks Network public key, completing the STX transaction. Once a transaction is confirmed on the Stacks Blockchain, it is irreversible.

Some STX transactions are conducted "off-blockchain" and are therefore not recorded in the Stacks Blockchain. These "off-blockchain transactions" involve the transfer of control over, or ownership of, a specific digital wallet holding STX or the reallocation of ownership of certain STX in a pooled-ownership digital wallet, such as a digital wallet owned by a Digital Asset Trading Platform. In contrast to on-blockchain transactions, which are publicly recorded on the Stacks Blockchain, information and data regarding off-blockchain transactions are generally not publicly available. Therefore, off-blockchain transactions are not truly Stacks transactions in that they do not involve the transfer of transaction data on the Stacks Network and do not reflect a movement of STX between addresses recorded in the Stacks Blockchain. For these reasons, off-blockchain transactions are subject to risks as any such transfer of STX ownership is not protected by the protocol behind the Stacks Network or recorded in, and validated through, the blockchain mechanism.

## **Creation of STX**

### *Initial Creation of STX*

Unlike other digital assets such as Bitcoin, which are solely created through a progressive mining process, 1.32 billion STX were created in connection with the launch of the Stacks Network. The initial 1.32 billion STX were distributed as follows:

Hiro Equity Investors: Approximately 105.6 million STX, or 8% of the initial supply, was granted to equity investors of the Company.

Token Sales: Approximately 501.6 million STX, or 38% of the initial supply, was sold in 2017 and 2019 in private and public token sales pursuant to applicable exemptions to the registration requirements under the Securities Act.

Stacks Foundation: Approximately 97.7 million STX, or 7.4% of the initial supply, was distributed to the treasury of the Stacks Foundation for operational costs incurred in the development of the Stacks Network.

Core Contributors: Approximately 191.4 million STX, or 14.5% of the initial supply, was retained by core developers and contributors to compensate for their early efforts in the development of the Stacks Network, including Muneeb Ali.

Advisors and Partners: Approximately 270.6 million STX, or 20.5% of the initial supply, was distributed to advisors, partners, and other entities associated development, operation, or promotion of the Stacks Network, including Hiro PBC.

Research Universities: Approximately 50.2 million STX, or 3.8% of the initial supply, was distributed to research universities to incentivize their further research of and participation in initiatives related to the Stacks Network.

Following the launch of the Stacks Network, STX supply increases through a progressive minting process. disbursed as rewards to Stacks Miners.

## **STX Supply**

The rate at which new STX supply has been minted and put into circulation has varied since network launch. Additionally, the issuance of STX is set at an annual 5.7% rate of the total supply.

At network launch, the STX total supply was 1.32 billion STX. Between network launch and December 31, 2025, the total supply of STX increased by roughly 37% to approximately 1.81 billion STX, as of December 31, 2025.

### **Modifications to the STX Protocol**

Historically the Stacks Network’s development has been overseen by the Stacks Foundation, the Company, and other core developers. The Stacks Foundation and core developers are able to access and alter the Stacks Network source code and, as a result, they are responsible for quasi-official releases of updates and other changes to the Stacks Network’s source code.

For example, in April 2024, the Stacks Network implemented the “Nakamoto” upgrade, which increased the transaction throughput of the network by decoupling the Stacks Blockchain’s block production schedule from Bitcoin’s while requiring a full reversal of the Bitcoin blockchain to reverse any Stacks transactions. The Stacks Foundation led the development of these reference implementations.

The release of updates to the Stacks Network’s source code does not guarantee that the updates will be automatically adopted. Users and nodes must accept any changes made to the Stacks source code by downloading the proposed modification of the Stacks Network’s source code. A modification of the Stacks Network’s source code is only effective with respect to the Stacks users that download it. If a modification is accepted only by a percentage of user nodes, a division in the Stacks Network will occur such that one network will run the pre-modification source code and the other network will run the modified source code. Such a division is known as a “fork.” See “Risk Factors—Risk Factors Related to Digital Assets—A temporary or permanent “fork” or a “clone” could adversely affect the value of the Shares”. Consequently, as a practical matter, a modification to the source code becomes part of the Stacks Network only if accepted by participants collectively having a majority of stacked STX on the Stacks Network.

Core development of the Stacks source code has increasingly focused on modifications of the Stacks protocol to increase speed and scalability and also allow for financial and non-financial next generation uses. The Trust’s activities will not directly relate to such projects, though such projects may utilize STX as tokens for the facilitation of their non-financial uses, thereby potentially increasing demand for STX and the utility of the Stacks Network as a whole. Conversely, projects that operate and are built within the Stacks Blockchain may increase the data flow on the Stacks Network and could either “bloat” the size of the Stacks Blockchain or slow confirmation times.

### **Forms of Attack Against the Stacks Network**

All networked systems are vulnerable to various kinds of attacks. As with any computer network, the Stacks Network contains certain flaws. For example, the Stacks Network is currently vulnerable to a “51% attack” where, if a party or group were to gain control of more than 50% of the Bitcoin contributed by Stacks Miners, a malicious actor may be able to disproportionately influence the consensus outcomes of the network and gain the ability to manipulate the Stacks Blockchain.

In addition, many digital asset networks have been subjected to a number of denial of service attacks, which has led to temporary delays in block creation and the transfer of digital assets.

For example, on May 9, 2023, the Stacks Network experienced a significant disruption attributed to a type of denial of service, and was offline for 3 hours. In addition, the Stacks Network has experienced other temporary disruptions to block production. For example, in June 2024 the network temporarily stopped producing blocks for approximately nine hours following a reorganization of the Bitcoin blockchain and unexpected miner behavior. While persons associated with the Company and/or the Stacks Foundation are understood to have played a key role in bringing the network back online, the broader community also played a key role, as Stacks nodes coordinated to alleviate the vulnerability and restart the network. Any similar attacks or events on the Stacks Network that impact the ability to transfer STX could have a material adverse effect on the price of STX and the value of the Shares.

## **Market Participants**

### *Stacks Miners and Stackers*

Stacks Miners and Stackers range from Stacks enthusiasts to professional operations that design and build dedicated machines and data centers. When a Stacks Miner confirms a transaction, the Stacks Miner and any associated Stackers receive a reward. Following the activation of the Nakamoto upgrade, certain Stackers participate in the network as “Signers,” which are responsible for validating and signing blocks produced by Stacks Miners. These Signers help confirm blocks and contribute to the security and consistency of the Stacks Network.

During the course of ordering transactions and validating blocks, Stacks Miners may be able to prioritize certain transactions or blocks in return for increased transaction fees, an incentive system known as “Maximal Extractable Value” or MEV. For example, historically, Stacks Miners that controlled a majority of the contributed Bitcoin could collude to render blocks submitted by other Stacks Miners as invalid, increasing their own rewards while raising costs for others. However, certain updates in the Nakamoto upgrade aimed to deter this practice. It is still unclear whether the Nakamoto upgrade will effectively deter this type of MEV. Alternately, in blockchain networks that facilitate DeFi protocols in particular, such as the Ethereum Network, users may attempt to gain an advantage over other users by offering greater transaction fees. It is unclear whether this type of MEV will become prominent in the Stacks DeFi ecosystem as it grows to be more robust. See “—Summary of a STX Transaction” above.

### *Investment and Speculative Sector*

This sector includes the investment and trading activities of both private and professional investors and speculators. Historically, larger financial services institutions are publicly reported to have limited involvement in investment and trading in digital assets, although the participation landscape is beginning to change. Currently, there is relatively limited use of digital assets in the retail and commercial marketplace in comparison to relatively extensive use by speculators, and a significant portion of demand for digital assets is generated by speculators and investors seeking to profit from the short- or long-term holding of digital assets.

### *Retail Sector*

The retail sector includes users transacting in direct peer-to-peer STX transactions through the direct sending of STX over the Stacks Network. The retail sector also includes transactions in which consumers purchase goods and services from commercial or service businesses through direct transactions or third-party service providers, although the use of STX as a means of payment is still developing and has not yet been accepted in the same manner as Bitcoin or Ether due to its infancy and because STX has a different purpose than Bitcoin and Ether.

### *Service Sector*

This sector includes companies that provide a variety of services including the buying, selling, payment processing and storing of STX. For buying and selling STX, Binance, Coinbase, and OKX are some of the largest Digital Asset Trading Platforms by volume traded. For storing STX, Coinbase Custody Trust Company, LLC, the Custodian for the Trust, is a digital asset custodian that provides custodial accounts that store STX for users. As STX continues to grow in acceptance, it is anticipated that service providers will expand the currently available range of services and that additional parties will enter the service sector for STX.

## **Competition**

Thousands of digital assets have been developed since the inception of Bitcoin, which is currently the most developed digital asset because of the length of time it has been in existence, the investment in the infrastructure that supports it, and the network of individuals and entities that are using Bitcoin in transactions. While STX has enjoyed some success in its limited history, the aggregate value of outstanding STX is much smaller than that of Bitcoin and many other digital assets and may be further eclipsed by the more rapid development of other digital assets. In addition, a number of other digital assets also function as smart contract platforms, including the Ethereum Network, the Avalanche network and the Cardano network. Some industry groups have also created private, permissioned blockchains. For example, J.P. Morgan has developed a platform called Kinexys (formerly known as Onyx), which is described as a blockchain-based platform designed for use by the financial services industry.

## Government Oversight

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including FinCEN, the Treasury Department Office of Foreign Assets Control (“OFAC”), SEC, the U.S. Commodity Futures Trading Commission (“CFTC”), the Financial Industry Regulatory Authority (“FINRA”), the Consumer Financial Protection Bureau (“CFPB”), the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the U.S. Internal Revenue Service, a bureau of the U.S. Department of the Treasury (the “IRS”), the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve and state financial institution and securities regulators) have been examining the operations of digital asset networks, digital asset users and the digital asset markets, with particular focus on the extent to which digital assets can be used to launder the proceeds of illegal activities, evade sanctions or fund criminal or terrorist enterprises and the safety and soundness of trading platforms and other service providers that hold or custody digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. In addition, federal and state agencies, and other countries and international bodies have issued rules or guidance about the treatment of digital asset transactions or requirements for businesses engaged in digital asset activity. Moreover, the failure of FTX Trading Ltd. (“FTX”) in November 2022 and the resulting market turmoil substantially increased regulatory scrutiny in the United States and globally and led to SEC, enforcement actions, criminal investigations, and other regulatory activity across the digital asset ecosystem.

On January 23, 2025, President Trump issued an executive order titled “Strengthening American Leadership in Digital Financial Technology” aimed at supporting “the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy.” The executive order established an interagency working group tasked with “proposing a Federal regulatory framework governing the issuance and operation of digital assets” in the United States. Pursuant to this executive order, the working group released a report in July 2025 outlining the administration's recommendations to Congress and various agencies reflecting the administration's “pro-innovation mindset toward digital assets and blockchain technologies.”

In addition, the SEC, U.S. state securities regulators and several foreign governments have issued warnings and instituted legal proceedings in which they argue that certain digital assets may be classified as securities and that both those digital assets and any related initial coin offerings or other primary and secondary market transactions are subject to securities regulations. For example, in June 2023, the SEC brought charges against Binance Holdings Ltd. (the “Binance Complaint”) and Coinbase, Inc. (the “Coinbase Complaint”), and in November 2023, the SEC brought charges against Kraken (the “Kraken Complaint”), alleging that they operated unregistered securities exchanges, brokerages and clearing agencies. In its complaints, the SEC asserted that several digital assets are securities under the federal securities laws. Between February 2025 and May 2025, the SEC entered into court-approved joint stipulations to dismiss each of the Binance Complaint, Coinbase Complaint and the Kraken Complaint. The SEC has terminated its investigation or enforcement action into many other digital asset market participants as well. Additionally, U.S. state and federal, and foreign regulators and legislatures have taken action against virtual currency businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from virtual currency activity.

On March 17, 2026, the SEC issued an interpretation clarifying how the federal securities laws apply to certain crypto assets and transactions involving crypto assets. The SEC interpretation (i) provides a taxonomy for digital commodities, digital collectibles, digital tools, stablecoins and digital securities; (ii) addresses how a “non-security crypto asset” may become subject to, and how it may cease to be subject to, an investment contract; and (iii) clarifies the application of federal securities laws to airdrops, protocol mining, protocol staking and the wrapping of a non-security crypto asset. The CFTC joined the interpretation to provide guidance that the CFTC and its staff will administer the Commodity Exchange Act consistent with the SEC's interpretation.

There have been several bills introduced in Congress that propose to establish additional regulation and oversight of the digital asset markets. Certain of these bills passed out of relevant committees and were passed in the House of Representatives in the last Congress, though not the Senate. Some of these bills have since been reintroduced with changes, and continue to be contemplated in the relevant committees, as well as the full House of Representatives and Senate. For example, in July 2025, the GENIUS Act was signed into law and the House of Representatives passed the Digital Asset Market Clarity Act of 2025 (“CLARITY Act”) in an effort to pass laws relating to digital asset market structure. It is difficult to predict whether, or when, any of these developments will lead to Congress granting additional authorities to the SEC or other regulators, what the nature of such additional authorities might be, how additional

legislation and/or regulatory oversight might impact the ability of digital asset markets to function or how any new regulations or changes to existing regulations might impact the value of digital assets. See “Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Trust and the Shares—Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of the Shares or restrict the use of STX, validating activity or the operation of the Stacks Network or the Digital Asset Markets in a manner that adversely affects the value of the Shares” and “Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Trust and the Shares—A determination that STX or any other digital asset is a “security” may adversely affect the value of STX and the value of the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Trust.”

Various foreign jurisdictions have, and may continue to, in the near future, adopt laws, regulations or directives that affect a digital asset network, the Digital Asset Markets, and their users, particularly Digital Asset Trading Platforms and service providers that fall within such jurisdictions’ regulatory scope. For example:

- China has made transacting in cryptocurrencies illegal for Chinese citizens in mainland China, and additional restrictions may follow. China has banned initial coin offerings and there have been reports that Chinese regulators have taken action to shut down a number of China-based Digital Asset Trading Platforms.
- South Korea determined to amend its Financial Information Act in March 2020 to require virtual asset service providers to register and comply with its AML and counter-terrorism funding framework. These measures also provide the government with the authority to close Digital Asset Trading Platforms that do not comply with specified processes. South Korea has also banned initial coin offerings.
- The Reserve Bank of India in April 2018 banned the entities it regulates from providing services to any individuals or business entities dealing with or settling digital assets. In March 2020, this ban was overturned in the Indian Supreme Court, although the Reserve Bank of India is currently challenging this ruling.
- The United Kingdom’s Financial Conduct Authority published final rules in October 2020 banning the sale of derivatives and exchange-traded notes that reference certain types of digital assets, contending that they are “ill-suited” to retail investors citing extreme volatility, valuation challenges and association with financial crime. A new law, the Financial Services and Markets Act 2023 (“FSMA”), received royal assent in June 2023. The FSMA brings digital asset activities within the scope of existing laws governing financial institutions, markets and assets.
- The Parliament of the European Union approved the text of the Markets in Crypto-Assets Regulation (“MiCA”) in April 2023, establishing a regulatory framework for digital asset services across the European Union. MiCA is intended to serve as a comprehensive regulation of digital asset markets and imposes various obligations on digital asset issuers and service providers. The main aims of MiCA are industry regulation, consumer protection, prevention of market abuse and upholding the integrity of digital asset markets. MiCA was formally approved by the European Union’s member states in 2023. Certain parts of MiCA became effective as of June 2024 and the remainder applied as of December 2024.

There remains significant uncertainty regarding foreign governments’ future actions with respect to the regulation of digital assets and Digital Asset Trading Platforms. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of STX by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the Stacks ecosystem in the United States and globally, or otherwise negatively affect the value of the STX held by the Trust. The effect of any future regulatory change on the Trust or the STX held by the Trust is impossible to predict, but such change could be substantial and adverse to the Trust and the value of the Shares.

See “Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Trust and the Shares—Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of the Shares or restrict the use of STX, validating activity or the operation of the Stacks Network or the Digital Asset Markets in a manner that adversely affects the value of the Shares.”

## GRAYSCALE STACKS TRUST (STX)

### Description of the Trust

The Trust is a Delaware Statutory Trust that was formed on February 10, 2021 by the filing of the Certificate of Trust with the Delaware Secretary of State in accordance with the provisions of the Delaware Statutory Trust Act, as amended (“DSTA”). The Trust operates pursuant to the Trust Agreement. On May 1, 2024, the Trust changed its name from Grayscale Blockstack Trust (STX) to Grayscale Stacks Trust (STX) by filing a Certificate of Amendment to the Certificate of Trust with the Delaware Secretary of State, in accordance with the provisions of the DSTA. The Trust operates pursuant to the Trust Agreement.

The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Trust. The Trust is passive and is not managed like a corporation or an active investment vehicle. The Trust’s STX are held by the Custodian on behalf of the Trust. The Trust’s STX will be transferred out of the Digital Asset Account only in the following circumstances: (i) transferred to pay the Sponsor’s Fee or any Additional Trust Expenses, (ii) sold on an as-needed basis to pay Additional Trust Expenses or (iii) sold on behalf of the Trust in the event the Trust terminates and liquidates its assets or as otherwise required by law or regulation. Assuming that the Trust is treated as a grantor trust for U.S. federal income tax purposes, each delivery or sale of STX by the Trust to pay the Sponsor’s Fee or any Additional Trust Expenses will be a taxable event for shareholders. See “Material U.S. Federal Income Tax Consequences—Tax Consequences to U.S. Holders.”

The Trust is not a registered investment company under the Investment Company Act and the Sponsor believes that the Trust is not required to register under the Investment Company Act. The Trust will not trade, buy, sell, or hold STX derivatives, including STX futures contracts, on any futures exchange. The Trust is authorized solely to take immediate delivery of actual STX. The Sponsor does not believe the Trust’s activities are required to be regulated by the CFTC under the CEA as a “commodity pool” under current law, regulation and interpretation. The Trust will not be operated by a CFTC-regulated commodity pool operator because it will not trade, buy, sell or hold STX derivatives, including STX futures contracts, on any futures exchange. Investors in the Trust will not receive the regulatory protections afforded to investors in regulated commodity pools, nor may the COMEX division of the New York Mercantile Exchange or any futures exchange enforce its rules with respect to the Trust’s activities. In addition, investors in the Trust will not benefit from the protections afforded to investors in STX futures contracts on regulated futures exchanges.

Although the redemption of Shares is provided for in the Trust Agreement, the redemption of Shares is not currently permitted and the Trust does not currently operate a redemption program. Subject to receipt of regulatory approval from the SEC and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. However, the Sponsor currently has no intention of seeking regulatory approval from the SEC for the Trust to operate an ongoing redemption program. Even if such relief is sought in the future, no assurance can be given as to the timing of such relief or that such relief will be granted. If such relief is granted and the Sponsor approves a redemption program, the Shares will be redeemable in accordance with the provisions of the Trust Agreement and the relevant Participant Agreement. Although the Sponsor cannot predict with certainty what effect, if any, the operation of a redemption program would have on the trading price of the Shares, this will allow Authorized Participants to take advantage of arbitrage opportunities created when the market value of the Shares deviates from the value of the Trust’s STX, less the Trust’s expenses and other liabilities, which may have the effect of reducing any premium at which the Shares trade on OTCQB over such value or cause the Shares to trade at a discount to such value, which at times could be substantial.

The Trust creates Shares from time to time but only in Baskets. A Basket equals a block of 100 Shares. See “—Creation and Redemption of Shares.” The Sponsor will determine the Trust’s NAV on each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable. The Sponsor will also determine the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. The Reference Rate Price is calculated by applying a weighting algorithm to the price and trading volume data for the immediately preceding 60-minute period as of 4:00 p.m., New York time derived from data collected from the Constituent Trading Platforms on such trade date. All references to NAV and NAV per Share in this Annual Report have been calculated in using the Reference Rate Price unless otherwise indicated. Each business day, the Sponsor will publish the Trust’s NAV and NAV per Share on the Trust’s website, [www.grayscale.com/funds/grayscale-stacks-trust/](http://www.grayscale.com/funds/grayscale-stacks-trust/), as soon as practicable after the Trust’s NAV and NAV per Share have been determined by the Sponsor. See “—Valuation of STX and Determination of NAV.”

The Trust's assets consist solely of STX, Incidental Rights, IR Virtual Currency, proceeds from the sale of STX, Incidental Rights and IR Virtual Currency pending use of such cash for payment of Additional Trust Expenses or distribution to the shareholders and any rights of the Trust pursuant to any agreements, other than the Trust Agreement, to which the Trust is a party. Each Share represents a proportional interest, based on the total number of Shares outstanding, in each of the Trust's assets as determined in the case of STX by reference to the Reference Rate Price, less the Trust's expenses and other liabilities (which include accrued but unpaid fees and expenses). The Sponsor expects that the market price of the Shares will fluctuate over time in response to the market prices of STX. In addition, because the Shares reflect the estimated accrued but unpaid expenses of the Trust, the amount of STX represented by a Share will gradually decrease over time as the Trust's STX are used to pay the Trust's expenses. The Trust does not expect to take any Incidental Rights or IR Virtual Currency it may hold into account for purposes of determining the Trust's NAV or the NAV per Share.

STX pricing information is available on a 24-hour basis from various financial information service providers or Stacks Network information sites such as CoinMarketCap.com. The spot price and bid/ask spreads may also be available directly from Digital Asset Trading Platforms. As of December 31, 2025, the Constituent Trading Platforms included in the Reference Rate were Coinbase, Kraken, and Crypto.com. The Reference Rate Provider may remove or add Digital Asset Trading Platforms to the Reference Rate in the future at its discretion. Market prices for the Shares will be available from a variety of sources, including brokerage firms, information websites and other information service providers. In addition, on each business day the Trust's website will provide pricing information for the Shares.

The Trust's STX are carried, for financial statement purposes, at fair value, as required by U.S. GAAP. The Trust determines the fair value of STX based on the price provided by the Digital Asset Market that the Trust considers its principal market as of 4:00 p.m., New York time, on the valuation date. The net asset value of the Trust determined on a U.S. GAAP basis is referred to in this Annual Report as "Principal Market NAV." See "—Management's Discussion and Analysis—Critical Accounting Policies—Principal Market and Fair Value Determination" for more information on the Trust's principal market selection.

The Trust uses the Reference Rate Price to calculate its "NAV," a non-GAAP metric, which is the aggregate value, expressed in U.S. dollars, of the Trust's assets (other than U.S. dollars, other fiat currency, Incidental Rights or IR Virtual Currency), less the U.S. dollar value of the Trust's expenses and other liabilities, calculated in the manner set forth under "—Valuation of STX and Determination of NAV." "NAV per Share" is calculated by dividing NAV by the number of Shares currently outstanding. NAV and NAV per Share are not measures calculated in accordance with U.S. GAAP. NAV is not intended to be a substitute for the Trust's Principal Market NAV calculated in accordance with U.S. GAAP, and NAV per Share is not intended to be a substitute for the Trust's Principal Market NAV per Share calculated in accordance with U.S. GAAP.

The Trust has no fixed termination date.

#### *Valuation of STX and Determination of NAV*

The Sponsor will evaluate the STX held by the Trust and determine the NAV of the Trust in accordance with the relevant provisions of the Trust Agreement. The following is a description of the material terms of the Trust Agreement as they relate to valuation of the Trust's STX and the NAV calculations, which is calculated using non-GAAP methodology and is not used in the Trust's financial statements.

On each business day at 4:00 p.m., New York time, or as soon thereafter as practicable (the "Evaluation Time"), the Sponsor will evaluate the STX held by the Trust and calculate and publish the NAV of the Trust. To calculate the NAV, the Sponsor will:

1. Determine the Reference Rate Price as of such business day;
2. Multiply the Reference Rate Price by the Trust's aggregate amount of STX owned by the Trust as of 4:00 p.m., New York time, on the immediately preceding day, less the aggregate amount of STX payable as the accrued and unpaid Sponsor's Fee as of 4:00 p.m., New York time, on the immediately preceding day;
3. Add the U.S. dollar value of STX, calculated using the Reference Rate Price, receivable under pending creation orders, if any, determined by multiplying the number of the Creation Baskets represented by such creation orders by the Basket Amount and then multiplying such product by the Reference Rate Price;
4. Subtract the U.S. dollar amount of accrued and unpaid Additional Trust Expenses, if any;

5. Subtract the U.S. dollar value of the STX, calculated using the Reference Rate Price, to be distributed under pending redemption orders, if any, determined by multiplying the number of Baskets to be redeemed represented by such redemption orders by the Basket Amount and then multiplying such product by the Reference Rate Price (the amount derived from steps 1 through 5 above, the “NAV Fee Basis Amount”); and
6. Subtract the U.S. dollar amount of the Sponsor’s Fee that accrues for such business day, as calculated based on the NAV Fee Basis Amount for such business day.

In the event that the Sponsor determines that the primary methodology used to determine the Reference Rate Price is not an appropriate basis for valuation of the Trust’s STX, the Sponsor will utilize the cascading set of rules as described in “—Grayscale Stacks Trust (STX)—The Reference Rate and the Reference Rate Price.” In addition, in the event that the Trust holds any Incidental Rights and/or IR Virtual Currency, the Sponsor may, at its discretion, include the value of such Incidental Rights and/or IR Virtual Currency in the determination of the NAV, provided that the Sponsor has determined in good faith a method for assigning an objective value to such Incidental Rights and/or IR Virtual Currency. At this time, the Trust does not expect to take any Incidental Rights or IR Virtual Currency it may hold into account for the purposes of determining the NAV or the NAV per Share.

The Sponsor will publish the Reference Rate Price, the Trust’s NAV and the NAV per Share on the Trust’s website as soon as practicable after its determination. If the NAV and NAV per Share have been calculated using a price per STX other than the Reference Rate Price for such Evaluation Time, the publication on the Trust’s website will note the valuation methodology used and the price per STX resulting from such calculation.

In the event of a hard fork of the Stacks Network, the Sponsor will, if permitted by the terms of the Trust Agreement, use its discretion to determine, in good faith, which peer-to-peer network, among a group of incompatible forks of the Stacks Network, is generally accepted as the network for STX and should therefore be considered the appropriate network for the Trust’s purposes. The Sponsor will base its determination on a variety of then relevant factors, including (but not limited to) the following: (i) the Sponsor’s beliefs regarding expectations of the core developers of STX, users, services, businesses, Stacks Miners and Stackers and other constituencies and (ii) the actual continued acceptance of, Bitcoin underlying, and community engagement with the Stacks Network.

The shareholders may rely on any evaluation furnished by the Sponsor. The determinations that the Sponsor makes will be made in good faith upon the basis of, and the Sponsor will not be liable for any errors contained in, information reasonably available to it. The Sponsor will not be liable to the Authorized Participants, the shareholders or any other person for errors in judgment. However, the preceding liability exclusion will not protect the Sponsor against any liability resulting from gross negligence, willful misconduct or bad faith in the performance of its duties.

### **Incidental Rights and IR Virtual Currency**

The Trust may from time to time come into possession of Incidental Rights and/or IR Virtual Currency by virtue of its ownership of STX, generally through a fork in the Blockchain, an airdrop offered to holders of STX or other similar event. Pursuant to the terms of the Trust Agreement, the Trust may take any lawful action necessary or desirable in connection with the Trust’s ownership of Incidental Rights, including the acquisition of IR Virtual Currency, unless such action would adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes or otherwise be prohibited by the Trust Agreement. These actions include (i) selling Incidental Rights and/or IR Virtual Currency in the Digital Asset Market and distributing the cash proceeds to shareholders, (ii) distributing Incidental Rights and/or IR Virtual Currency in-kind to the shareholders or to an agent acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible and (iii) irrevocably abandoning Incidental Rights or IR Virtual Currency. The Trust may also use Incidental Rights and/or IR Virtual Currency to pay the Sponsor’s Fee and Additional Trust Expenses, if any, as discussed below under “—Trust Expenses.” However, the Trust does not expect to take any Incidental Rights or IR Virtual Currency it may hold into account for purposes of determining the Trust’s NAV, the NAV per Share, Principal Market NAV, or the Principal Market NAV per Share.

With respect to any fork, airdrop or similar event, the Sponsor may, in its discretion, decide to cause the Trust to distribute the Incidental Rights or IR Virtual Currency in-kind to an agent of the shareholders for resale by such agent, or to irrevocably abandon the Incidental Rights or IR Virtual Currency. In the case of a distribution in-kind to an agent acting on behalf of the shareholders, the shareholders’ agent will attempt to sell the Incidental Rights or IR Virtual Currency, and if the agent is able to do so, will remit the cash proceeds to shareholders, net of expenses and any applicable withholding taxes. There can be no assurance as to the price or prices for any Incidental Rights or IR Virtual Currency that the agent

may realize, and the value of the Incidental Rights or IR Virtual Currency may increase or decrease after any sale by the agent. In the case of abandonment of Incidental Rights or IR Virtual Currency, the Trust would not receive any direct or indirect consideration for the Incidental Rights or IR Virtual Currency and thus the value of the Shares will not reflect the value of the Incidental Rights or IR Virtual Currency.

On May 10, 2024, the Sponsor delivered to the Custodian a notice (the “Pre-Creation Abandonment Notice”) stating that the Trust is abandoning irrevocably for no direct or indirect consideration, effective immediately prior to each time at which the Trust creates Shares (any such time, a “Creation Time”), all Incidental Rights and IR Virtual Currency to which it would otherwise be entitled as of such time (any such abandonment, a “Pre-Creation Abandonment”); provided that a Pre-Creation Abandonment will not apply to any Incidental Rights and/or IR Virtual Currency if (i) the Trust has taken, or is taking at such time, an Affirmative Action to acquire or abandon such Incidental Rights and/or IR Virtual Currency at any time prior to such Creation Time or (ii) such Incidental Rights and/or IR Virtual Currency has been subject to a previous Pre-Creation Abandonment. An Affirmative Action refers to a written notification from the Sponsor to the Custodian of the Trust’s intention (i) to acquire and/or retain any Incidental Rights and/or IR Virtual Currency or (ii) to abandon, with effect prior to the relevant Creation Time, any Incidental Rights and/or IR Virtual Currency.

In determining whether to take an Affirmative Action to acquire and/or retain an Incidental Right and/or IR Virtual Currency, the Trust takes into consideration a number of factors, including:

- the Custodian’s agreement to provide access to the IR Virtual Currency;
- the availability of a safe and practical way to custody the IR Virtual Currency;
- the costs of taking possession and/or maintaining ownership of the IR Virtual Currency and whether such costs exceed the benefits of owning such IR Virtual Currency;
- whether there are any legal restrictions on, or tax implications with respect to, the ownership, sale or disposition of the Incidental Right or IR Virtual Currency, regardless of whether there is a safe and practical way to custody and secure such Incidental Right or IR Virtual Currency;
- the existence of a suitable market into which the Incidental Right or IR Virtual Currency may be sold; and
- whether the Incidental Right or IR Virtual Currency is, or may be, a security under federal securities laws.

In determining whether the IR Virtual Currency is, or may be, a security under federal securities laws, the Sponsor takes into account a number of factors, including the various definitions of “security” under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court’s decisions in the *Howey* and *Reves* cases, as well as reports, orders, press releases, public statements and speeches by the SEC and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws.

As a result of the Pre-Creation Abandonment Notice, since May 10, 2024, the Trust has irrevocably abandoned, prior to the Creation Time of any Shares, any Incidental Right or IR Virtual Currency that it may have any right to receive at such time. The Trust has no right to receive any Incidental Right or IR Virtual Currency abandoned pursuant to either the Pre-Creation Abandonment Notice or Affirmative Actions. Furthermore, the Custodian has no authority, pursuant to the Custodian Agreement or otherwise, to exercise, obtain or hold, as the case may be, any such abandoned Incidental Right or IR Virtual Currency on behalf of the Trust or to transfer any such abandoned Incidental Right or IR Virtual Currency to the Trust if the Trust terminates its custodial agreement with the Custodian.

The Sponsor intends to evaluate each fork, airdrop or similar occurrence on a case-by-case basis in consultation with the Trust’s legal advisers, tax consultants, and Custodian, and may decide to abandon any Incidental Rights or IR Virtual Currency resulting from a hard fork, airdrop or similar occurrence should the Sponsor conclude, in its discretion, that such abandonment is in the best interests of the Trust. In the event the Sponsor decides to sell any Incidental Right or IR Virtual Currency, it would expect to execute the sale to or through an eligible financial institution that is subject to federal and state licensing requirements and practices regarding AML and KYC regulations, which may include an Authorized Participant, a Liquidity Provider (as defined below in “—Authorized Participants”), or one or more of their affiliates. In either case, the Sponsor expects that an Authorized Participant or Liquidity Provider would only be willing to transact with the Sponsor on behalf of the Trust if an Authorized Participant or Liquidity Provider considered it possible to trade the Incidental Right or IR Virtual Currency on a Digital Asset Trading Platform or other venue to which the Authorized Participant or Liquidity Provider has access. Generally, any such Authorized Participant or Liquidity Provider would have

access only to Digital Asset Trading Platforms or other venues that it reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each venue.

## STX Value

### *Digital Asset Trading Platform Valuation*

The value of STX is determined by the value that various market participants place on STX through their transactions. The most common means of determining the value of a STX is by surveying one or more Digital Asset Trading Platforms where STX is traded publicly and transparently. Additionally, there are over-the-counter dealers or market makers that transact in STX.

### *Digital Asset Trading Platform Public Market Data*

On each online Digital Asset Trading Platform, STX is traded with publicly disclosed valuations for each executed trade, measured by one or more fiat currencies such as the U.S. dollar or euro, or stablecoins such as U.S. Dollar Coin (“USDC”). Over-the-counter dealers or market makers do not typically disclose their trade data.

As of December 31, 2025, the Digital Asset Trading Platforms included in the Reference Rate were Coinbase, Crypto.com, Kraken. The Sponsor and the Trust reasonably believe each of these Digital Asset Trading Platforms are in material compliance with applicable licensing requirements based on the inclusion criteria and jurisdiction, as detailed below, and maintain practices and policies designed to comply with anti-money laundering (“AML”) and know-your-customer (“KYC”) regulations.

*Coinbase:* A U.S.-based trading platform that has entities registered as money services businesses (“MSBs”) with the U.S. Department of Treasury’s Financial Crimes Enforcement Network (“FinCEN”), and that is licensed as a virtual currency business under the New York State Department of Financial Services’ (“NYDFS”) BitLicense, licensed as a money transmitter in various U.S. states.

*Kraken:* A U.S.-based trading platform that has entities registered as MSBs with FinCEN, and that is licensed as a money transmitter in various U.S. states, and chartered as a Special Purpose Depository Institution by the Wyoming Division of Banking. Kraken does not hold a BitLicense.

*Crypto.com:* A Singapore-based trading platform that has entities registered as MSBs with FinCEN and that is licensed as a money transmitter in various U.S. states and chartered as a non-depository trust company by the New Hampshire Banking Department. Crypto.com does not hold a BitLicense.

Currently, there are several Digital Asset Trading Platforms operating worldwide and online Digital Asset Trading Platforms represent a substantial percentage of STX buying and selling activity and provide the most data with respect to prevailing valuations of STX. These trading platforms include established trading platforms such as trading platforms included in the Reference Rate which provide a number of options for buying and selling STX. The below table reflects the trading volume in STX and market share of the STX-U.S. dollar trading pairs of each of the Digital Asset Trading Platforms included in the Reference Rate as of December 31, 2025 (collectively, “Constituent Trading Platforms”), using data since the commencement of the Trust’s operations:

| <b>Digital Asset Trading Platforms included in the Reference Rate as of December 31, 2025</b> | <b>Volume (STX)</b>  | <b>Market Share<sup>(1)</sup></b> |
|-----------------------------------------------------------------------------------------------|----------------------|-----------------------------------|
| Coinbase                                                                                      | 2,151,121,035        | 87.12%                            |
| Kraken                                                                                        | 235,067,427          | 9.52%                             |
| Crypto.com                                                                                    | 80,003,764           | 3.24%                             |
| <b>Total STX-U.S. dollar trading pair</b>                                                     | <b>2,466,192,226</b> | <b>99.88%</b>                     |

(1) Market share is calculated using trading volume (in STX) for certain Digital Asset Trading Platforms including, Coinbase, Kraken, and Crypto.com, as well as certain other large U.S.-dollar denominated Digital Asset Trading Platforms that were not included in the Reference Rate as of December 31, 2025, including OKX and Bitfinex.

## **The Reference Rate and the Reference Rate Price**

The Reference Rate is a U.S. dollar-denominated composite reference rate for the price of STX. The Reference Rate is designed to provide a semi real-time, volume-weighted value of STX.

The Reference Rate Price is determined by the Reference Rate Provider through a process in which trade data from the Digital Asset Trading Platforms included in the Reference Rate is compiled to calculate a volume-weighted average price.

All references to the NAV and NAV per Share of the Trust in this report have been calculated using the Reference Rate Price unless indicated otherwise.

### ***Determination of the Reference Rate Price***

The Reference Rate Price is calculated daily at 4:00 p.m., New York time, by the Reference Rate Provider using a volume-weighted average price across three Constituent Trading Platforms over the prior 60-minute period. Price and volume inputs are sourced from the Constituent Trading Platforms. Price and volume inputs are weighted as received with no further adjustments made to the weighting of each exchange based on market anomalies observed on a Constituent Trading Platform or otherwise.

Each Constituent Trading Platform is weighted relative to its share of trading volume to the trading volume of all Constituent Trading Platforms. As such, price inputs from Constituent Trading Platforms with higher trading volumes will be weighted more heavily in calculating the Reference Rate Price than price inputs from Constituent Trading Platforms with lower trading volumes.

If the Reference Rate Price becomes unavailable, or if the Sponsor determines in good faith that such Reference Rate Price does not reflect an accurate price for STX, then the Sponsor will contact the Reference Rate Provider to obtain the Reference Rate Price directly from the Reference Rate Provider. If after such contact such Reference Rate Price remains unavailable or the Sponsor continues to believe in good faith that such Reference Rate Price does not reflect an accurate price for STX, then the Sponsor will employ a cascading set of rules to determine the Reference Rate Price, as described below in “—Determination of the Reference Rate Price When Reference Rate Price is Unavailable.”

The Trust values its STX for operational and non-GAAP purposes by reference to the Reference Rate Price. The Reference Rate Price is the value of a STX as represented by the Reference Rate, calculated at 4:00 p.m., New York time, on each business day.

### ***Constituent Trading Platform Selection***

Digital Asset Trading Platforms are selected for inclusion in the Reference Rate based on a methodology developed by the Reference Rate Provider in alignment with the International Organization of Securities Commissions (“IOSCO”) Principles for Financial Benchmarks. To qualify as a Constituent Trading Platform, a platform is evaluated across the following core criteria listed below (the “Inclusion Criteria”):

- Market Quality: Overall liquidity, trading activity, price reliability, and market stability.
- Security: Cybersecurity safeguards, custody practices, and operational risk controls.
- Legal and Regulatory: Licensing status, regulatory compliance, and legal transparency.
- KYC: Assessment of anti-money laundering (“AML”) and know-your-customer (“KYC”) frameworks, transaction monitoring capabilities, and market oversight.
- Data Provision: Quality, accessibility, and reliability of trading data and technical infrastructure.
- Transparency: Financial and operational disclosures, including reserve and governance transparency.
- Team: Assessment of executive leadership, relevant experience, organizational structure, and service offerings across institutional and retail markets.
- Negative Events: The Reference Rate Provider may apply a downward adjustment for material adverse events, including data breaches, regulatory penalties, withdrawal freezes, or other significant incidents.

Trading platforms that meet these Inclusion Criteria are also required to be licensed and able to serve customers in one or more of the following jurisdictions:

- United States (FinCEN, state regulatory authorities);
- United Kingdom (FCA);
- European Union (MiCA passport);
- Hong Kong (SFC);
- Singapore (MAS);
- United Arab Emirates, including the emirates of Dubai and Abu Dhabi (VARA, ADGM); and
- Gibraltar (GFSC).

A Digital Asset Trading Platform is removed from the Constituent Trading Platforms when it no longer satisfies the Inclusion Criteria. The Reference Rate Provider may also exclude certain trading platforms that require additional support from contributing trading platforms at its discretion. The Reference Rate Provider does not currently include data from over-the-counter markets or derivatives platforms among the Constituent Trading Platforms. Over-the-counter data is not currently included because of the potential for trades to include a significant premium or discount paid for larger liquidity, which creates an uneven comparison relative to more active markets. There is also a higher potential for over-the-counter transactions to not be arms-length, and thus not be representative of a true market price. STX derivative markets are also not currently included as the markets remain relatively thin. While the Reference Rate Provider has no plans to include data from over-the-counter markets or derivative platforms at this time, the Reference Rate Provider will consider IOSCO principles for financial benchmarks, the management of trading venues of STX derivatives and the aforementioned Inclusion Criteria when considering whether to include over-the-counter or derivative platform data in the future.

The Reference Rate Provider and the Sponsor have entered into the reference rate license agreement, dated as of February 1, 2022 (as amended, the “Reference Rate License Agreement”), governing the Sponsor’s use of the Reference Rate Price. Pursuant to the terms of the Reference Rate License Agreement, the Reference Rate Provider may adjust the calculation methodology for the Reference Rate Price without notice to, or consent of, the Trust or its shareholders. The Reference Rate Provider may decide to change the calculation methodology to maintain the integrity of the Reference Rate Price calculation should it identify or become aware of previously unknown variables or issues with the existing methodology that it believes could materially impact its performance and/or reliability. The Reference Rate Provider has sole discretion over the determination of the Reference Rate Price and may change the methodologies for determining the Reference Rate Price from time to time. Shareholders will be notified of any material changes to the calculation methodology or the Reference Rate Price in the Trust’s current reports and will be notified of all other changes that the Sponsor considers significant in the Trust’s periodic or current reports. The Sponsor will determine the materiality of any changes to the Reference Rate Price on a case-by-case basis, in consultation with external counsel.

The Reference Rate Provider may change the trading venues that are included in the Reference Rate or otherwise change the way in which the Reference Rate is calculated at any time. For example, the Reference Rate Provider has scheduled quarterly reviews in which it may add or remove Constituent Trading Platforms that satisfy or fail the Inclusion Criteria, as well as other requirements detailed in the Reference Rate Methodology. The Reference Rate Provider does not have any obligation to consider the interests of the Sponsor, the Trust, the shareholders, or anyone else in connection with such changes. While the Reference Rate Provider is not required to publicize or explain the changes or to alert the Sponsor to such changes, it has historically notified the Trust of certain changes to the Constituent Trading Platforms, including any additions or removals of the Constituent Trading Platforms, in addition to issuing press releases in connection with the same. The Sponsor will provide updates of such changes in the Trust’s quarterly reports. Although the Reference Rate methodology is designed to operate without any manual intervention, rare events would justify manual intervention. Intervention of this kind would be in response to non-market-related events, such as the halting of deposits or withdrawals of funds on a Digital Asset Trading Platform, the unannounced closure of operations on a Digital Asset Trading Platform, insolvency or the compromise of user funds. In the event that such an intervention is necessary, the Reference Rate Provider would issue a public announcement through its website, API and other established communication channels with its clients.

### Illustrative Example

The Reference Rate Price is calculated by multiplying the average price on each Constituent Trading Platform by the trading volume on such Constituent Trading Platform for the prior 60-minutes, multiplied by the Constituent Trading Platform's weighting based on trading volume relative to the other Constituent Trading Platforms included in the Reference Rate. For purposes of illustration, outlined below is an example using a limited number of trades.

| Venue                       | Average Price | Volume       | Notional         | Weight | Reference Rate Price Contribution |
|-----------------------------|---------------|--------------|------------------|--------|-----------------------------------|
| Trading Platform 1          | 999.12        | 800          | 799,296          | 53.33% | 532.60                            |
| Trading Platform 2          | 997.23        | 500          | 498,615          | 33.33% | 332.25                            |
| Trading Platform 3          | 996.65        | 200          | 199,330          | 13.33% | 132.82                            |
| <b>Reference Rate Price</b> | —             | <b>1,500</b> | <b>1,497,241</b> | —      | <b>997.67</b>                     |

### ***Determination of the Reference Rate Price When Reference Rate Price is Unavailable***

The Sponsor uses the following cascading set of rules to calculate the Reference Rate Price. For the avoidance of doubt, the Sponsor will employ the below rules sequentially and in the order as presented below, should one or more specific rule(s) fail:

1. Reference Rate Price = The price set by the Reference Rate Provider as of 4:00 p.m., New York time, on the valuation date. If the Reference Rate becomes unavailable, or if the Sponsor determines in good faith that the Reference Rate does not reflect an accurate price, then the Sponsor will, on a best efforts basis, contact the Reference Rate Provider to obtain the Reference Rate Price directly from the Reference Rate Provider. If after such contact the Reference Rate Price remains unavailable or the Sponsor continues to believe in good faith that the Reference Rate Price does not reflect an accurate price, then the Sponsor will employ the next rule to determine the Reference Rate Price. There are no predefined criteria to make a good faith assessment and it will be made by the Sponsor in its sole discretion.
2. Reference Rate Price = The price set by Coin Metrics Real-Time Rate (the "Secondary Reference Rate") as of 4:00 p.m., New York time, on the valuation date (the "Secondary Reference Rate Price"). The Secondary Reference Rate Price is a real-time reference rate price, calculated using trade data from constituent markets selected by Coin Metrics, Inc. (the "Secondary Reference Rate Provider"). The Secondary Reference Rate Price is calculated by applying weighted-median techniques to such trade data where half the weight is derived from the trading volume on each constituent market and half is derived from inverse price variance, where a constituent market with high price variance as a result of outliers or market anomalies compared to other constituent markets is assigned a smaller weight. The Secondary Reference Rate Provider and the Sponsor have entered into the master services agreement, dated as of August 4, 2020, and order form thereunder, pursuant to which the Sponsor may obtain and use the Secondary Reference Rate and the Secondary Reference Rate Price from the Secondary Reference Rate Provider. If the Secondary Reference Rate becomes unavailable, or if the Sponsor determines in good faith that the Secondary Reference Rate does not reflect an accurate price, then the Sponsor will, on a best efforts basis, contact the Secondary Reference Rate Provider to obtain the Secondary Reference Rate Price directly from the Secondary Reference Rate Provider. If after such contact the Secondary Reference Rate remains unavailable or the Sponsor continues to believe in good faith that the Secondary Reference Rate does not reflect an accurate price, then the Sponsor will employ the next rule to determine the Reference Rate Price. There are no predefined criteria to make a good faith assessment and it will be made by the Sponsor in its sole discretion.
3. Reference Rate Price = The price set by the Trust's principal market (the "Tertiary Pricing Option") as of 4:00 p.m., New York time, on the valuation date. The Tertiary Pricing Option is a spot price derived from the principal market's public data feed that is believed to be consistently publishing pricing information as of 4:00 p.m., New York time, and is provided to the Sponsor via an application programming interface. If the Tertiary Pricing Option becomes unavailable, or if the Sponsor determines in good faith that the Tertiary Pricing Option does not reflect an accurate price, then the Sponsor will, on a best efforts basis, contact the Tertiary Pricing Provider to obtain the Tertiary Pricing Option directly from the Tertiary Pricing Provider. If after such contact the Tertiary Pricing Option remains unavailable or the Sponsor continues to believe in good faith that the Tertiary Pricing Option does not reflect an accurate price, then the Sponsor will employ the next rule to determine the Reference

Rate Price. There are no predefined criteria to make a good faith assessment and it will be made by the Sponsor in its sole discretion.

4. Reference Rate Price = The Sponsor will use its best judgment to determine a good faith estimate of the Reference Rate Price. There are no predefined criteria to make a good faith assessment and it will be made by the Sponsor in its sole discretion.

In the event of a fork, the Reference Rate Provider may calculate the Reference Rate Price based on a digital asset that the Sponsor does not believe to be the appropriate asset that is held by the Trust. In this event, the Sponsor has full discretion to use a different reference rate provider or calculate the Reference Rate Price itself using its best judgment.

The Sponsor may, in its sole discretion, select a different reference rate provider, select a different reference rate provided by the Reference Rate Provider, calculate the Reference Rate Price by using the cascading set of rules set forth above, or change the cascading set of rules set forth above at any time.

### *Creation and Redemption of Shares*

The Trust Agreement also provides procedures for the redemption of Shares. However, the Trust does not currently operate a redemption program and the Shares are not currently redeemable. Subject to receipt of regulatory approval from the SEC and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program.

However, the Sponsor currently has no intention of seeking regulatory approval from the SEC for the Trust to operate an ongoing redemption program.

The Trust issues Shares to Authorized Participants from time to time, but only in one or more Baskets (with a Basket being a block of 100 Shares). The Trust will not issue fractions of a Basket. The creation (and, should the Trust commence a redemption program, redemption) of Baskets will be made only in exchange for the delivery to the Trust, or the distribution by the Trust, of the number of whole and fractional STX represented by each Basket being created (or, should the Trust commence a redemption program, redeemed), which is determined by dividing (x) the amount of STX owned by the Trust at 4:00 p.m., New York time, on the trade date of a creation or redemption order, after deducting the amount of STX representing the U.S. dollar value of accrued but unpaid fees and expenses of the Trust (converted using the Reference Rate Price at such time, and carried to the eighth decimal place), by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth of one STX (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100 (the “Basket Amount”). All questions as to the calculation of the Basket Amount will be conclusively determined by the Sponsor and will be final and binding on all persons interested in the Trust. The Basket Amount multiplied by the number of Baskets being created or redeemed is the “Total Basket Amount.” The amount of STX represented by a Share will gradually decrease over time as the Trust’s STX is used to pay the Trust’s expenses. Each Share represented approximately 4.8028 and 4.9244 STX as of December 31, 2025 and 2024, respectively. Information regarding the amount of STX represented by each Share is posted to the Trust’s website daily at [www.grayscale.com/funds/grayscale-stacks-trust/](http://www.grayscale.com/funds/grayscale-stacks-trust/).

Authorized Participants are the only persons that may place orders to create Baskets. Each Authorized Participant must (i) be a registered broker-dealer, (ii) enter into a Participant Agreement with the Sponsor and (iii) own a STX wallet address that is known to the Custodian as belonging to the Authorized Participant, or another entity that has been engaged to source digital assets (any such representative, a “Liquidity Provider”). An Authorized Participant may act for its own account or as agent for investors who have entered into a subscription agreement with the Authorized Participant (each such investor, an “Investor”). An Investor that enters into a subscription agreement with an Authorized Participant subscribes for Shares by submitting a purchase order and paying a subscription amount, either in U.S. dollars or in STX, to the Authorized Participant.

An Investor may pay the subscription amount in cash or STX. In the event that the Investor pays the subscription amount in cash, the Authorized Participant, or Liquidity Provider, purchases STX in a Digital Asset Market or, to the extent the Authorized Participant, or Liquidity Provider, already holds STX, the Authorized Participant, or Liquidity Provider, may contribute such STX to the Trust. Depending on whether the Investor wires cash to the Authorized Participant before or after 4:00 p.m. New York time, the Investor’s Shares will be created based on the same or next business day’s NAV and the risk of any price volatility in STX during this time will be borne by the Authorized Participant, or Liquidity Provider. The Authorized Participant will receive Shares of the Trust, and the Shares will then be registered in the name of the Investor. In the event that the Investor pays the subscription amount in STX, the Investor will transfer such STX to the

Authorized Participant or a Liquidity Provider, which will contribute such STX in kind to the Trust, and receive Shares of the Trust, and the Shares will then be registered in the name of the Investor. For the avoidance of doubt, in either case, the Authorized Participant will act as the agent of the Investor with respect to the contribution of STX to the Trust in exchange for Shares.

The creation of Baskets requires the delivery to the Trust of the Total Basket Amount.

The Participant Agreement provides the procedures for the creation and, if permitted, redemption of Baskets and for the delivery of the whole and fractional STX required for such creations and, if permitted, redemptions. The Participant Agreement and the related procedures attached thereto may be amended by the Sponsor and the relevant Authorized Participant. Under the Participant Agreement, the Sponsor has agreed to indemnify each Authorized Participant against certain liabilities, including liabilities under the Securities Act.

Authorized Participants do not pay a transaction fee to the Trust in connection with the creation or, if permitted, redemption of Baskets, but there may be transaction fees associated with the validation of the transfer of STX on the Stacks Network. Authorized Participants or Liquidity Providers who deposit STX with the Trust in exchange for Baskets will receive no fees, commissions or other form of compensation or inducement of any kind from either the Sponsor or the Trust, and no such person has any obligation or responsibility to the Sponsor or the Trust to effect any sale or resale of Shares.

The following description of the procedures for the creation and redemption of Baskets is only a summary and shareholders should refer to the relevant provisions of the Trust Agreement and the form of Participant Agreement for more detail.

#### *Creation Procedures*

On any business day, an Authorized Participant may order one or more Creation Baskets from the Trust by placing a creation order with the Sponsor no later than 4:00 p.m., New York time, which the Sponsor will accept or reject. By placing a creation order, an Authorized Participant agrees to transfer the Total Basket Amount from the STX wallet address that is known to the Custodian as belonging to the Authorized Participant, or a Liquidity Provider, to the Digital Asset Account.

All creation orders are accepted (or rejected) by the Sponsor on the business day on which the relevant creation order is placed. If a creation order is accepted, the Sponsor will calculate the Total Basket Amount on the same business day, which will be the trade date, and will communicate the Total Basket Amount to the Authorized Participant. The Authorized Participant, or Liquidity Provider, must transfer the Total Basket Amount to the Trust no later than 6:00 p.m., New York time, on the trade date. The expense and risk of delivery, ownership and safekeeping of STX will be borne solely by the Authorized Participant or Liquidity Provider, until such STX has been received by the Trust.

Following receipt of the Total Basket Amount by the Custodian, the Transfer Agent will credit the number of Shares to the account of the Investor on behalf of which the Authorized Participant placed the creation order by no later than 6:00 p.m., New York time, on the trade date. The Authorized Participant may then transfer the Shares directly to the relevant Investor.

#### *Redemption Procedures*

Redemptions of Shares are currently not permitted and the Trust is unable to redeem Shares. Subject to receipt of regulatory approval from the SEC and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. ***However, the Sponsor currently has no intention of seeking regulatory approval from the SEC for the Trust to operate an ongoing redemption program.*** For a discussion of risks relating to the Trust's inability to redeem Shares, see "Risk Factors—Risk Factors Related to the Trust and the Shares—Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Trust's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Reference Rate Price and the Shares have historically traded at a substantial premium over the NAV per Share" and "Risk Factors—Risk Factors Related to the Trust and the Shares—The restrictions on transfer and redemption may result in losses on the value of the Shares."

If permitted, the procedures by which an Authorized Participant can redeem one or more Baskets will mirror the procedures for the creation of Baskets. On any business day, an Authorized Participant may place a redemption order no later than 4:00 p.m., New York time, which the Sponsor will accept or reject. By placing a redemption order, an

Authorized Participant agrees to deliver to the Sponsor the Baskets to be redeemed through the book-entry system to the Trust. The redemption procedures do not allow a shareholder other than an Authorized Participant to redeem Shares.

All redemption orders are accepted (or rejected) by the Sponsor on the business day on which the relevant redemption order is placed. If a redemption order is accepted, the Sponsor will calculate the Total Basket Amount on the same business day, which will be the trade date, and will communicate the Total Basket Amount to the Authorized Participant. The Sponsor will then direct the Transfer Agent to debit the account of the Investor on behalf of which the Authorized Participant placed the redemption order the number of Redemption Baskets ordered no later than 6:00 p.m., New York time, on the trade date.

Following receipt of confirmation by the Transfer Agent that the Redemption Baskets have been debited, the Sponsor or its delegates will instruct the Custodian to send the Authorized Participant the Total Basket Amount by no later than 6:00 p.m., New York time, on the trade date.

#### *Suspension or Rejection of Orders and Total Basket Amount*

The creation or, if permitted, redemption of Shares may be suspended generally, or refused with respect to particular requested creations or redemptions, during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Sponsor or its delegates make it for all practical purposes not feasible to process such creation orders or redemption orders. The Sponsor may reject an order or, after accepting an order, may cancel such order by rejecting the Total Basket Amount, in the case of creations, or the Baskets to be redeemed, in the case of redemptions, if (i) such order is not presented in proper form as described in the Participant Agreement, (ii) the transfer of the Total Basket Amount, in the case of creations, comes from an account other than a STX wallet address that is known to the Custodian as belonging to the Authorized Participant, or a Liquidity Provider, or (iii) the fulfillment of the order, in the opinion of counsel, might be unlawful, among other reasons. None of the Sponsor or its delegates will be liable for the suspension, rejection or acceptance of any creation order, redemption order or Total Basket Amount.

In particular, upon the Trust's receipt of any Incidental Rights and/or IR Virtual Currency in connection with a fork, airdrop or similar event, the Sponsor will suspend creations and redemptions until it is able to cause the Trust to sell or distribute such Incidental Rights and/or IR Virtual Currency.

None of the Sponsor or its delegates will be liable for the suspension, rejection or acceptance of any creation order, redemption order or Total Basket Amount.

#### *Tax Responsibility*

Authorized Participants are responsible for any transfer tax, sales or use tax, stamp tax, recording tax, value-added tax or similar tax or governmental charge applicable to the creation (or, should the Trust commence a redemption program, redemption) of Baskets, regardless of whether such tax or charge is imposed directly on the Authorized Participants, and agree to indemnify the Sponsor and the Trust if the Sponsor or the Trust is required by law to pay any such tax, together with any applicable penalties, additions to tax or interest thereon.

#### *Trust Expenses*

The Trust's only ordinary recurring expense is expected to be the Sponsor's Fee. The Sponsor's Fee will accrue daily in U.S. dollars at an annual rate of 2.5% of the NAV Fee Basis Amount of the Trust as of 4:00 p.m., New York time, on each day; provided that for a day that is not a business day, the calculation will be based on the NAV Fee Basis Amount from the most recent business day, reduced by the accrued and unpaid Sponsor's Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date. This dollar amount for each daily accrual will then be converted into STX by reference to the same Reference Rate Price used to determine such accrual. The Sponsor's Fee is payable in STX to the Sponsor monthly in arrears.

To cause the Trust to pay the Sponsor's Fee, the Sponsor will instruct the Custodian to (i) withdraw from the Digital Asset Account the amount of STX equal to the accrued but unpaid Sponsor's Fee and (ii) transfer such STX to the Sponsor's account at such times as the Sponsor determines in its absolute discretion.

If the Trust holds any Incidental Rights and/or IR Virtual Currency at any time, the Trust may also pay the Sponsor's Fee, in whole or in part, with such Incidental Rights and/or IR Virtual Currency by entering into an agreement with the Sponsor and transferring such Incidental Rights and/or IR Virtual Currency to the Sponsor at a value to be determined

pursuant to such agreement. However, the Trust may use Incidental Rights and/or IR Virtual Currency to pay the Sponsor's Fee only if such agreement and transfer do not otherwise conflict with the terms of the Trust Agreement. The value of any such Incidental Rights and/or IR Virtual Currency will be determined on an arm's-length basis. The Trust currently expects that the value of any such Incidental Rights and/or IR Virtual Currency would be determined by reference to an index or reference rate provided by the Reference Rate Provider or, in the absence of such an index or reference rate, by reference to the cascading set of rules described in "Grayscale Stacks Trust (STX)—Description of the Trust—Valuation of STX and Determination of NAV." If the Trust pays the Sponsor's Fee in Incidental Rights and/or IR Virtual Currency, in whole or in part, the amount of STX that would otherwise have been used to satisfy such payment will be correspondingly reduced. The Sponsor in its sole discretion, from time to time, may temporarily waive all or a portion of the Sponsor's Fee in its discretion for stated periods of time. Presently, the Sponsor does not intend to waive any of the Sponsor's Fee and there are no circumstances under which the Sponsor has determined it will definitely waive the fee. The Sponsor is under no obligation to waive any portion of its fees and any such waiver shall create no obligation to waive any such fees during any period not covered by the waiver.

After the Trust's payment of the Sponsor's Fee to the Sponsor, the Sponsor may elect to convert the STX, Incidental Rights and/or IR Virtual Currency received as payment of the Sponsor's Fee into U.S. dollars. The rate at which the Sponsor converts such STX, Incidental Rights and/or IR Virtual Currency to U.S. dollars may differ from the rate at which the relevant Sponsor's Fee was determined. The Trust will not be responsible for any fees and expenses incurred by the Sponsor to convert STX, Incidental Rights and/or IR Virtual Currency received in payment of the Sponsor's Fee into U.S. dollars.

As partial consideration for its receipt of the Sponsor's Fee, the Sponsor has assumed the obligation to pay the Sponsor-paid Expenses. There is no cap on such Sponsor-Paid Expenses. The Sponsor has not assumed the obligation to pay Additional Trust Expenses. Any expense that qualifies as an Additional Trust Expense will be deemed to be an Additional Trust Expense and not a Sponsor-paid Expense. If Additional Trust Expenses are incurred, the Sponsor (i) will instruct the Custodian to withdraw from the Digital Asset Account STX, Incidental Rights and/or IR Virtual Currency in such quantity as may be necessary to permit payment of such Additional Trust Expenses and (ii) may either (x) cause the Trust to convert such STX, Incidental Rights and/or IR Virtual Currency into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) when the Sponsor incurs such expenses on behalf of the Trust, cause the Trust (or its delegate) to deliver such STX, Incidental Rights and/or IR Virtual Currency in kind to the Sponsor in satisfaction of such Additional Trust Expenses. However, the Trust may use Incidental Rights and/or IR Virtual Currency to pay Additional Trust Expenses only if doing so does not conflict with the terms of the Trust Agreement. The value of any such Incidental Rights and/or IR Virtual Currency will be determined on an arm's-length basis. The Trust currently expects that the value of any such Incidental Rights and/or IR Virtual Currency would be determined by reference to an index or reference rate provided by the Reference Rate Provider or, in the absence of such an index or reference rate, by reference to the cascading set of rules described in "Grayscale Stacks Trust (STX)—The Reference Rate and the Reference Rate Price." If the Trust pays the Additional Trust Expenses in Incidental Rights and/or IR Virtual Currency, in whole or in part, the amount of STX that would otherwise have been used to satisfy such payment will be correspondingly reduced.

The amount of STX represented by a Share will decline each time the Trust pays the Sponsor's Fee or any Additional Trust Expenses by transferring or selling STX. The quantity of STX, Incidental Rights or IR Virtual Currency to be delivered to the Sponsor or other relevant payee in payment of the Sponsor's Fee or any Additional Trust Expenses, or sold to permit payment of Additional Trust Expenses, will vary from time to time depending on the level of the Trust's expenses and the value of STX, Incidental Rights or IR Virtual Currency held by the Trust. See "Trust Expenses." Assuming that the Trust is a grantor trust for U.S. federal income tax purposes, each delivery or sale of STX, Incidental Rights and IR Virtual Currency by the Trust for the payment of expenses will be a taxable event to shareholders. See "Material U.S. Federal Income Tax Consequences—Tax Consequences to U.S. Holders."

#### *Impact of Trust Expenses on the Trust's NAV*

The Trust will pay the Sponsor's Fee to the Sponsor in STX, Incidental Rights and/or IR Virtual Currency. In addition, the Trust will sell STX, Incidental Rights and/or IR Virtual Currency to raise the funds needed for the payment of any Additional Trust Expenses or will pay Additional Trust Expenses in STX, Incidental Rights and/or IR Virtual Currency. The Trust's STX, Incidental Rights and IR Virtual Currency, and the purchase price received as consideration for such sales of STX, Incidental Rights and IR Virtual Currency, will be the Trust's sole source of funds to cover the Sponsor's Fee and any Additional Trust Expenses. Because the amount of STX held by the Trust will decrease when STX is used to

pay the Sponsor's Fee or Additional Trust Expenses or are sold to permit the payment of Additional Trust Expenses, it is expected that the fractional amount of STX represented by each Share will gradually decrease over the life of the Trust. Accordingly, the shareholders will bear the cost of the Sponsor's Fee and Additional Trust Expenses. New STX deposited into the Digital Asset Account in exchange for additional new Baskets issued by the Trust will not reverse this trend.

## RISK FACTORS

*An investment in the Shares involves certain risks as described below. These risks should also be read in conjunction with the other information included in this Annual Report, including the Trust's financial statements and related notes thereto. See "Glossary of Defined Terms" for the definition of certain capitalized terms used in this Annual Report. All other capitalized terms used, but not defined, herein have the meanings given to them in the Trust Agreement.*

### **Risk Factors Related to Digital Assets**

***The trading prices of many digital assets, including STX, have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including declines in the trading prices of STX, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value.***

The trading prices of many digital assets, including STX, have experienced extreme volatility throughout their existence, including in recent periods and may continue to do so. For instance, digital asset prices, including STX, experienced significant volatility throughout 2021 and 2022. This volatility became extreme in November 2022, when FTX Trading Ltd. ("FTX"), halted customer withdrawals. Additionally, on October 10, 2025, it was reported that a sharp decline in digital asset market prices triggered the liquidation of approximately \$20 billion in leveraged positions across the digital asset industry. Any similar halting of withdrawals or liquidations across leveraged positions in the digital asset industry in the future could further impact trading prices. See "—Recent developments in the digital asset economy have led to extreme volatility and disruption in digital asset markets, a loss of confidence in participants of the digital asset ecosystem, significant negative publicity surrounding digital assets broadly and market-wide declines in liquidity." Digital asset prices, including STX, have continued to fluctuate widely through the date of this Annual Report.

Extreme volatility in the future, including declines in the trading prices of STX, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value. Furthermore, negative perception, a lack of stability and standardized regulation in the digital asset economy may reduce confidence in the digital asset economy and may result in greater volatility in the price of STX and other digital assets, including a depreciation in value. The Trust is not actively managed and will not take any actions to take advantage, or mitigate the impacts, of volatility in the price of STX. For additional information that quantifies the volatility of STX prices and the value of the Shares, see "Management's Discussion and Analysis—Historical Stacks Prices."

Furthermore, changes in U.S. political leadership and economic policies may create uncertainty that materially affects the price of STX and the Trust's Shares. For example, on March 6, 2025, President Trump signed an Executive Order to establish a Strategic Bitcoin Reserve and a United States Digital Asset Stockpile. Pursuant to this Executive Order, the Strategic Bitcoin Reserve will be capitalized with Bitcoin owned by the U.S. Department of the Treasury that was forfeited as part of criminal or civil asset forfeiture proceedings, and the Secretaries of Treasury and Commerce are authorized to develop budget-neutral strategies for acquiring additional Bitcoin, provided that those strategies impose no incremental costs on American taxpayers. Conversely, the Digital Asset Stockpile will consist of all digital assets other than Bitcoin owned by the U.S. Department of the Treasury that were forfeited in criminal or civil asset forfeiture proceedings, but the U.S. government will not acquire additional assets for the U.S. Digital Asset Stockpile beyond those obtained through such proceedings. The anticipation of a U.S. government-funded strategic cryptocurrency reserve had motivated large-scale purchases of Bitcoin in the expectation of the U.S. government acquiring such assets to fund such reserve, and the market price of Bitcoin decreased significantly as a result of the ultimate content of the Executive Order. Any similar action or omission by the U.S. federal administration or other government authorities with respect to STX or other digital assets may negatively and significantly impact the price of STX and the Trust's Shares.

***Digital assets such as STX were only introduced within the past two decades, and the medium-to-long term value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies and to the fundamental investment characteristics of digital assets.***

Digital assets such as STX were only introduced within the past two decades, and the medium-to-long term value of the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies, such as the recency of their development, their dependence on the internet and other technologies, their dependence on the role played by users, developers and Stacks Miners and Stackers and the potential for malicious activity. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Digital asset networks and related protocols are in the early stages of development. Given the recency of the development of digital asset networks and related protocols, digital assets and the underlying digital asset networks and related protocols may not function as intended and parties may be unwilling to use digital assets, which would dampen the growth, if any, of digital asset networks and related protocols.
- The loss of access to a private key required to access a digital asset may be irreversible. If a private key is lost and no backup of the private key is accessible, or if the private key is otherwise compromised, the owner would be unable to access the digital asset corresponding to that private key.
- Digital asset networks and related protocols are dependent upon the internet. A disruption of the internet or a digital asset network or related protocol, such as the Stacks Network, would affect the ability to transfer digital assets, including STX, and, consequently, their value.
- The acceptance of software patches or upgrades to a digital asset network by a significant, but not overwhelming, percentage of the users and validators in a digital asset network, such as the Stacks Network, could result in a “fork” in such network’s blockchain, resulting in the operation of multiple separate blockchain networks.
- Many digital asset networks face significant scaling challenges and are being upgraded with various features to increase the speed and throughput of digital asset transactions. These attempts to increase the volume of transactions may not be effective.
- The open-source structure of many digital asset network protocols, such as the protocol for the Stacks Network, means that developers and other contributors are generally not directly compensated for their contributions in maintaining and developing such protocols. As a result, the developers and other contributors of a particular digital asset may lack a financial incentive to maintain or develop the network, or may lack the resources to adequately address emerging issues. Alternatively, some developers may be funded by companies whose interests are at odds with other participants in a particular digital asset network. A failure to properly monitor and upgrade the protocol of the Stacks Network could damage that network.
- Moreover, in the past, flaws in the source code for digital asset networks and related protocols have been exposed and exploited, including flaws that disabled some functionality for users, exposed users’ personal information and/or resulted in the theft of users’ digital assets. The cryptography underlying the Stacks Network could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take the Trust’s STX, which would adversely affect the value of the Shares. Moreover, functionality of the Stacks Network may be negatively affected by such an exploit such that it is no longer attractive to users, thereby dampening demand for STX. Even if another digital asset other than STX were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital asset networks and related protocols generally could negatively affect the demand for digital assets and therefore adversely affect the value of the Shares.

Moreover, because digital assets, including STX, have existed for a short period of time and are continuing to be developed, there may be additional risks to digital asset networks and related protocols that are impossible to predict as of the date of this Annual Report.

***Digital assets represent a relatively new and rapidly evolving industry, and the value of the Shares depends on the acceptance of STX.***

The first digital asset, Bitcoin, was launched in 2009. STX launched in 2021. In general, digital asset networks, including the Stacks Network and related protocols represent a relatively new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- Banks and other established financial institutions, whether voluntarily or in response to regulatory feedback, may refuse to process funds for STX transactions; process wire transfers to or from Digital Asset Trading Platforms, STX-related companies or service providers; or maintain accounts for persons or entities transacting in STX. As a result, the prices of STX are largely determined by speculators and users, thus contributing to price volatility that makes retailers less likely to accept STX in the future.

- Banks may not provide banking services, or may cut off banking services, to businesses that provide digital asset-related services or that accept digital assets as payment, which could dampen liquidity in the market and damage the public perception of digital assets generally or any one digital asset in particular, such as STX, and their or its utility as a payment system, which could decrease the price of digital assets generally or individually.
- The prices of digital assets may be determined on a relatively small number of Digital Asset Trading Platforms by a relatively small number of market participants, many of whom are speculators or those intimately involved with the issuance of such digital assets, such as validators or developers, which could contribute to price volatility that makes retailers less likely to accept digital assets in the future.
- Certain privacy-preserving features have been or are expected to be introduced to a number of digital asset networks. If any such features are introduced to the Stacks Network, any trading platforms or businesses that facilitate transactions in STX may be at an increased risk of criminal or civil lawsuits, or of having banking services cut off if there is a concern that these features interfere with the performance of anti-money laundering duties and economic sanctions checks.
- Users, developers and validators may switch to or adopt certain digital asset networks or protocols at the expense of their engagement with other digital asset networks and protocols, which may negatively impact those networks and protocols, including the Stacks Network.

***The Stacks protocol was only conceived in 2017 and its “proof-of-transfer” consensus mechanisms may not function as intended, which could have an adverse impact on the value of STX and an investment in the Shares.***

The Stacks protocol was first conceived as the “Blockstack Protocol” by Muneeb Ali et al in a 2017 whitepaper. The Stacks protocol introduced the Proof-of-Transfer (“PoX”) consensus mechanism. PoX is intended to facilitate the operation of the Stacks Blockchain while leveraging the Bitcoin network’s perceived security advantages. Under proof-of-transfer, Stacks Miners become eligible to validate STX transactions by first making a depositing transfer on the Bitcoin blockchain. Such cross-blockchain interoperability is intended to allow the Stacks Blockchain to leverage the security of the Bitcoin blockchain, while allowing Bitcoin users to benefit from the smart contract capability of the Stacks protocol. PoX is a new blockchain technology that is not widely used, and may not function as intended. For example, users of PoX may require more specialized software and technical knowledge to participate in the network and fail to attract a significant number of users. PoX is still experimental, and it is still unclear to what degree it may deliver its intended results, if at all. PoX is also experimental, and it might be exploitable by those seeking its rewards without contributing to the protocol as intended or whose interests are not aligned with the larger Stacks ecosystem. In addition, there may be flaws in the cryptography or security underlying PoX, including flaws that affect functionality of the Stacks Network or make the network vulnerable to attack. For example, on January 6, 2025, the Stacks Network experienced a significant disruption, later attributed to a drop in Stacker participation, and was offline for approximately 5 hours. The development of the Stacks Network is ongoing and any further disruption could have a material adverse effect on the value of STX and an investment in the Shares. This risk can be considered heightened for a blockchain network whose majority of blockchain nodes are controlled by a single party or a coalition of parties, such as has historically been the case with the Stacks Network. For example, a party or parties who control the majority of a blockchain’s nodes may engage in self-interested behavior that is not beneficial to the network as a whole.

***The current iteration of the Stacks Network mainnet only launched in 2021 and cross-blockchain scaling solutions are a new technology that could fail to attract users, which could have an adverse impact on the value of STX and an investment in the Shares.***

The Stacks Network, the peer-to-peer platform on which STX is the native digital currency, is a blockchain-based platform designed to scale and diversify the Bitcoin ecosystem. The current iteration of the Stacks Network mainnet only launched in 2021 and as a result, has an extremely limited operating history. There can be no guarantee that STX will achieve market acceptance as a digital asset. Any failure by STX to gain broad market acceptance may have a negative impact on the value of the shares. In addition, although the technology on which STX relies has gained some traction, it remains a relatively novel technology and operating such technology requires significant expertise. Any failure to attract or retain users including due to reduced interest in such technology could have an adverse impact on the value of STX and an investment in the Shares.

***Smart contracts are a new technology and ongoing development may magnify initial problems, cause volatility on the networks that use smart contracts and reduce interest in them, which could have an adverse impact on the value of STX.***

Smart contracts are programs that run on a blockchain that execute automatically when certain conditions are met. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming can have damaging effects. For example, in June 2016, a vulnerability in the smart contracts underlying The DAO, a distributed autonomous organization for venture capital funding, allowed an attack by a hacker to syphon approximately \$60 million worth of Ether from The DAO's accounts into a segregated account. In the aftermath of the theft, certain developers and core contributors pursued a "hard fork" of the Ethereum Network in order to erase any record of the theft. Despite these efforts, the price of Ether dropped approximately 35% in the aftermath of the attack and subsequent hard fork. In addition, in July 2017, a vulnerability in a smart contract for a multi-signature wallet software developed by Parity led to a \$30 million theft of Ether, and in November 2017, a new vulnerability in Parity's wallet software led to roughly \$160 million worth of Ether being indefinitely frozen in an account. Other smart contracts, such as bridges between blockchain networks and DeFi protocols have also been manipulated, exploited or used in ways that were not intended or envisioned by their creators such that attackers syphoned over \$3.8 billion worth of digital assets from smart contracts in 2022. Initial problems and continued problems with the development, design and deployment of smart contracts may have an adverse effect on the value of STX, which could have a negative impact on the value of the Shares.

***Changes in the governance of a digital asset network or protocol may not receive sufficient support from users and Stacks Miners or Stackers, which may negatively affect that digital asset network's or protocol's ability to grow and respond to challenges.***

The governance of some digital asset networks and protocols, such as the Stacks Network, is generally by voluntary consensus and open competition. For such networks and protocols, there may be a lack of consensus or clarity on that network's or protocol's governance, which may stymie such network's or protocol's utility, adaptability and ability to grow and face challenges.

The foregoing notwithstanding, the underlying software for some digital asset networks and protocols, such as the Stacks Network, is informally or formally managed or developed by a group of core developers that propose amendments to the relevant network's or protocol's source code. Core developers' roles may evolve over time, generally based on self-determined participation. If a significant majority of users and Stacks Miners or Stackers were to adopt amendments to the Stacks Network based on the proposals of such core developers, the Stacks Network would be subject to new protocols that may adversely affect the value of STX.

As a result of the foregoing, it may be difficult to find solutions or marshal sufficient effort to overcome any future problems, especially long-term problems, on digital asset networks.

***Digital asset networks face significant scaling challenges and efforts to increase the volume and speed of transactions may not be successful.***

Many digital asset networks face significant scaling challenges due to the fact that public, permissionless blockchains generally face a tradeoff between security and scalability. One means through which digital asset networks that utilize public, permissionless blockchains achieve security is decentralization, meaning that no intermediary is responsible for securing and maintaining these systems. For example, a greater degree of decentralization of a public, permissionless blockchain generally means a given digital asset network is less susceptible to manipulation or capture. In practice, this typically means that every single node on a given digital asset network is responsible for securing the system by processing every transaction and maintaining a copy of the entire state of the network. As a result, a digital asset network that utilizes a public, permissionless blockchain may be limited in the number of transactions it can process by the computing capabilities of each single fully participating node. Many developers are actively researching and testing scalability solutions for public blockchains that do not necessarily result in lower levels of security or decentralization, such as off-chain payment channels and Layer 2 networks. Off-chain payment channels would allow parties to transact without requiring the full processing power of a blockchain. Layer 2 networks can increase the scalability of a blockchain by allowing users to transact on a second blockchain deployed on top of a "Layer 1" network.

As of December 31, 2025, the Stacks Network handled approximately 0.26 transactions per second. In an effort to increase the volume of transactions that can be processed on a given digital asset network, many digital assets are being upgraded with various features to increase the speed and throughput of digital asset transactions.

As corresponding increases in throughput lag behind growth in the use of digital asset networks, average transaction fees and settlement times may increase considerably. Since the commencement of the Trust's operations, the average STX transaction fee is 0.3 STX per transaction. Increased transaction fees and decreased settlement speeds could preclude certain uses for STX (e.g., micropayments) and could reduce demand for, and the price of, STX, which could adversely impact the value of the Shares.

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement or throughput of Stacks Network transactions will be effective, or how long these mechanisms will take to become effective, which could adversely impact the value of the Shares.

***Digital asset networks are developed by a diverse set of contributors and the perception that certain high-profile contributors will no longer contribute to the network could have an adverse effect on the market price of the related digital asset.***

Digital asset networks and related protocols are often developed by a diverse set of contributors, but are also often developed by identifiable and high-profile contributors. The perception that certain high-profile contributors may no longer contribute to the applicable digital asset network or protocol may have an adverse effect on the market price of any related digital assets. For example, in June 2017, an unfounded rumor circulated that Ethereum protocol developer Vitalik Buterin had died. Following the rumor, the price of Ether decreased approximately 20% before recovering after Buterin himself dispelled the rumor. Some have speculated that the rumor led to the decrease in the price of Ether. In the event a high-profile contributor, or group of contributors, to the Stacks Network is perceived as no longer contributing to the Stacks Network due to death, retirement, withdrawal, incapacity, focusing on other digital asset projects or otherwise, whether or not such perception is valid, it could negatively affect the price of STX, which could adversely impact the value of the Shares.

***Digital assets may have concentrated ownership and large sales or distributions by holders of such digital assets, or any ability to participate in or otherwise influence a digital asset's underlying network, could have an adverse effect on the market price of such digital asset.***

It is possible that other persons or entities control multiple wallets that collectively hold a significant amount of STX, even if they individually only hold a small amount, and it is possible that some of these wallets are controlled by the same person or entity. As a result of this concentration of ownership, large sales or distributions by such holders could have an adverse effect on the market price of STX.

***If the digital asset reward for producing blocks and transaction fees for recording transactions on the Stacks Network are not sufficiently high to incentivize Stacks Miners, or if certain jurisdictions continue to limit or otherwise regulate validating activities, Stacks Miners and Stackers may cease supporting the network or demand high transaction fees, which could negatively impact the value of STX and the value of the Shares of the Trust holding STX.***

If the digital asset rewards for processing blocks or the transaction fees for recording transactions on the Stacks Network are not sufficiently high to incentivize Stacks Miners or Stackers, as applicable, or if certain jurisdictions continue to limit or otherwise regulate validating activities, Stacks Miners and Stackers may cease validating blocks and confirmations of transactions on the Stacks Blockchain could be slowed. For example, the realization of one or more of the following risks could materially adversely affect the value of the Shares:

- If the profit margins of digital asset validating operations are not sufficiently high, including due to an increase in electricity costs, digital asset validators are more likely to immediately sell digital assets earned by validating, resulting in an increase in liquid supply of that digital asset, which would generally tend to reduce that digital asset's market price.
- A reduction in Bitcoin contributed by Stacks Miners or STX Stacked by Stackers could increase the likelihood of a malicious actor or botnet obtaining control on the Stacks Network. See “—If a malicious actor or botnet obtains control of more than 50% of the Bitcoin contributed by Stacks Miners to support the Stacks Network, or otherwise obtains control over the Stacks Network through its influence over core developers, such actor or botnet could manipulate the Blockchain to adversely affect the value of the Shares or the ability of the Trust to operate.”

- Validators have historically accepted relatively low transaction confirmation fees on most digital asset networks. If Stacks Miners demand higher transaction fees for recording transactions in the Stacks Blockchain or a software upgrade automatically charges higher fees for all transactions on the Stacks Network, the cost of using STX may increase and the marketplace may be reluctant to accept STX as a means of payment. Alternatively, Stacks Miners or Stackers could collude in an anti-competitive manner to reject low transaction fees on the Stacks Network and force users to pay higher fees, thus reducing the attractiveness of the Stacks Network. Higher transaction confirmation fees resulting from collusion or otherwise may adversely affect the attractiveness of the Stacks Network, the value of STX and the value of the Shares.
- To the extent that any Stacks Miners cease to record transactions that do not include the payment of a transaction fee in validated blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on the Blockchain until a block is produced by a Stacks Miner who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays in the recording of transactions could result in a loss of confidence in the digital asset network.
- Digital asset validating operations can consume significant amounts of electricity, which may have a negative impact and give rise to public opinion against allowing, or government regulations restricting, the use of electricity for validating operations. Additionally, Stacks Miners and Stackers may be forced to cease operations during an electricity shortage or power outage.
- During the course of ordering transactions and validating blocks, validators may be able to prioritize certain transactions in return for increased transaction fees, an incentive system known as “Maximal Extractable Value” or “MEV.” For example, in blockchain networks that facilitate DeFi protocols in particular, such as the Ethereum Network, users may attempt to gain an advantage over other users by increasing offered transaction fees. Certain software solutions, such as Flashbots, have been developed which facilitate validators in capturing MEV produced by these increased fees. The MEV incentive system may lead to an increase in transaction fees on the Ethereum Network, which may diminish its use. Users or other stakeholders on the Stacks Network could also view the existence of MEV as unfair manipulation of decentralized digital asset networks, and refrain from using DeFi protocols or the Stacks Network generally. In addition, it’s possible regulators or legislators could enact rules which restrict the use of MEV, which could diminish the popularity of the Stacks Network among users and Stacks Miners and Stackers. Any of these or other outcomes related to MEV may adversely affect the value of STX and the value of the Shares.

***If a malicious actor or botnet obtains control of more than 50% of the Bitcoin contributed by Stacks Miners to support the Stacks Network, or otherwise obtains control over the Stacks Network through its influence over core developers, such actor or botnet could manipulate the Blockchain to adversely affect the value of the Shares or the ability of the Trust to operate.***

All networked systems are vulnerable to various types of attacks. As with any computer network, the Stacks Network could be attacked. For example, the Stacks Network is currently vulnerable to attacks where, if a party or group of acting in concert were to gain control of more than 50% of the Bitcoin contributed by Stacks Miners to support the Stacks Network, a malicious actor may be able to manipulate the Stacks Network. Depending on the nature of the control, this may allow the malicious actor to engage in a wide range of undesirable behaviors, including, but not limited to, temporarily impeding or delaying block confirmation, causing a fork in the blockchain, engaging in double-spending or fraudulent block propagation, or censoring transactions or communications, among other possible negative activities. The consequences of these behaviors may be temporary or permanent depending on the nature of the malicious actor’s control.

Further, publicly available real-time data regarding the distribution of Bitcoin contributions among Stacks Miners does not appear to be readily accessible without sophisticated analytics tools. This limited transparency into whether a small number of Stacks Miners may be contributing a majority of Bitcoin itself represents risk that an individual or small group of coordinated parties may exert outsized influence over network consensus, whether historically, presently, or in the future.

By analogy, in proof-of-work networks, if a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power on a proof-of-work network, it may be able to alter the Blockchain by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could also control, exclude or

modify the ordering of transactions. For example, in August 2020, the Ethereum Classic Network, a proof-of-work network, was the target of two double-spend attacks by an unknown actor or actors that gained more than 50% of the processing power of the Ethereum Classic Network. The attacks resulted in reorganizations of the Ethereum Classic Blockchain that allowed the attacker or attackers to reverse previously recorded transactions in excess of over \$5.0 million and \$1.0 million. In addition, in May 2019, the Bitcoin Cash network, a proof-of-work network, experienced a >50% attack when two large mining pools reversed a series of transactions in order to stop an unknown miner from taking advantage of a flaw in a recent Bitcoin Cash protocol upgrade. Although this particular attack was arguably benevolent, the fact that such coordinated activity was able to occur may negatively impact perceptions of the Bitcoin Cash network. Although the two attacks described above took place on proof-of-work-based networks, it is possible that a similar attack may occur on the Stacks Network, which could negatively impact the value of STX and the value of the Shares.

Proof-of-stake networks may also become vulnerable to different types of attacks depending on how much control is concentrated among validators. For example, the Ethereum Network is currently vulnerable to several types of attacks, including:

- “>33% attack” where, if a malicious actor, validator, botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) or group of validators acting in concert were to gain control of more than 33% of the total staked STX on the Stacks Network, a malicious actor could temporarily impede or delay block confirmation or even cause a temporary fork in the blockchain. This is designed to be a temporary risk, as the Stacks Network’s inactivity leak would be expected to eventually penalize the attacker enough for the chain to finalize again (i.e., the honest majority would be expected to reclaim 2/3rd stake as the attacker’s stake is penalized). Moreover, it is not believed that a 33% attack would allow a malicious actor to engage in double-spending or fraudulent block propagation. Even without 33% control, a malicious actor or botnet could create a flood of transactions in order to slow down the Stacks Network
- “>50% attack” where, if a malicious actor, validator, botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) or group of validators acting in concert were to gain control of more than 50% of the total staked STX on the Ethereum Network, a malicious actor would be able to manipulate transactions on the blockchain, including censoring transactions, double-spending and fraudulent block propagation, potentially for an extended period or even permanently. In theory, the minority non-attackers might reach social consensus to reject blocks proposed by the malicious majority attacker, reducing the attacker’s ability to engage in malicious activity, but there can be no assurance this would happen or that non-attackers would be able to coordinate effectively. To the extent that such malicious actor or botnet did not yield its control of the validating power on the Stacks Network or the Stacks community did not reject the fraudulent blocks as malicious, reversing any changes made to the Stacks Blockchain may not be possible.
- “>66% attack” where, if a malicious actor, validator, botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) or group of validators acting in concert were to gain control of more than 66% of the total staked Ether on the Stacks Network, a malicious actor could permanently and irreversibly manipulate the blockchain, including censorship, double-spending and fraudulent block propagation. Although the malicious actor or botnet would not be able to generate new tokens or transactions using such control, it could “double-spend” its own tokens (i.e., spend the same tokens in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. The attacker could finalize their preferred chain without any consideration for the votes of other stakers and could also revert finalized blocks.

If groups of coordinating or connected Stacks Miners that collectively control more than 50% of Bitcoin contributed to supporting the Stacks Network, they could exert authority over the processing of STX transactions. This risk is heightened if a majority of Bitcoin contributed to supporting the network is from holders within the jurisdiction of a single governmental authority. If network participants, including the core developers and the administrators of Stacks Miners and Stackers, do not act to ensure greater decentralization of the network, the feasibility of a malicious actor obtaining control of the Stacks Network will increase, which may adversely affect the value of the Shares.

A malicious actor may also obtain control over the Stacks Network through its influence over core developers by gaining direct control over a core developer or an otherwise influential programmer. The less that the Stacks ecosystem grows, the greater the possibility that a malicious actor may be able to maliciously influence the Stacks Network in this manner. Moreover, it is possible that an individual or group controlling processing power exceeding the requisite thresholds to

manipulate the Stacks Network are in fact part of the initial or current core developer group, or are otherwise influential members of the Stacks community. To the extent that the initial or current core developer groups also control more than the requisite amount of processing power, the risk of this particular group of users causing the Stacks Network to adopt updates to the core protocol that this particular group wants to be implemented will be even greater, and should this materialize, it may adversely affect the value of STX and the value of the Shares.

***A temporary or permanent “fork” or a “clone” could adversely affect the value of the Shares.***

The Stacks Network operates using open-source protocols, meaning that any user can download the software, modify it and then propose that the users or nodes supporting the network adopt the modification. When a modification is introduced and a substantial majority of nodes supporting the network consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of Stacks Miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “hard fork” of the Stacks Network, with one group running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of STX running in parallel, yet lacking interchangeability. For example, in September 2022, the Ethereum Network transitioned to a proof-of-stake model, in an upgrade referred to as the “Merge.” Following the Merge, a hard fork of the Ethereum Network occurred, as certain Ethereum miners and network participants planned to maintain the proof-of-work consensus mechanism that was removed as part of the Merge. This version of the network was rebranded as “Ethereum Proof-of-Work.”

Forks may also occur as a digital asset network community’s response to a significant security breach. For example, in July 2016, Ethereum “forked” into Ethereum and a new digital asset, Ethereum Classic, as a result of the Ethereum Network community’s response to a significant security breach. In June 2016, an anonymous hacker exploited a smart contract running on the Ethereum Network to syphon approximately \$60 million of Ether held by The DAO, a distributed autonomous organization, into a segregated account. In response to the exploit, most participants in the Ethereum community elected to adopt a “fork” that effectively reversed the exploit. However, a minority of users continued to develop the original blockchain, referred to as “Ethereum Classic” with the digital asset on that blockchain now referred to as ETC. ETC now trades on several Digital Asset Trading Platforms. A fork may also occur as a result of an unintentional or unanticipated software flaw in the various versions of otherwise compatible software that users run. Such a fork could lead to users and validators abandoning the digital asset with the flawed software. It is possible, however, that a substantial number of users and validators could adopt an incompatible version of the digital asset while resisting community-led efforts to merge the two chains. This could result in a permanent fork, as in the case of Ethereum and Ethereum Classic.

Furthermore, a hard fork can lead to new security concerns. For example, when the Ethereum and Ethereum Classic networks, two other digital asset networks, split in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued Ethereum trading platforms through at least October 2016. An Ethereum trading platform announced in July 2016 that it had lost 40,000 Ethereum Classic, worth about \$100,000 at that time, as a result of replay attacks. Similar replay attack concerns occurred in connection with the Bitcoin Cash and Bitcoin Satoshi’s Vision networks split in November 2018. Another possible result of a hard fork is an inherent decrease in the level of security due to significant amounts of validating power remaining on one network or migrating instead to the new forked network. After a hard fork, it may become easier for an individual validator or validating pool’s validating power to exceed 50% of the validating power of a digital asset network that retained or attracted less validating power, thereby making digital asset networks that rely on proof-of-stake more susceptible to attack.

Digital asset networks and related protocols may also be cloned. Unlike a fork of a digital asset network, which modifies an existing blockchain and results in two competing digital asset networks, each with the same genesis block, a “clone” is a copy of a protocol’s codebase, but results in an entirely new blockchain and new genesis block. Tokens are created solely from the new “clone” network and, in contrast to forks, holders of tokens of the existing network that was cloned do not receive any tokens of the new network. A “clone” results in a competing network that has characteristics substantially similar to the network it was based on, subject to any changes as determined by the developer(s) that initiated the clone.

A hard fork may adversely affect the price of STX at the time of announcement or adoption. For example, the announcement of a hard fork could lead to increased demand for the pre-fork digital asset, in anticipation that ownership of the pre-fork digital asset would entitle holders to a new digital asset following the fork. The increased demand for the

pre-fork digital asset may cause the price of the digital asset to rise. After the hard fork, it is possible the aggregate price of the two versions of the digital asset running in parallel would be less than the price of the digital asset immediately prior to the fork. Furthermore, while the Trust would be entitled to both versions of the digital asset running in parallel, the Sponsor will, as permitted by the terms of the Trust Agreement, determine which version of the digital asset is generally accepted as the Stacks Network and should therefore be considered the appropriate network for the Trust's purposes, and there is no guarantee that the Sponsor will choose the digital asset that is ultimately the most valuable fork. Either of these events could therefore adversely impact the value of the Shares. As an illustrative example of a digital asset hard fork, following the DAO hack in July 2016, holders of Ether voted on-chain to reverse the hack, effectively causing a hard fork. For the days following the vote, the price of Ether rose from \$11.65 on July 15, 2016 to \$14.66 on July 21, 2016, the day after the first Ethereum Classic block was mined. A clone may also adversely affect the price of STX at the time of announcement or adoption. For example, on November 6, 2016, Rhett Creighton, a Zcash developer, cloned the Zcash network to launch Zclassic, a substantially identical version of the Zcash network that eliminated the Founders' Reward. For the days following the date the first Zclassic block was mined, the price of ZEC fell from \$504.57 on November 5, 2016 to \$236.01 on November 7, 2016 in the midst of a broader sell off of ZEC beginning immediately after the Zcash network launch on October 28, 2016.

A future fork in or clone of the Stacks Network could adversely affect the value of the Shares or the ability of the Trust to operate.

***In the event of a hard fork of the Stacks Network, the Sponsor will, if permitted by the terms of the Trust Agreement, use its discretion to determine which network should be considered the appropriate network for the Trust's purposes, and in doing so may adversely affect the value of the Shares.***

In the event of a hard fork of the Stacks Network, the Sponsor will, as permitted by the terms of the Trust Agreement, use its discretion to determine, in good faith, which digital asset network, among a group of incompatible forks of the Stacks Network, is generally accepted as the Stacks Network and should therefore be considered the appropriate digital asset network for the Trust's purposes. The Sponsor will base its determination on a variety of then relevant factors, including, but not limited to, the Sponsor's beliefs regarding expectations of the core developers of STX, users, services, businesses, Stacks Miners, Stackers, and other constituencies, as well as the actual continued acceptance of, Bitcoin underlying, and community engagement with, the Stacks Network. There is no guarantee that the Sponsor will choose the digital asset network or digital asset that is ultimately the most valuable fork, and the Sponsor's decision may adversely affect the value of the Shares as a result. The Sponsor may also disagree with shareholders, security vendors and the Reference Rate Provider on what is generally accepted as STX and should therefore be considered "STX" for the Trust's purposes, which may also adversely affect the value of the Shares as a result.

***Any name change and any associated rebranding initiative by the core developers of STX may not be favorably received by the digital asset community, which could negatively impact the value of STX and the value of the Shares.***

From time to time, digital assets may undergo name changes and associated rebranding initiatives. For example, Bitcoin Cash may sometimes be referred to as Bitcoin ABC in an effort to differentiate itself from any Bitcoin Cash hard forks, such as Bitcoin Satoshi's Vision, and in the third quarter of 2018, the team behind ZEN rebranded and changed the name of ZenCash to "Horizen." We cannot predict the impact of any name change and any associated rebranding initiative on the Stacks Network or STX. After a name change and an associated rebranding initiative, a digital asset may not be able to achieve or maintain brand name recognition or status that is comparable to the recognition and status previously enjoyed by such digital asset. The failure of any name change and any associated rebranding initiative by a digital asset may result in such digital asset not realizing some or all of the anticipated benefits contemplated by the name change and associated rebranding initiative, and could negatively impact the value of STX and the value of the Shares.

***If the Stacks Network is used to facilitate illicit activities, businesses that facilitate transactions in STX could be at increased risk of criminal or civil lawsuits, or of having services cut off, which could negatively affect the price of STX and the value of the Shares.***

Digital asset networks have in the past been, and may continue to be, used to facilitate illicit activities. If the Stacks Network is used to facilitate illicit activities, businesses that facilitate transactions in STX may be at increased risk of potential criminal or civil lawsuits, or of having banking or other services cut off, if there is a concern that certain smart contracts on the Stacks Network could interfere with the performance of anti-money laundering activities and economic

sanctions checks. There is also a risk that Digital Asset Trading Platforms may remove STX from their platforms as a result of these concerns. Other service providers of such businesses may also cut off services if there is a concern that the Stacks Network is being used to facilitate crime. Any of the aforementioned occurrences could increase regulatory scrutiny of the Stacks Network and/or adversely affect the price of STX, the attractiveness of the Stacks Network and an investment in the Shares of the Trust.

When the Trust and the Sponsor, acting on behalf of the Trust, sell or deliver, as applicable, STX, Incidental Rights and/or IR Virtual Currency, they generally do not transact directly with counterparties other than the Authorized Participant, a Liquidity Provider or other similarly eligible financial institutions that are subject to federal and state licensing requirements and maintain practices and policies designed to comply with AML and KYC regulations. When an Authorized Participant, or Liquidity Provider sources STX in connection with the creation of the Shares or facilitates transactions in STX at the direction of the Trust or the Sponsor, it directly faces its counterparty and, in all instances, the Authorized Participant or Liquidity Provider, as applicable, follow policies and procedures designed to ensure that it knows the identity of its counterparty. The Authorized Participant is a registered broker-dealer and therefore subject to AML and countering the financing of terrorism obligations under the Bank Secrecy Act as administered by FinCEN and further overseen by the SEC and FINRA.

In accordance with its regulatory obligations, the Authorized Participant, or Liquidity Provider, conducts customer due diligence and enhanced due diligence on its counterparties, which enables it to determine each counterparty's AML and other risks and assign an appropriate risk rating.

As part of its counterparty onboarding process, each of the Authorized Participant and the Liquidity Provider uses third-party services to screen prospective counterparties against various watch lists, including the Specially Designated Nationals List of the Treasury Department Office of Foreign Assets Control ("OFAC") and countries and territories identified as non-cooperative by the Financial Action Task Force. If the Sponsor, the Trust, the Authorized Participant or the Liquidity Provider were nevertheless to transact with such a sanctioned entity, the Sponsor, the Trust, the Authorized Participant and the Liquidity Provider would be at increased risk of potential criminal or civil lawsuits.

## **Risk Factors Related to the Digital Asset Markets**

***Recent developments in the digital asset economy have led to extreme volatility and disruption in digital asset markets, a loss of confidence in participants of the digital asset ecosystem, significant negative publicity surrounding digital assets broadly and market-wide declines in liquidity.***

In the past and through to the date of this Annual Report, digital asset prices have experienced significant fluctuations, leading to volatility and disruption in the digital asset markets and financial difficulties for several prominent industry participants, including Digital Asset Trading Platforms, hedge funds and lending platforms. For example, in the first half of 2022, digital asset lenders Celsius Network LLC and Voyager Digital Ltd. and digital asset hedge fund Three Arrows Capital each entered into insolvency proceedings. This resulted in a loss of confidence in participants in the digital asset ecosystem, negative publicity surrounding digital assets more broadly and market-wide declines in digital asset trading prices and liquidity.

Thereafter, in November 2022, FTX, the third largest Digital Asset Trading Platform by volume at the time, halted customer withdrawals amid rumors of the company's liquidity issues and likely insolvency. Shortly thereafter, FTX's CEO resigned and FTX and several affiliates of FTX filed for bankruptcy. The U.S. Department of Justice subsequently brought criminal charges, including charges of fraud, violations of federal securities laws, money laundering, and campaign finance offenses, against FTX's former CEO and others. In November 2023, FTX's former CEO was convicted of fraud and money laundering. Similar charges related to violations of anti-money laundering laws were brought in November 2023 against Binance and its former CEO.

In addition, several other entities in the digital asset industry filed for bankruptcy following FTX's bankruptcy filing, such as BlockFi Inc. and Genesis Global Capital, LLC ("Genesis Capital"), a subsidiary of Genesis Global Holdco, LLC ("Genesis Holdco"). The SEC also brought charges against Genesis Capital and Gemini Trust Company, LLC ("Gemini") in January 2023 for their alleged unregistered offer and sale of securities to retail investors. In October 2023, the New York Attorney General ("NYAG") brought charges against Gemini, Genesis Capital, Genesis Asia Pacific PTE. LTD. ("Genesis Asia Pacific"), Genesis Holdco (together with Genesis Capital and Genesis Asia Pacific, the "Genesis Entities"), Genesis Capital's former CEO, DCG, and DCG's CEO alleging violations of the New York Penal Law, the

New York General Business Law and the New York Executive Law. In February 2024, the NYAG amended its complaint to expand the charges against Gemini, the Genesis Entities, Genesis Capital's former CEO, DCG, and DCG's CEO to include harm to additional investors. Also in February 2024, the Genesis Entities entered into a settlement agreement with the NYAG to resolve the NYAG's allegations against the Genesis Entities, which settlement was subsequently approved by the Bankruptcy Court of the Southern District of New York.

On January 17, 2025, DCG agreed to entry of a cease-and-desist order and payment of a \$38 million civil money penalty arising out of the SEC's allegations that (i) DCG negligently engaged in conduct that misled investors about the impact of the default on Genesis Capital's financial condition and (ii) DCG's failure to exercise reasonable care in connection with certain statements concerning Genesis Capital's financial condition created a materially false impression to the public regarding Genesis Capital's financial health.

Furthermore, Genesis Holdco, together with certain of its subsidiaries, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in January 2023. While Genesis Holdco is not a service provider to the Trust, it is a wholly owned subsidiary of DCG, and is an affiliate of the Trust and the Sponsor.

These events have led to significant negative publicity around digital asset market participants including DCG, Genesis and DCG's other affiliated entities. This publicity could negatively impact the reputation of the Sponsor and have an adverse effect on the trading price and/or the value of the Shares. Moreover, sales of a significant number of Shares of the Trust as a result of these events could have a negative impact on the trading price of the Shares.

These events have also led to a substantial increase in regulatory and enforcement scrutiny of the industry as a whole and of Digital Asset Trading Platforms in particular, including from the Department of Justice, the SEC, the CFTC, the White House and Congress. For example, in June 2023, the SEC brought charges against Binance (the "Binance Complaint") and Coinbase (the "Coinbase Complaint"), alleging that they solicited U.S. investors to buy, sell, and trade "crypto asset securities" through their unregistered trading platforms and operated unregistered securities exchanges, brokerages and clearing agencies. Binance subsequently announced that it would be suspending USD deposits and withdrawals on Binance.US and that it plans to delist its USD trading pairs. In addition, in November 2023, the SEC brought similar charges against Kraken (the "Kraken Complaint"), alleging that it operated as an unregistered securities exchange, brokerage and clearing agency. The Binance Complaint, the Coinbase Complaint, and the Kraken Complaint have led, and may in the future lead, to further volatility in digital asset prices. Between February 2025 and May 2025, the SEC entered into court-approved joint stipulations to dismiss each of the Binance Complaint, Coinbase Complaint and the Kraken Complaint. The SEC has terminated its investigation or enforcement action into many other digital asset market participants, as well.

In January 2025, the SEC launched a crypto task force dedicated to developing a comprehensive and clear regulatory framework for digital assets led by Commissioner Hester Peirce. Subsequently, Commissioner Peirce announced a list of specific priorities to further that initiative, which included pursuing final rules related to a digital asset's security status, a revised path to registered offerings and listings for digital asset-based investment vehicles, and clarity regarding digital asset custody, lending and staking.

Digital asset markets have also been negatively impacted by the failure of entities perceived to be integral to the digital asset ecosystem. For example, in March 2023, state banking regulators placed Silicon Valley Bank and Signature Bank into Federal Deposit Insurance Corporation ("FDIC") receiverships. Also, in March 2023, Silvergate Bank announced plans to wind down and liquidate its operations. Because these banks were perceived to be the banks most open to providing services for the digital asset ecosystem in the United States, their failures may impact the willingness of banks (based on regulatory pressure or otherwise) to provide banking services to digital asset market participants. In addition, because these banks were perceived to be the banks most open to providing services for the digital asset ecosystem, their failure has caused a number of companies that provide digital asset-related services to be unable to find banks that are willing to provide them with such banking services. The inability to access banking services could negatively impact digital asset market participants and therefore the value of digital assets, including STX, and thus the Shares. In addition, although these events did not have an impact directly on the Trust or the Sponsor when these bank failures occurred, it is possible that a future closing of a bank with which the Trust or the Sponsor has a financial relationship could subject the Trust or the Sponsor to adverse conditions and pose challenges in finding an alternative suitable bank to provide the Trust or the Sponsor with bank accounts and banking services.

Events such as these that impact the wider digital asset ecosystem are continuing to develop and change at a rapid pace and it is not possible to predict at this time all of the risks that they may pose to the Sponsor, the Trust, their affiliates and/or the Trust's third-party service providers, or on the digital asset industry as a whole.

Continued disruption and instability in the digital asset markets as these events develop, including declines in the trading prices and liquidity of STX, or the failure of service providers to the Trust, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value.

***The value of the Shares relates directly to the value of STX, the value of which may be highly volatile and subject to fluctuations due to a number of factors.***

The value of the Shares relates directly to the value of the STX held by the Trust and fluctuations in the price of STX could adversely affect the value of the Shares. The market price of STX may be highly volatile, and subject to a number of factors, including:

- An increase in the global STX supply that is publicly available for trading;
- Manipulative trading activity on Digital Asset Trading Platforms, which, in many cases, are largely unregulated;
- The adoption of STX as a medium of exchange, store-of-value or other consumptive asset and the maintenance and development of the open-source software protocol of the Stacks Network;
- Forks in the Stacks Network;
- Investors' expectations with respect to interest rates, the rates of inflation of fiat currencies or STX, and Digital Asset Trading Platform rates;
- Consumer preferences and perceptions of STX specifically and digital assets generally;
- Fiat currency withdrawal and deposit policies on Digital Asset Trading Platforms;
- The liquidity of Digital Asset Markets and any increase or decrease in trading volume on Digital Asset Markets;
- Investment and trading activities of large investors that invest directly or indirectly in STX;
- An active derivatives market for STX or for digital assets generally;
- A determination that STX is a security or changes in STX's status under the federal securities laws;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations and regulatory measures or enforcement actions, if any, that restrict the use of STX as a form of payment or the purchase of STX on the Digital Asset Markets;
- Global or regional political, economic or financial conditions, events and situations, such as the novel coronavirus outbreak;
- Fees associated with processing a STX transaction and the speed at which transactions are settled on the Stacks Network;
- Interruptions in service from or closures or failures of major Digital Asset Trading Platforms;
- Decreased confidence in Digital Asset Trading Platforms due to the largely unregulated nature and lack of transparency surrounding the operations of Digital Asset Trading Platforms;
- Increased competition from other forms of digital assets or payment services; and
- The Trust's own acquisitions or dispositions of STX, since there is no limit on the amount of STX that the Trust may acquire.

In addition, there is no assurance that STX will maintain its value in the long or intermediate term. In the event that the price of STX declines, the Sponsor expects the value of the Shares to decline proportionately.

The value of a STX as represented by the Reference Rate Price or by the Trust's principal market may also be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility that could adversely affect the value of the Shares. Momentum pricing typically is associated with growth stocks and other assets

whose valuation, as determined by the investing public, accounts for future appreciation in value, if any. The Sponsor believes that momentum pricing of STX has resulted, and may continue to result, in speculation regarding future appreciation in the value of STX, inflating and making the Reference Rate Price more volatile. As a result, STX may be more likely to fluctuate in value due to changing investor confidence, which could impact future appreciation or depreciation in the Reference Rate Price and could adversely affect the value of the Shares.

***Due to the largely unregulated nature and lack of transparency surrounding the operations of Digital Asset Trading Platforms, they may experience fraud, market manipulation, business failures, security failures or operational problems, which may adversely affect the value of STX and, consequently, the value of the Shares.***

Digital Asset Trading Platforms are relatively new and, in many ways, are not subject to, or may not comply with, regulation in relevant jurisdictions in a manner similar to other regulated trading platforms, such as national securities exchanges or designated contract markets. While many prominent Digital Asset Trading Platforms provide the public with significant information regarding their on-chain activities, ownership structure, management teams, corporate practices, cybersecurity practices and regulatory compliance, many other Digital Asset Trading Platforms do not provide this information. Furthermore, while Digital Asset Trading Platforms are and may continue to be subject to federal and state licensing requirements in the United States, Digital Asset Trading Platforms do not currently appear to be subject to regulation in a similar manner as other regulated trading platforms, such as national securities exchanges or designated contract markets. As a result, the marketplace may lose confidence in Digital Asset Trading Platforms, including prominent trading platforms that handle a significant volume of STX trading.

Many Digital Asset Trading Platforms, both in the United States and abroad, are unlicensed, not subject to, or not in compliance with, regulation in relevant jurisdictions, or operate without extensive supervision by governmental authorities. In particular, those located outside the United States may be subject to significantly less stringent regulatory and compliance requirements in their local jurisdictions and may take the position that they are not subject to laws and regulations that would apply to a national securities exchange or designated contract market in the United States, or may, as a practical matter, be beyond the ambit of U.S. regulators. As a result, trading activity on or reported by these Digital Asset Trading Platforms is generally significantly less regulated than trading activity on or reported by regulated U.S. securities and commodities markets, and may reflect behavior that would be prohibited in regulated U.S. trading venues. For example, in 2022, one report claimed that trading volumes on Digital Asset Trading Platforms were inflated by over 70% due to false or non-economic trades, with specific focus on unlicensed trading platforms located outside of the United States. Such reports may indicate that the Digital Asset Trading Platform Market is significantly smaller than expected and that the U.S. makes up a significantly larger percentage of the Digital Asset Trading Platform Market than is commonly understood, or that a much larger portion of digital asset market activity takes place on decentralized finance platforms than is commonly understood. Nonetheless, any actual or perceived false trading in the Digital Asset Trading Platform Market, and any other fraudulent or manipulative acts and practices, could adversely affect the value of STX and/or negatively affect the market perception of STX, which could in turn adversely impact the value of the Shares.

The SEC has also identified possible sources of fraud and manipulation in the Digital Asset Markets generally, including, among others (1) “wash-trading”; (2) persons with a dominant position in a digital asset manipulating pricing in such digital asset; (3) hacking of the underlying digital asset network and trading platforms; (4) malicious control of the underlying digital asset network; (5) trading based on material, non-public information (for example, plans of market participants to significantly increase or decrease their holdings in a digital asset, new sources of demand for a digital asset) or based on the dissemination of false and misleading information; (6) manipulative activity involving purported “stablecoins,” including Tether; and (7) fraud and manipulation at Digital Asset Markets. The use or presence of such acts and practices in the Digital Asset Markets could, for example, falsely inflate the volume of STX present in the Digital Asset Markets or cause distortions in the price of STX, among other things that could adversely affect the Trust or cause losses to shareholders. Moreover, tools to detect and deter fraudulent or manipulative trading activities, such as market manipulation, front-running of trades, and wash-trading, may not be available to or employed by Digital Asset Markets, or may not exist at all. Many Digital Asset Markets also lack certain safeguards put in place by exchanges for more traditional assets to enhance the stability of trading on the exchanges and prevent “flash crashes,” such as limit-down circuit breakers. As a result, the prices of STX on Digital Asset Markets may be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges.

In addition, over the past several years, some Digital Asset Trading Platforms have been closed, been subject to criminal and civil litigation and have entered into bankruptcy proceedings due to fraud and manipulative activity, business failure

and/or security breaches. In many of these instances, the customers of such Digital Asset Trading Platforms were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset Trading Platforms. In some instances, customers are made whole only in dollar terms as of the Digital Asset Trading Platform's date of failure, rather than on a digital asset basis, meaning customers may still lose out on any price increase in digital assets.

While smaller Digital Asset Trading Platforms are less likely to have the infrastructure and capitalization that make larger Digital Asset Trading Platforms more stable, larger Digital Asset Trading Platforms are more likely to be appealing targets for hackers and malware. For example, in February 2025, hackers reportedly compromised a transaction from Bybit's multisignature cold wallets, enabling the hackers to steal over \$1.5 billion of Ether from Bybit. Shortcomings or ultimate failures of larger Digital Asset Trading Platforms are more likely to have contagion effects on the digital asset ecosystem, including on the price of STX, and therefore may also be more likely to be targets of regulatory enforcement action. For example, in November 2022, FTX, another of the world's largest Digital Asset Trading Platforms, filed for bankruptcy protection and subsequently halted customer withdrawals as well as trading on its FTX.US platform. Fraud, security failures and operational problems all played a role in FTX's issues and downfall. Moreover, Digital Asset Trading Platforms have been a subject of enhanced regulatory and enforcement scrutiny, and Digital Asset Markets have experienced continued instability, following the failure of FTX. In particular, in June 2023, the SEC brought the Binance Complaint and Coinbase Complaint, alleging that Binance and Coinbase operated unregistered securities exchanges, brokerages and clearing agencies. In addition, in November 2023, the SEC brought the Kraken Complaint, alleging that Kraken operated as an unregistered securities exchange, brokerage and clearing agency. Between February 2025 and May 2025, the SEC entered into court-approved joint stipulations to dismiss each of the Binance Complaint, Coinbase Complaint and the Kraken Complaint. The SEC has terminated its investigation or enforcement action into many other digital asset market participants as well.

Negative perception, a lack of stability and standardized regulation in the Digital Asset Markets and/or the closure or temporary shutdown of Digital Asset Trading Platforms due to fraud, business failure, security breaches or government mandated regulation, and associated losses by customers, may reduce confidence in the Stacks Network and result in greater volatility in the prices of STX. Furthermore, the closure or temporary shutdown of a Digital Asset Trading Platform used in calculating the Reference Rate Price may result in a loss of confidence in the Trust's ability to determine its NAV on a daily basis. These potential consequences of such a Digital Asset Trading Platform's failure could adversely affect the value of the Shares.

***Digital Asset Trading Platforms may be exposed to front-running.***

Digital Asset Trading Platforms may be susceptible to "front-running," which refers to the process when someone uses technology or market advantage to get prior knowledge of upcoming transactions. Front-running is a frequent activity on centralized as well as decentralized trading platforms. By using bots functioning on a millisecond-scale timeframe, bad actors are able to take advantage of the forthcoming price movement and make economic gains at the cost of those who had introduced these transactions. The objective of a front runner is to buy tokens at a low price and later sell them at a higher price while simultaneously exiting the position. To the extent that front-running occurs, it may result in investor frustrations and concerns as to the price integrity of Digital Asset Trading Platforms and digital assets more generally.

***Digital Asset Trading Platforms may be exposed to wash-trading.***

Digital Asset Trading Platforms may be susceptible to wash-trading. Wash-trading occurs when offsetting trades are entered into for other than bona fide reasons, such as the desire to inflate reported trading volumes. Wash-trading may be motivated by non-economic reasons, such as a desire for increased visibility on popular websites that monitor markets for digital assets so as to improve a trading platform's attractiveness to investors who look for maximum liquidity, or it may be motivated by the ability to attract listing fees from token issuers who seek the most liquid and high-volume trading platforms on which to list their tokens. Results of wash-trading may include unexpected obstacles to trade and erroneous investment decisions based on false information.

Even in the United States, there have been allegations of wash-trading even on regulated venues. Any actual or perceived false trading on Digital Asset Trading Platforms, and any other fraudulent or manipulative acts and practices, could adversely affect the value of STX and/or negatively affect the market perception of STX.

To the extent that wash-trading either occurs or appears to occur in Digital Asset Trading Platforms, investors may develop negative perceptions about STX and the digital assets industry more broadly, which could adversely impact the price of STX and, therefore, the price of the Shares. Wash-trading also may place more legitimate Digital Asset Trading Platforms at a relative competitive disadvantage.

***The Reference Rate has a limited history and a failure of the Reference Rate Price could adversely affect the value of the Shares.***

The Reference Rate has a limited history and the Reference Rate Price is an average composite reference rate calculated using trading price data from various Digital Asset Trading Platforms chosen by the Reference Rate Provider. The Digital Asset Trading Platforms chosen by the Reference Rate Provider have also changed over time. The Reference Rate Provider may remove or add Digital Asset Trading Platforms to the Reference Rate in the future at its discretion. For more information on the inclusion criteria for Digital Asset Trading Platforms in the Reference Rate, see “Grayscale Stacks Trust (STX)—The Reference Rate and the Reference Rate Price.”

Although the Reference Rate is designed to accurately capture the market price of STX, third parties may be able to purchase and sell STX on public or private markets not included among the Constituent Trading Platforms of the Reference Rate, and such transactions may take place at prices materially higher or lower than the Reference Rate Price. Moreover, there may be variances in the prices of STX on the various Digital Asset Trading Platforms, including as a result of differences in fee structures or administrative procedures on different Digital Asset Trading Platforms. For example, based on data provided by the Reference Rate Provider, on any given day during the year ended December 31, 2025, the maximum differential between the 4:00 p.m., New York time spot price of any single Digital Asset Trading Platform included in the Reference Rate and the Reference Rate Price was 2.48% and the average of the maximum differentials of the 4:00 p.m., New York time spot price of each Digital Asset Trading Platform included in the Reference Rate and the Reference Rate Price was 2.48%. During this same period, the average differential between the 4:00 p.m., New York time spot prices of all the Digital Asset Trading Platforms included in the Reference Rate and the Reference Rate Price was 0.04%. All Digital Asset Trading Platforms that were included in the Reference Rate throughout the period were considered in this analysis. To the extent such prices differ materially from the Reference Rate Price, investors may lose confidence in the Shares’ ability to track the market price of STX, which could adversely affect the value of the Shares.

***The Reference Rate Price used to calculate the value of the Trust’s STX may be volatile, and purchasing activity in the Digital Asset Markets associated with Basket creations may affect the Reference Rate Price and Share trading prices, adversely affecting the value of the Shares.***

The price of STX on public Digital Asset Trading Platforms has a very limited history, and during this history, STX prices on the Digital Asset Markets more generally, and on Digital Asset Trading Platforms individually, have been volatile and subject to influence by many factors, including operational interruptions. While the Reference Rate is designed to limit exposure to the interruption of individual Digital Asset Trading Platforms, the Reference Rate Price, and the price of STX generally, remains subject to volatility experienced by Digital Asset Trading Platforms, and such volatility could adversely affect the value of the Shares. For example, since the commencement of the Trust’s operations, the Reference Rate Price ranged from \$0.24 to \$2.78, with the straight average being \$1.12 through December 31, 2025. In addition, during the year ended December 31, 2025, the Reference Rate Price ranged from \$0.24 to \$1.83. The Sponsor has not observed a material difference between the Reference Rate Price and average prices from the Constituent Trading Platforms individually or as a group. The price of STX more generally has experienced volatility similar to the Reference Rate Price during these periods. For additional information on movement of the Reference Rate Price and the price of STX, see “Management’s Discussion and Analysis—Historical STX Prices.”

Furthermore, because the number of Digital Asset Trading Platforms is limited, the Reference Rate will necessarily be comprised of a limited number of Digital Asset Trading Platforms. If a Digital Asset Trading Platform were subjected to regulatory, volatility or other pricing issues, the Reference Rate Provider would have limited ability to remove such Digital Asset Trading Platform from the Reference Rate, which could skew the price of STX as represented by the Reference Rate. Trading on a limited number of Digital Asset Trading Platforms may result in less favorable prices and decreased liquidity of STX and, therefore, could have an adverse effect on the value of the Shares.

Purchasing activity associated with acquiring STX required for the creation of Baskets may increase the market price of STX on the Digital Asset Markets, which will result in higher prices for the Shares. Increases in the market price of STX

may also occur as a result of the purchasing activity of other market participants. Other market participants may attempt to benefit from an increase in the market price of STX that may result from increased purchasing activity of STX connected with the issuance of Baskets. Consequently, the market price of STX may decline immediately after Baskets are created. Decreases in the market price of STX may also occur as a result of sales in Secondary Markets by other market participants. If the Reference Rate Price declines, the value of the Shares will generally also decline.

***Competition from the emergence or growth of other digital assets could have a negative impact on the price of STX and adversely affect the value of the Shares.***

As of December 31, 2025, STX was the 89th largest digital asset by market capitalization, as tracked by CoinMarketCap.com. As of December 31, 2025, the digital assets tracked by CoinMarketCap.com had a total market capitalization of approximately \$2,678.0 billion (including the approximately \$444.5 million market cap of STX), as calculated using market prices and total available supply of each digital asset, excluding stablecoins and tokens pegged to other assets. STX faces competition from a wide range of digital assets, including Bitcoin and Ether. Many consortiums and financial institutions are also researching and investing resources into private or permissioned blockchain platforms, rather than open platforms like the Stacks Network. In addition, STX is supported by fewer trading platforms than more established digital assets, such as Bitcoin and Ether, which could impact its liquidity. Further, STX is in direct competition to other Bitcoin-related crypto assets, such as CORE, Rootstock, Merlin, and Bouncebit among others. Competition from the emergence or growth of Bitcoin-scaling digital assets could have a negative impact on the demand for, and price of, Stacks and thereby adversely affect the value of the Shares. Moreover, a number of other digital assets also function as smart contract platforms, including the Ethereum Network, the Avalanche network and the Cardano network. Some industry groups have also created private, permissioned blockchains. For example, J.P. Morgan has developed a platform called Kinexys (formerly known as Onyx), which is described as a blockchain-based platform designed for use by the financial services industry.

Investors may invest in STX through means other than an investment in the Shares, including through direct investments in STX and other potential financial vehicles, possibly including securities backed by or linked to STX and digital asset financial vehicles similar to the Trust. Market and financial conditions, and other conditions beyond the Sponsor's control, may make it more attractive to invest in other financial vehicles or to invest in STX directly, which could limit the market for, and reduce the liquidity of, the Shares. In addition, to the extent digital asset financial vehicles other than the Trust tracking the price of STX are formed and represent a significant proportion of the demand for STX, large purchases or redemptions of the securities of these digital asset financial vehicles, or private funds holding STX, could negatively affect the Reference Rate Price, the NAV, the NAV per Share, the value of the Shares, the Principal Market NAV and the Principal Market NAV per Share. Moreover, any reduced demand for Shares of the Trust may cause the Shares of the Trust to trade at a discount to the NAV per Share.

***Congestion or delays on the Stacks Network may delay purchases or sales of STX by the Trust.***

Increased transaction or staking activity on the Stacks Network could result in delays in recording transactions or processing staking and unstaking operations due to network congestion. Moreover, unforeseen system failures, disruptions in validator operations, or connectivity issues may also result in delays in the recording of transactions on the Blockchain.

Any such delays could affect an Authorized Participant's ability to buy or sell STX at an advantageous price and may result in decreased confidence in the Stacks Network. Over the longer term, persistent delays in transaction confirmation or network responsiveness could reduce the attractiveness of the Stacks Network to participants and adversely affect the value of STX and the Trust.

***The SEC has approved generic listing standards for commodity-based trust shares and may approve other applications under Rule 19b-4 of the Exchange Act to list competing digital assets as exchange-traded products, which could reduce demand for, and the price of, STX and adversely impact the value of the Shares.***

To date, the SEC has approved applications under Rule 19b-4 of the Exchange Act to list spot digital asset exchange-traded products which hold Bitcoin and Ether as well as generic listing standards for commodity-based trust shares holding digital assets. To the extent competing digital asset exchange-traded products come to represent a significant proportion of the demand for digital assets generally, demand for, and the price of, STX could be reduced. Such reduced demand could in turn negatively affect the Reference Rate Price, the NAV, the NAV per Share, the value of the Shares, the Principal Market NAV and the Principal Market NAV per Share. Accordingly, there can be no assurance that the Trust

will be able to maintain its scale and achieve its intended competitive positioning relative to competitors, which could adversely affect the performance of the Trust and the value of the Shares.

***Competition from central bank digital currencies (“CBDCs”) and emerging payments initiatives involving financial institutions could adversely affect the price of STX and other digital assets.***

Central banks in various countries have introduced digital forms of legal tender (“CBDCs”). China’s CBDC project, known as Digital Currency Electronic Payment, has reportedly been tested in a live pilot program conducted in multiple cities in China. Central banks representing at least 130 countries have published retail or wholesale CBDC work ranging from research to pilot projects. Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could have an advantage in competing with, or replace, STX and other cryptocurrencies as a medium of exchange or store of value. Central banks and other governmental entities have also announced cooperative initiatives and consortia with private sector entities, with the goal of leveraging blockchain and other technology to reduce friction in cross-border and interbank payments and settlement, and commercial banks and other financial institutions have also recently announced a number of initiatives of their own to incorporate new technologies, including blockchain and similar technologies, into their payments and settlement activities, which could compete with, or reduce the demand for, STX. As a result of any of the foregoing factors, the price of STX could decrease, which could adversely affect an investment in the Trust.

***Prices of STX may be affected due to stablecoins (including Tether and USDC), the activities of stablecoin issuers and their regulatory treatment.***

While the Trust does not invest in stablecoins, it may nonetheless be exposed to these and other risks that stablecoins pose for the market for STX and other digital assets. Stablecoins are digital assets designed to have a stable value over time as compared to typically volatile digital assets, and are typically marketed as being pegged to the value of a referenced asset, normally a fiat currency, such as the U.S. dollar. Although the prices of stablecoins are intended to be stable compared to their referenced asset, in many cases their prices fluctuate, sometimes significantly. This volatility has in the past impacted the prices of certain digital assets, and has at times caused certain stablecoins to lose their “peg” to the underlying fiat currency. Stablecoins are a relatively new phenomenon, and it is impossible to know all of the risks that they could pose to participants in the digital asset markets. In addition, some have argued that some stablecoins, particularly Tether, are improperly issued without sufficient backing in a way that could cause artificial rather than genuine demand for digital assets, raising their prices. Regulators have also charged stablecoin issuers with violations of law or otherwise required certain stablecoin issuers to cease certain operations. For example, on February 17, 2021, the New York Attorney General entered into an agreement with Tether’s operators, requiring them to cease any further trading activity with New York persons and pay \$18.5 million in penalties for false and misleading statements made regarding the assets backing Tether. On October 15, 2021, the CFTC announced a settlement with Tether’s operators in which they agreed to pay \$42.5 million in fines to settle charges that, among others, Tether’s claims that it maintained sufficient U.S. dollar reserves to back every Tether stablecoin in circulation with the “equivalent amount of corresponding fiat currency” held by Tether were untrue.

USDC is a reserve-backed stablecoin issued by Circle Internet Financial that is commonly used as a method of payment in digital asset markets, including the STX market. The issuer of USDC uses the Circle Reserve Fund to hold cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury, and repurchase agreements secured by such obligations or cash, which serve as reserves backing USDC stablecoins. While USDC is designed to maintain a stable value at 1 U.S. dollar at all times, on March 10, 2023, the value of USDC fell below \$1.00 (and remained below for multiple days) after Circle Internet Financial disclosed that \$3.3 billion of the USDC reserves were held at Silicon Valley Bank, which had entered FDIC receivership earlier that day. Popular stablecoins are reliant on the U.S. banking system and U.S. treasuries, and the failure of either to function normally could impede the function of stablecoins or lead to outsized redemption requests, and therefore could adversely affect the value of the Shares.

Given the role that stablecoins play in global digital asset markets, their fundamental liquidity can have a dramatic impact on the broader digital asset market, including the market for STX. Because a large portion of the digital asset market still depends on stablecoins such as Tether and USDC, there is a risk that a disorderly de-pegging or a run on Tether or USDC could lead to dramatic market volatility in, and/or materially and adversely affect the prices of, digital assets more broadly.

Volatility in stablecoins, operational issues with stablecoins (for example, technical issues that prevent settlement), concerns about the sufficiency of any reserves that support stablecoins, or regulatory concerns about stablecoin issuers or intermediaries that support stablecoins, could impact individuals' willingness to trade on trading venues that rely on stablecoins and could impact the price of STX, and in turn, an investment in the Shares.

In addition, recent federal legislation establishing a regulatory framework for fully reserved payment stablecoins, such as the GENIUS Act, may increase the adoption of regulated stablecoins as digital payment instruments, which could reduce the use of STX for transactional purposes and thereby adversely affect the price of STX and the value of the Shares.

## **Risk Factors Related to the Trust and the Shares**

***The Trust relies on third-party service providers to perform certain functions essential to the affairs of the Trust and the replacement of such service providers could pose challenges to the safekeeping of the Trust's STX and to the operations of the Trust.***

The Trust relies on the Custodian, the Authorized Participant and other third-party service providers to perform certain functions essential to managing the affairs of the Trust. In addition, the Authorized Participant may rely on one or more Liquidity Providers to source STX in connection with the creation of Shares. Any disruptions to such service providers' business operations, resulting from business failures, financial instability, security failures, government mandated regulation or operational problems could have an adverse impact on the Trust's ability to access critical services and be disruptive to the operations of the Trust and require the Sponsor to replace such service provider. Moreover, the Sponsor could decide to replace a service provider to the Trust, or a Liquidity Provider could be replaced for other reasons.

If the Sponsor decides, or is required, to replace Coinbase Custody Trust Company, LLC as the custodian of the Trust's STX, transferring maintenance responsibilities of the Digital Asset Account to another party will likely be complex and could subject the Trust's STX to the risk of loss during the transfer, which could have a negative impact on the performance of the Shares or result in loss of the Trust's assets.

Moreover, the legal rights of customers with respect to digital assets held on their behalf by a third-party custodian, such as the Custodian, in insolvency proceedings are currently uncertain. The Custodian Agreement contains an agreement by the parties to treat the digital assets credited to the Trust's Digital Asset Account as financial assets under Article 8 of the New York Uniform Commercial Code ("Article 8"), in addition to stating that the Custodian will serve as fiduciary and custodian on the Trust's behalf. The Custodian's parent, Coinbase Global Inc., has stated in its most recent public securities filings that in light of the inclusion in its custody agreements of provisions relating to Article 8 it believes that a court would not treat custodied digital assets as part of its general estate in the event the Custodian were to experience insolvency. However, due to the novelty of digital asset custodial arrangements courts have not yet considered this type of treatment for custodied digital assets and it is not possible to predict with certainty how they would rule in such a scenario. If the Custodian became subject to insolvency proceedings and a court were to rule that the custodied digital assets were part of the Custodian's general estate and not the property of the Trust, then the Trust would be treated as a general unsecured creditor in the Custodian's insolvency proceedings and the Trust would be subject to the loss of all or a significant portion of its assets.

In addition, the Custodian is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act and is licensed to custody the Trust's STX in trust on the Trust's behalf. However, the SEC previously released proposed amendments in February 2023 to Rule 206(4)-2 that, if enacted as proposed, would amend the definition of a "qualified custodian" under Rule 206(4)-2(d)(6). Executive officers of the Custodian's parent company have made public statements indicating that the Custodian would remain a qualified custodian under the proposed SEC rule, if enacted as proposed. In June 2025, however, the SEC formally withdrew that proposed rulemaking and stated that it does not intend to issue final rules based on the proposal. However, there can be no assurance that the Custodian would continue to qualify as a "qualified custodian" under a future final rule that may be proposed or adopted by the SEC in the future.

To the extent that the Sponsor is not able to find a suitable party willing to serve as custodian, the Sponsor may be required to terminate the Trust and liquidate the Trust's STX. In addition, to the extent that the Sponsor finds a suitable party and must enter into a modified Custodian Agreement that is less favorable for the Trust or Sponsor and/or transfer the Trust's assets in a relatively short time period, the safekeeping of the Trust's STX may be adversely affected, which may in turn adversely affect value of the Shares. Likewise, if the Sponsor and/or the Authorized Participant is required to

replace any other service provider, they may not be able to find a party willing to serve in such capacity in a timely manner or at all. If the Sponsor decides, or is required, to replace the Authorized Participant and/or if a Liquidity Provider is replaced or required to be replaced, this could negatively impact the Trust's ability to create new Shares, which would impact the Shares' liquidity and could have a negative impact on the value of the Shares.

***Because of the holding period under Rule 144, the lack of an ongoing redemption program and the Trust's ability to halt creations from time to time, there is no arbitrage mechanism to keep the value of the Shares closely linked to the Reference Rate Price and the Shares have historically traded at a substantial premium over the NAV per Share.***

Shares purchased in a private placement are subject to a holding period under Rule 144. Pursuant to Rule 144, the minimum holding period for Shares purchased in a private placement is one year. In addition, the Trust does not currently operate an ongoing redemption program and may halt creations from time to time. As a result, the Trust cannot rely on arbitrage opportunities resulting from differences between the value of the Shares and the price of STX to keep the value of the Shares closely linked to the Reference Rate Price. As a result, the value of the Shares of the Trust may not approximate the value of the Trust's NAV per Share or meet the Trust's investment objective, and may trade at a substantial premium over, or a substantial discount to, the value of the Trust's NAV per Share. For example, in the past, the price of the Shares as quoted on OTCQB varied significantly from the NAV per Share due to these factors, among others, and has historically traded at a substantial premium over the NAV per Share.

***The Shares may trade at a price that is at, above or below the Trust's NAV per Share as a result of the non-concurrent trading hours between OTCQB and the Digital Asset Trading Platform Market.***

The Trust's NAV per Share will fluctuate with changes in the market value of STX, and the Sponsor expects the trading price of the Shares to fluctuate in accordance with changes in the Trust's NAV per Share, as well as market supply and demand. However, the Shares may trade on OTCQB at a price that is at, above or below the Trust's NAV per Share for a variety of reasons. For example, OTCQB is open for trading in the Shares for a limited period each day, but the Digital Asset Trading Platform Market is a 24-hour marketplace. During periods when OTCQB is closed but Digital Asset Trading Platforms are open, significant changes in the price of STX on the Digital Asset Trading Platform Market could result in a difference in performance between the value of STX as measured by the Reference Rate and the most recent NAV per Share or closing trading price. For example, if the price of STX on the Digital Asset Trading Platform Market, and the value of STX as measured by the Reference Rate, move significantly in a negative direction after the close of OTCQB, the trading price of the Shares may "gap" down to the full extent of such negative price shift when OTCQB reopens. If the price of STX on the Digital Asset Trading Platform Market drops significantly during hours OTCQB is closed, shareholders may not be able to sell their Shares until after the "gap" down has been fully realized, resulting in an inability to mitigate losses in a rapidly negative market. Even during periods when OTCQB is open, large Digital Asset Trading Platforms (or a substantial number of smaller Digital Asset Trading Platforms) may be lightly traded or closed for any number of reasons, which could increase trading spreads and widen any premium or discount on the Shares.

***Shareholders may suffer a loss on their investment if the Shares trade above or below the Trust's NAV per Share.***

Historically, the Shares have traded at a premium to the NAV per Share, which at times has been substantial. If the Shares trade at a premium, investors who purchase Shares on OTCQB will pay more for their Shares than investors who purchase Shares directly from Authorized Participants. In contrast, if the Shares were to trade on OTCQB at a discount, investors who purchase Shares directly from Authorized Participants will pay more for their Shares than investors who purchase Shares on OTCQB. The premium at which the Shares have traded has fluctuated over time. From October 23, 2025 to December 31, 2025, the maximum premium of the closing price of the Shares quoted on OTCQB over the value of the Trust's NAV per Share was 235% and the average premium was 61%. As of December 31, 2025, the last business day of the period, the Trust's Shares were quoted on OTCQB at a premium of 101% to the Trust's NAV per Share. As a result, shareholders who purchase Shares on OTCQB may suffer a loss on their investment if they sell their Shares at a time when the premium has decreased from the premium at which they purchased the Shares even if the NAV per Share remains the same. Likewise, shareholders that purchase Shares directly from the Trust may suffer a loss on their investment if they sell their Shares at a time when the Shares are trading at a discount on OTCQB. Furthermore, shareholders may suffer a loss on their investment even if the NAV per Share increases because the decrease in any premium or increase in any discount may offset any increase in the NAV per Share.

***The amount of the Trust's assets represented by each Share will decline over time as the Trust pays the Sponsor's Fee and Additional Trust Expenses, and as a result, the value of the Shares may decrease over time.***

The Sponsor's Fee accrues daily in U.S. dollars at an annual rate based on the NAV Fee Basis Amount, which is based on the NAV of the Trust, and is paid to the Sponsor in STX. See "Description of the Trust—Impact of Trust Expenses on the Trust's NAV." As a result, the amount of Trust's assets represented by each Share declines as the Trust pays the Sponsor's Fee (or sells STX in order to raise cash to pay any Additional Trust Expenses), which may cause the Shares to decrease in value over time or dampen any increase in value.

***The value of the Shares may be influenced by a variety of factors unrelated to the value of STX.***

The value of the Shares may be influenced by a variety of factors unrelated to the price of STX and the Digital Asset Trading Platforms included in the Reference Rate that may have an adverse effect on the value of the Shares. These factors include the following factors:

- Unanticipated problems or issues with respect to the mechanics of the Trust's operations and the trading of the Shares may arise, in particular due to the fact that the mechanisms and procedures governing the creation and offering of the Shares and storage of STX have been developed specifically for this product;
- The Trust could experience difficulties in operating and maintaining its technical infrastructure, including in connection with expansions or updates to such infrastructure, which are likely to be complex and could lead to unanticipated delays, unforeseen expenses and security vulnerabilities;
- The Trust could experience unforeseen issues relating to the performance and effectiveness of the security procedures used to protect the Digital Asset Account, or the security procedures may not protect against all errors, software flaws or other vulnerabilities in the Trust's technical infrastructure, which could result in theft, loss or damage of its assets; or
- Although the Stacks Network does not have any privacy enhancing features at this time, if any such features are introduced to the Stacks Network in the future, service providers may decide to terminate their relationships with the Trust due to concerns that the introduction of privacy enhancing features to the Stacks Network may increase the potential for STX to be used to facilitate crime, exposing such service providers to potential reputational harm.

Any of these factors could affect the value of the Shares, either directly or indirectly through their effect on the Trust's assets.

***Shareholders do not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act or the protections afforded by the CEA.***

The Investment Company Act is designed to protect investors by preventing insiders from managing investment companies to their benefit and to the detriment of public investors, such as: the issuance of securities having inequitable or discriminatory provisions; the management of investment companies by irresponsible persons; the use of unsound or misleading methods of computing earnings and asset value; changes in the character of investment companies without the consent of investors; and investment companies from engaging in excessive leveraging. To accomplish these ends, the Investment Company Act requires the safekeeping and proper valuation of fund assets, restricts greatly transactions with affiliates, limits leveraging, and imposes governance requirements as a check on fund management.

The Trust is not a registered investment company under the Investment Company Act, and the Sponsor believes that the Trust is not required to register under such act. Consequently, shareholders do not have the regulatory protections provided to investors in investment companies.

The Trust will not hold or trade in commodity interests regulated by the CEA, as administered by the CFTC. Furthermore, the Sponsor believes that the Trust is not a commodity pool for purposes of the CEA, and that neither the Sponsor nor the Trustee is subject to regulation by the CFTC as a commodity pool operator or a commodity trading adviser in connection with the operation of the Trust. Consequently, shareholders will not have the regulatory protections provided to investors in CEA-regulated instruments or commodity pools.

***The restrictions on transfer and redemption may result in losses on the value of the Shares.***

Shares purchased in a private placement may not be resold except in transactions exempt from registration under the Securities Act and state securities laws, and any such transaction must be approved in advance by the Sponsor. In determining whether to grant approval, the Sponsor will specifically look at whether the conditions of Rule 144 under the Securities Act and any other applicable laws have been met. Any attempt to sell Shares without the approval of the Sponsor in its sole discretion will be void ab initio. See “Description of the Shares—Transfer Restrictions” for more information.

At this time the Sponsor is not accepting redemption requests from shareholders. The Sponsor currently has no intention of seeking regulatory approval from the SEC for the Trust to operate an ongoing redemption program and significant barriers to regulatory approval for any request to list the shares of other digital asset investment vehicles, including the Shares of the Trust, remain. Absent the institution of such redemption program, the Shares may trade at a discount in the future, and may do so indefinitely. Therefore, unless the Trust is permitted to, and does, establish a Share redemption program, shareholders will be unable to (or could be significantly impeded in attempting to) sell or otherwise liquidate investments in the Shares, which could have a material adverse impact on demand for the Shares and their value.

***Affiliates of the Trust previously entered into a settlement agreement with the SEC concerning the operation of one such affiliate’s former redemption programs.***

On April 1, 2014, Grayscale Bitcoin Trust ETF, an affiliate of the Trust, launched a program pursuant to which its shareholders could request redemptions from Genesis, an affiliate of the Trust and the sole Authorized Participant of Grayscale Bitcoin Trust ETF at that time. On September 23, 2014, Genesis received a letter from the staff of the SEC’s Office of Compliance Inspections and Examinations summarizing the staff’s findings from an onsite review of Genesis’s broker-dealer activities conducted in June 2014. In its exit report, the staff stated that it had concluded that Grayscale Bitcoin Trust ETF’s redemption program, in which its shareholders were permitted to request the redemption of their shares through Genesis, appeared to violate Regulation M under the Exchange Act because such redemptions of shares took place at the same time Grayscale Bitcoin Trust ETF was in the process of creating shares. On July 11, 2016, Genesis and Grayscale Bitcoin Trust ETF entered into a settlement agreement with the SEC whereby they agreed to a cease-and-desist order against future violations of Rules 101 and 102 of Regulation M under the Exchange Act. Genesis also agreed to pay disgorgement of \$51,650.11 in redemption fees it collected, plus prejudgment interest of \$2,105.68, for a total of \$53,755.79. The Trust currently has no intention of seeking an exemption from the SEC under Regulation M in order to institute a redemption program.

***There is no guarantee that an active trading market for the Shares will continue to develop.***

The Shares are qualified for public trading on OTCQB and an active trading market for the Shares has developed. However, there can be no assurance that such trading market will be maintained or continue to develop. In addition, OTCQB can halt the trading of the Shares for a variety of reasons. To the extent that OTCQB halts trading in the Shares, whether on a temporary or permanent basis, investors may not be able to buy or sell Shares, which could adversely affect the value of the Shares. If an active trading market for the Shares does not continue to exist, the market prices and liquidity of the Shares may be adversely affected.

The Sponsor may also seek to list the Shares on NYSE Arca sometime in the future, and NYSE Arca must receive approval from the SEC in order to list the Shares, but is not currently seeking approval for required rule changes and currently has no intention to do so. Even if such approval were sought in the future, there can be no guarantee that the Shares will ever be listed on NYSE Arca. See “—Failure of funds that hold digital assets or that have exposure to digital assets through derivatives to receive SEC approval to list their shares on exchanges could adversely affect the value of the Shares.”

***As the Sponsor and its management have limited history of operating investment vehicles like the Trust, their experience may be inadequate or unsuitable to manage the Trust.***

The past performances of the Sponsor’s management in other investment vehicles, including their experiences in the digital asset and venture capital industries, are no indication of their ability to manage an investment vehicle such as the Trust. If the experience of the Sponsor and its management is inadequate or unsuitable to manage an investment vehicle such as the Trust, the operations of the Trust may be adversely affected.

Furthermore, the Sponsor is currently engaged in the management of other investment vehicles which could divert their attention and resources. If the Sponsor were to experience difficulties in the management of such other investment vehicles that damaged the Sponsor or its reputation, it could have an adverse impact on the Sponsor's ability to continue to serve as Sponsor for the Trust.

***Security threats to the Digital Asset Account could result in the halting of Trust operations and a loss of Trust assets or damage to the reputation of the Trust, each of which could result in a reduction in the value of the Shares.***

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in relation to digital assets. The Sponsor believes that the Trust's STX held in the Digital Asset Account will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Trust's STX and will only become more appealing as the Trust's assets grow. To the extent that the Trust, the Sponsor or the Custodian is unable to identify and mitigate or stop new security threats or otherwise adapt to technological changes in the digital asset industry, the Trust's STX may be subject to theft, loss, destruction or other attack.

The Sponsor believes that the security procedures in place for the Trust, including, but not limited to, offline storage, or "cold storage," multiple encrypted private key "shards", usernames, passwords and 2-step verification, are reasonably designed to safeguard the Trust's STX. Nevertheless, the security procedures cannot guarantee the prevention of any loss due to a security breach, software defect or act of God that may be borne by the Trust.

The security procedures and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of the Sponsor, the Custodian, or otherwise, and, as a result, an unauthorized party may obtain access to a Digital Asset Account, the relevant private keys (and therefore STX) or other data of the Trust. Additionally, outside parties may attempt to fraudulently induce employees of the Sponsor or the Custodian to disclose sensitive information in order to gain access to the Trust's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Sponsor and the Custodian may be unable to anticipate these techniques or implement adequate preventative measures.

An actual or perceived breach of a Digital Asset Account could harm the Trust's operations, result in loss of the Trust's assets, damage the Trust's reputation and negatively affect the market perception of the effectiveness of the Trust, all of which could in turn reduce demand for the Shares, resulting in a reduction in the value of the Shares. The Trust may also cease operations, the occurrence of which could similarly result in a reduction in the value of the Shares.

***STX transactions are irrevocable and stolen or incorrectly transferred STX may be irretrievable. As a result, any incorrectly executed STX transactions could adversely affect the value of the Shares.***

STX transactions are typically not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the Blockchain, an incorrect transfer or theft of STX generally will not be reversible and the Trust may not be capable of seeking compensation for any such transfer or theft. Although the Trust's transfers of STX will regularly be made to or from the Digital Asset Account, it is possible that, through computer or human error, or through theft or criminal action, the Trust's STX could be transferred from the Trust's Digital Asset Account in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Such events have occurred in connection with digital assets in the past. To the extent that the Trust is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Trust's STX through error or theft, the Trust will be unable to revert or otherwise recover incorrectly transferred STX. The Trust will also be unable to convert or recover its STX transferred to uncontrolled accounts. To the extent that the Trust is unable to seek redress for such error or theft, such loss could adversely affect the value of the Shares.

***The lack of full insurance and shareholders' limited rights of legal recourse against the Trust, Trustee, Sponsor, Transfer Agent and Custodian expose the Trust and its shareholders to the risk of loss of the Trust's STX for which no person or entity is liable.***

The Trust is not a banking institution or otherwise a member of the FDIC or Securities Investor Protection Corporation ("SIPC") and, therefore, deposits held with or assets held by the Trust are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. In addition, neither the Trust nor the Sponsor insure the Trust's STX.

While the Custodian is required under the Custodian Agreement to maintain insurance coverage that is commercially reasonable for the custodial services it provides, and the Custodian has advised the Sponsor that it maintains insurance coverage at commercially reasonable amounts for the digital assets custodied on behalf of clients, including the Trust's STX, resulting from theft, shareholders cannot be assured that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Trust's STX. Moreover, while the Custodian maintains certain capital reserve requirements depending on the assets under custody and to the extent required by applicable law, and such capital reserves may provide additional means to cover client asset losses, the Sponsor does not know the amount of such capital reserves, and neither the Trust nor the Sponsor have access to such information. The Trust cannot be assured that the Custodian will maintain capital reserves sufficient to cover losses with respect to the Trust's digital assets. Furthermore, Coinbase has represented in securities filings that the total value of crypto assets in its possession and control is significantly greater than the total value of insurance coverage that would compensate Coinbase in the event of theft or other loss of funds.

Furthermore, under the Custodian Agreement, the Custodian's liability with respect to the Trust will never exceed the value of the STX on deposit in the Digital Asset Account at the time of, and directly relating to, the events giving rise to the liability occurred, as determined in accordance with the Custodian Agreement. In addition, for as long as a cold storage address holds STX with a value in excess of the Cold Storage Threshold for a period of five consecutive business days or more without being reduced to the Cold Storage Threshold or lower, the Custodian's maximum liability for such cold storage address shall be limited to the Cold Storage Threshold. The Sponsor monitors the value of STX deposited in cold storage addresses for whether the Cold Storage Threshold has been met by determining the U.S. dollar value of STX deposited in each cold storage address on business days. The Custodian is not liable for any lost profits or any special, incidental, indirect, intangible, or consequential damages, whether based in contract, tort, negligence, strict liability or otherwise, and whether or not the Custodian has been advised of such losses or the Custodian knew or should have known of the possibility of such damages. Notwithstanding the foregoing, the Custodian is liable to the Sponsor and the Trust for the loss of any STX to the extent that the Custodian directly caused such loss through a breach of the Custodian Agreement, even if the Custodian meets its duty of exercising best efforts, and the Custodian is required to return to the Trust a quantity equal to the quantity of any such lost STX. Although the Cold Storage Threshold has never been met for a given cold storage address, to the extent it is met and not reduced within five business days, the Trust would not have a claim against the Custodian with respect to the digital assets held in such address to the extent the value exceeds the Cold Storage Threshold.

The shareholders' recourse against the Sponsor and the Trust's other service providers for the services they provide to the Trust, including those relating to the provision of instructions relating to the movement of STX, is limited. Consequently, a loss may be suffered with respect to the Trust's STX that is not covered by insurance and for which no person is liable in damages. As a result, the recourse of the Trust or the shareholders, under New York law, is limited.

***The Trust is not permitted to engage in Staking, which could negatively affect the value of the Shares.***

At this time, none of the Trust, the Sponsor, the Custodian, nor any other person associated with the Trust may, directly or indirectly, engage in Staking of the Trust's STX on behalf of the Trust, meaning no action will be taken pursuant to which any portion of the Trust's STX becomes used in any staking protocol or is used to earn additional digital assets or generate income or other earnings, and there can be no assurance that the Trust, the Sponsor, the Custodian or any other person associated with the Trust will ever be permitted to engage in Staking of the Trust's STX or such income generating activity in the future. Under current law, there can be no assurance that Staking the Trust's STX would be consistent with the intended treatment of the Trust as a grantor trust for U.S. federal income tax purposes.

To the extent the Trust were to amend its Trust Agreement to permit Staking of the Trust's STX, in the future the Trust may seek to establish a program to use its STX in a staking protocol to receive rewards comprising additional STX or other digital assets in respect of a portion of its STX holdings. However, as long as such conditions and requirements have not been satisfied, the Trust will not use its STX in a staking protocol to receive rewards comprising additional STX or other digital assets in respect of its STX holdings. The current inability of the Trust to use its STX in Staking and receive rewards could place the Shares at a comparative disadvantage relative to an investment in STX directly or through a vehicle that is not subject to such a prohibition, which could negatively affect the value of the Shares.

***The Trust may be required, or the Sponsor may deem it appropriate, to terminate and liquidate at a time that is disadvantageous to shareholders.***

Pursuant to the terms of the Trust Agreement, the Trust is required to dissolve under certain circumstances. In addition, the Sponsor may, in its sole discretion, dissolve the Trust for a number of reasons, including if the Sponsor determines, in its sole discretion, that it is desirable or advisable for any reason to discontinue the affairs of the Trust. For example, the Sponsor expects that it may be advisable to discontinue the affairs of the Trust if a federal court upholds an allegation that STX is a security under the federal securities laws, among other reasons. See “Material Contracts—Description of the Trust Agreement—Termination of the Trust.”

If the Trust is required to terminate and liquidate, or the Sponsor determines in accordance with the terms of the Trust Agreement that it is appropriate to terminate and liquidate the Trust, such termination and liquidation could occur at a time that is disadvantageous to shareholders, such as when the Actual Exchange Rate of STX is lower than the Reference Rate Price was at the time when shareholders purchased their Shares. In such a case, when the Trust’s STX is sold as part of its liquidation, the resulting proceeds distributed to shareholders will be less than if the Actual Exchange Rate were higher at the time of sale. See “Material Contracts—Description of the Trust Agreement—Termination of the Trust” for more information about the termination of the Trust, including when the termination of the Trust may be triggered by events outside the direct control of the Sponsor, the Trustee or the shareholders.

***The Trust Agreement includes provisions that limit shareholders’ voting rights and restrict shareholders’ right to bring a derivative action.***

Under the Trust Agreement, shareholders have limited voting rights and the Trust will not have regular shareholder meetings. Shareholders take no part in the management or control of the Trust. Accordingly, shareholders do not have the right to authorize actions, appoint service providers or take other actions as may be taken by shareholders of other trusts or companies where shares carry such rights. The shareholders’ limited voting rights give almost all control under the Trust Agreement to the Sponsor and the Trustee. The Sponsor may take actions in the operation of the Trust that may be adverse to the interests of shareholders and may adversely affect the value of the Shares.

Moreover, pursuant to the terms of the Trust Agreement, shareholders’ statutory right under Delaware law to bring a derivative action (i.e., to initiate a lawsuit in the name of the Trust in order to assert a claim belonging to the Trust against a fiduciary of the Trust or against a third party when the Trust’s management has refused to do so) is restricted. Under Delaware law, a shareholder may bring a derivative action if the shareholder is a shareholder at the time the action is brought and either (i) was a shareholder at the time of the transaction at issue or (ii) acquired the status of shareholder by operation of law or the Trust’s governing instrument from a person who was a shareholder at the time of the transaction at issue. Additionally, Section 3816(e) of the Delaware Statutory Trust Act specifically provides that a “beneficial owner’s right to bring a derivative action may be subject to such additional standards and restrictions, if any, as are set forth in the governing instrument of the statutory trust, including, without limitation, the requirement that beneficial owners owning a specified beneficial interest in the statutory trust join in the bringing of the derivative action.” In addition to the requirements of applicable law and in accordance with Section 3816(e), the Trust Agreement provides that no shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Trust unless two or more shareholders who (i) are not “Affiliates” (as defined in the Trust Agreement and below) of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding. This provision applies to any derivative actions brought in the name of the Trust other than claims under the federal securities laws and the rules and regulations thereunder.

Due to this additional requirement, a shareholder attempting to bring or maintain a derivative action in the name of the Trust will be required to locate other shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding. This may be difficult and may result in increased costs to a shareholder attempting to seek redress in the name of the Trust in court. Moreover, if shareholders bringing a derivative action, suit or proceeding pursuant to this provision of the Trust Agreement do not hold 10.0% of the outstanding Shares on the date such an action, suit or proceeding is brought, or such shareholders are unable to maintain Share ownership meeting the 10.0% threshold throughout the duration of the action, suit or proceeding, such shareholders’ derivative action may be subject to dismissal. As a result, the Trust Agreement limits the likelihood that a shareholder will be able to successfully assert a derivative action in the name of the Trust, even if such shareholder believes that he or she has a valid derivative

action, suit or other proceeding to bring on behalf of the Trust. See “Material Contracts—Description of the Trust Agreement—The Sponsor—Fiduciary and Regulatory Duties of the Sponsor” for more detail.

***The Sponsor is solely responsible for determining the value of the NAV and NAV per Share and any errors, discontinuance or changes in such valuation calculations may have an adverse effect on the value of the Shares.***

The Sponsor will determine the Trust’s NAV and NAV per Share on a daily basis as soon as practicable after 4:00 p.m., New York time, on each business day. The Sponsor’s determination is made utilizing data from the operations of the Trust and the Reference Rate Price, calculated at 4:00 p.m., New York time, on such day. If the Sponsor determines in good faith that the Reference Rate does not reflect an accurate STX price, then the Sponsor will employ an alternative method to determine the Reference Rate Price under the cascading set of rules set forth in “Grayscale Stacks Trust (STX)—The Reference Rate and the Reference Rate Price—Determination of the Reference Rate Price When Reference Rate Price is Unavailable.” In the context of applying such rules, the Sponsor may determine in good faith that the alternative method applied does not reflect an accurate STX price and apply the next alternative method under the cascading set of rules. If the Sponsor determines after employing all of the alternative methods that the Reference Rate Price does not reflect an accurate STX price, the Sponsor will use its best judgment to determine a good faith estimate of the Reference Rate Price.

There are no predefined criteria to make a good faith assessment in these scenarios and such decisions will be made by the Sponsor in its sole discretion. The Sponsor may calculate the Reference Rate Price in a manner that ultimately inaccurately reflects the price of STX. To the extent that the NAV, NAV per Share or the Reference Rate Price are incorrectly calculated, the Sponsor may not be liable for any error and such misreporting of valuation data could adversely affect the value of the Shares and investors could suffer a substantial loss on their investment in the Trust. Moreover, the terms of the Trust Agreement do not prohibit the Sponsor from changing the Reference Rate Price used to calculate the NAV and NAV per Share of the Trust. Any such change in the Reference Rate Price could affect the value of the Shares and investors could suffer a substantial loss on their investment in the Trust.

***Extraordinary expenses resulting from unanticipated events may become payable by the Trust, adversely affecting the value of the Shares.***

In consideration for the Sponsor’s Fee, the Sponsor has contractually assumed all ordinary-course operational and periodic expenses of the Trust. See “Grayscale Stacks Trust (STX)—Description of the Trust—Trust Expenses.” Extraordinary expenses incurred by the Trust, such as taxes and governmental charges; expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of shareholders (including in connection with any Incidental Rights and any IR Virtual Currency); or extraordinary legal fees and expenses are not assumed by the Sponsor and are borne by the Trust. The Sponsor will cause the Trust to either (i) sell STX, Incidental Rights and/or IR Virtual Currency held by the Trust or (ii) deliver STX, Incidental Rights and/or IR Virtual Currency in-kind to the Sponsor to pay Trust expenses not assumed by the Sponsor on an as-needed basis. Accordingly, the Trust may be required to sell or otherwise dispose of STX, Incidental Rights or IR Virtual Currency at a time when the trading prices for those assets are depressed.

The sale or other disposition of assets of the Trust in order to pay extraordinary expenses could have a negative impact on the value of the Shares for several reasons. These include the following factors:

- The Trust is not actively managed and no attempt will be made to protect against or to take advantage of fluctuations in the prices of STX, Incidental Rights or IR Virtual Currency. Consequently, if the Trust incurs expenses in U.S. dollars, the Trust’s STX, Incidental Rights or IR Virtual Currency may be sold at a time when the values of the disposed assets are low, resulting in a negative impact on the value of the Shares.
- Because the Trust does not generate any income, every time that the Trust pays expenses, it will deliver STX, Incidental Rights or IR Virtual Currency to the Sponsor or sell STX, Incidental Rights or IR Virtual Currency. Any sales of the Trust’s assets in connection with the payment of expenses will decrease the amount of the Trust’s assets represented by each Share each time its assets are sold or transferred to the Sponsor.
- Assuming that the Trust is a grantor trust for U.S. federal income tax purposes, each delivery or sale of STX, Incidental Rights or IR Virtual Currency by the Trust to pay the Sponsor’s Fee and/or Additional Trust Expenses will be a taxable event to beneficial owners of Shares. Thus, the Trust’s payment of expenses could result in beneficial owners of Shares incurring tax liability without an associated distribution from the Trust. Any such tax

liability could adversely affect an investment in the Shares. See “Material U.S. Federal Income Tax Consequences.”

***The Trust’s delivery or sale of STX to pay expenses or other operations of the Trust could result in shareholders’ incurring tax liability without an associated distribution from the Trust.***

Assuming that the Trust is treated as a grantor trust for U.S. federal income tax purposes, each delivery of STX by the Trust to pay the Sponsor’s Fee or other expenses and each sale of STX by the Trust to pay Additional Trust Expenses will be a taxable event to beneficial owners of Shares. Thus, the Trust’s payment of expenses could result in beneficial owners of Shares incurring tax liability without an associated distribution from the Trust. Any such tax liability could adversely affect an investment in the Shares. See “Material U.S. Federal Income Tax Consequences.”

***The value of the Shares will be adversely affected if the Trust is required to indemnify the Sponsor, the Trustee, the Transfer Agent or the Custodian under the Trust Documents.***

Under the Trust Documents, each of the Sponsor, the Trustee, the Transfer Agent and the Custodian has a right to be indemnified by the Trust for certain liabilities or expenses that it incurs without gross negligence, bad faith or willful misconduct on its part. Therefore, the Sponsor, Trustee, Transfer Agent or the Custodian may require that the assets of the Trust be sold in order to cover losses or liability suffered by it. Any sale of that kind would reduce the NAV of the Trust and the value of the Shares.

***Intellectual property rights claims may adversely affect the Trust and the value of the Shares.***

The Sponsor is not aware of any intellectual property rights claims that may prevent the Trust from operating and holding STX, Incidental Rights or IR Virtual Currency. However, third parties may assert intellectual property rights claims relating to the operation of the Trust and the mechanics instituted for the investment in, holding of and transfer of STX, Incidental Rights or IR Virtual Currency. Regardless of the merit of an intellectual property or other legal action, any legal expenses to defend or payments to settle such claims would be extraordinary expenses that would be borne by the Trust through the sale or transfer of its STX, Incidental Rights or IR Virtual Currency. Additionally, a meritorious intellectual property rights claim could prevent the Trust from operating and force the Sponsor to terminate the Trust and liquidate its STX, Incidental Rights or IR Virtual Currency. As a result, an intellectual property rights claim against the Trust could adversely affect the value of the Shares.

***Pandemics, epidemics and other natural and man-made disasters could negatively impact the value of the Trust’s holdings and/or significantly disrupt its affairs.***

Pandemics, epidemics and other natural and man-made disasters could negatively impact demand for digital assets, including STX, and disrupt the operations of many businesses, including the businesses of the Trust’s service providers. For example, the COVID-19 pandemic had serious adverse effects on the economies and financial markets of many countries, resulting in increased volatility and uncertainty in economies and financial markets of many countries and in the Digital Asset Markets. Moreover, governmental authorities and regulators throughout the world have in the past responded to major economic disruptions, including as a result of the COVID-19 pandemic, with a variety of fiscal and monetary policy changes, such as quantitative easing, new monetary programs and lower interest rates. An unexpected or quick reversal of any such policies, or the ineffectiveness of such policies, could increase volatility in economies and financial market generally, and could specifically increase volatility in the Digital Asset Markets, which could adversely affect the value of STX and the value of the Shares.

In addition, pandemics, epidemics and other natural and man-made disasters could disrupt the operations of many businesses. For example, in response to the COVID-19 pandemic, many governments imposed travel restrictions and prolonged, closed international borders and enhanced health screenings at ports of entry and elsewhere, which disrupted businesses around the world. While the Sponsor and the Trust were not materially impacted by these events, any disruptions to the Sponsor’s, the Trust’s or the Trust’s service providers’ business operations resulting from business restrictions, quarantines or restrictions on the ability of personnel to perform their jobs as a result of any future pandemic, epidemic or other disaster could have an adverse impact on the Trust’s ability to access critical services and could be disruptive to the affairs of the Trust.

***Shareholders may not receive the benefits of any forks or airdrops.***

In addition to forks, a digital asset may become subject to a similar occurrence known as an “airdrop.” In an airdrop, the promoters of a new digital asset announce to some group of users, such as the group that are holders of another digital asset, that such group will be entitled to claim a certain amount of the new digital asset for free, based on the fact that they are part of that group.

Shareholders may not receive the benefits of any forks, the Trust may not choose, or be able, to participate in an airdrop, and the timing of receiving any benefits from a fork, airdrop or similar event is uncertain. We refer to the right to receive any such benefit as an “Incidental Right” and any such virtual currency acquired through an Incidental Right as “IR Virtual Currency.” There are likely to be operational, tax, securities law, regulatory, legal and practical issues that significantly limit, or prevent entirely, shareholders’ ability to realize a benefit, through their Shares in the Trust, from any such Incidental Rights or IR Virtual Currency. For instance, the Custodian may not agree to provide access to the IR Virtual Currency. In addition, the Sponsor may determine that there is no safe or practical way to custody the IR Virtual Currency, or that trying to do so may pose an unacceptable risk to the Trust’s holdings in STX, or that the costs of taking possession and/or maintaining ownership of the IR Virtual Currency exceed the benefits of owning the IR Virtual Currency. Additionally, laws, regulation or other factors may prevent shareholders from benefiting from the Incidental Right or IR Virtual Currency even if there is a safe and practical way to custody and secure the IR Virtual Currency. For example, it may be illegal to sell or otherwise dispose of the Incidental Right or IR Virtual Currency, or there may not be a suitable market into which the Incidental Right or IR Virtual Currency can be sold (immediately after the fork or airdrop, or ever). The Sponsor may also determine, in consultation with its legal advisers, that the Incidental Right or IR Virtual Currency is, or is likely to be deemed, a security under federal or state securities laws. In such a case, the Sponsor would irrevocably abandon, as of any date on which the Trust creates Shares, such Incidental Right or IR Virtual Currency if holding it would have an adverse effect on the Trust and it would not be practicable to avoid such effect by disposing of the Incidental Right or IR Virtual Currency in a manner that would result in shareholders receiving more than insignificant value thereof. In making such a determination, the Sponsor expects to take into account a number of factors, including the various definitions of a “security” under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court’s decisions in the *Howey* and *Reves* cases, as well as reports, orders, press releases, public statements and speeches by the SEC and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws.

The Trust has informed the Custodian that it is irrevocably abandoning, as of any date on which the Trust creates Shares, any Incidental Rights or IR Virtual Currency to which it would otherwise be entitled as of such date and with respect to which it has not taken any Affirmative Action at or prior to such date. In order to avert abandonment of an Incidental Right or IR Virtual Currency, the Trust will send a notice to the Custodian of its intention to retain such Incidental Right or IR Virtual Currency. The Sponsor intends to evaluate each future fork or airdrop on a case-by-case basis in consultation with the Trust’s legal advisers, tax consultants and Custodian. Any inability to recognize the economic benefit of a hard fork or airdrop could adversely affect the value of the Shares. See “Grayscale Stacks Trust (STX)—Description of the Trust—Incidental Rights and IR Virtual Currency.”

***Under the terms of the Trust Agreement, the Trust will not be permitted to engage in Staking unless (and, then, only to the extent that) the Staking Condition is satisfied, which could negatively affect the value of the Shares.***

The Trust Agreement provides that the Trust may engage in Staking, but only if (and, then, only to the extent that) the Staking Condition has been satisfied. As of the date of this Annual Report, the Staking Condition has not been met for the Trust and it is not anticipated that the Staking Condition will be met for the Trust in the foreseeable future. Thus, the Trust currently is prohibited from engaging in Staking and there can be no assurance that the Trust will be permitted to engage in Staking in the future. As long as the Trust is prohibited under the terms of the Trust Agreement from engaging in Staking, the Trust will not earn any rewards. The current inability of the Trust to participate in Staking and earn such rewards could place the Shares at a comparative disadvantage relative to an investment in STX directly or through a vehicle that is not subject to such a prohibition, which could negatively affect the value of the Shares.

***The Sponsor may implement restatements, amendments or supplements to the Trust Agreement that may not necessarily align with shareholder interests.***

There can be no assurance that the Sponsor will implement restatements, amendments or supplements that align with the interests of shareholders. To the extent shareholders do not agree with future amendments to the Trust Agreement,

shareholders will not have any ability to consent or object to such amendments, and the shareholders' sole recourse will be to divest or, through an Authorized Participant, redeem their Shares prior to the effective date of such amendments.

***The Sponsor may implement restatements, amendments or supplements to the Trust Agreement that may increase risk to the Trust's intended tax treatment.***

It is possible that, in the future, the Sponsor will implement restatements, amendments, or supplements to the Trust Agreement that could adversely affect the intended tax treatment of the Trust as a grantor trust for U.S. federal income tax purposes, including on the receipt of an opinion of counsel to the effect that doing so should not cause the Trust to fail to qualify as a grantor trust for those purposes. There can be no assurance that the IRS or any court will agree with any such position, or that the Trust will not cease to qualify as grantor trust as result of any such restatement, amendment or supplement.

## **Risk Factors Related to the Regulation of Digital Assets, the Trust and the Shares**

***A determination that STX or any other digital asset is a "security" may adversely affect the value of STX and the value of the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Trust.***

The test for determining whether a particular digital asset is a "security" is complex and difficult to apply, and the outcome is difficult to predict. Whether a digital asset is a security, or offers and sales of a digital asset are securities transactions under the federal securities laws depends on whether it is included in the lists of instruments making up the definition of "security" in such laws. Digital assets as such do not appear in any of these lists, although each list includes the terms "investment contract" and "note," and the SEC has typically analyzed whether a particular digital asset, is a security or the offer and sale of a digital asset is a securities transaction by reference to whether it meets the tests developed by the federal courts interpreting these terms, known as the Howey and Reves tests, respectively. For many digital assets, whether or not the Howey or Reves tests are met is difficult to resolve definitively, and substantial legal arguments can often be made both in favor of and against a particular digital asset qualifying as a security or a particular offer and sale of a digital asset qualifying as a securities transaction under one or both of the Howey and Reves tests. Adding to the complexity, the SEC staff has indicated that the security status of a particular digital asset can change over time as the relevant facts evolve.

The SEC, at least under the prior administration, has stated that certain digital assets may be considered "securities" or offered and sold in securities transactions under the U.S. federal securities laws. For example, the SEC under former SEC Chair Gensler's leadership brought enforcement actions against the issuers and promoters of several other digital assets on the basis that the digital assets in question are securities or offered and sold in securities transactions, as well as against Digital Asset Trading Platforms for allegedly operating unregistered securities exchanges on the basis that certain of the digital assets traded on their platforms involved securities transactions.

In January 2025, the SEC launched a crypto task force dedicated to developing a comprehensive and clear regulatory framework for digital assets led by Commissioner Hester Peirce. Subsequently, Commissioner Peirce announced a list of specific priorities to further that initiative, which included pursuing final rules related to a digital asset's security status, a revised path to registered offerings and listings for digital assets-based investment vehicles, and clarity regarding digital asset custody, lending, and staking. On July 31, 2025, Chairman Atkins announced "Project Crypto," a Commission-wide initiative to modernize securities rules for digital assets, reshore innovation in the United States, and implement the recommendations of the working group report. Chairman Atkins had directed the SEC's policy divisions to work with the Crypto Task Force to draft "clear and simple rules of the road for crypto asset distributions, custody, and trading," and the Commission and SEC staff will also consider using interpretive, exemptive, and other authorities with respect to digital asset markets.

On March 17, 2026, the SEC issued a Commission-level interpretation clarifying how the federal securities laws apply to certain crypto assets and transactions involving crypto assets. The SEC interpretation provides a taxonomy for digital commodities, digital collectibles, digital tools, stablecoins and digital securities; addresses how a non-security crypto asset may become subject to, and how it may cease to be subject to, an investment contract; and clarifies the application of federal securities laws to airdrops, protocol mining, protocol staking and the wrapping of a non-security crypto asset. The interpretation lists 18 crypto assets that, as of the date of the release, qualify as digital commodities, including BTC, ETH, SOL and XRP. The interpretation notes 16 of these crypto assets currently underlie futures contracts that have been made

available to trade on a designated contract market operating under the regulatory oversight of the CFTC, but that it is not necessary that a crypto asset underlie such a futures contract to be a digital commodity. The CFTC joined the interpretation to provide guidance that the CFTC and its staff will administer the CEA consistent with the SEC's interpretation. Under the SEC's interpretation, even if a crypto asset is deemed to be a non-security crypto asset (such as a "digital commodity"), the interpretation takes the view that the non-security crypto asset may still be subject to an investment contract, even in the secondary market—and thus secondary market transactions, even in such non-security crypto assets, might be subject to the federal securities laws. Additional guidance and rulemaking from the SEC may be forthcoming, as previewed in recent statements by the current SEC Chairman Paul Atkins.

As part of determining whether STX is a security or a transaction in STX by the Sponsor is a securities transaction, for purposes of the federal securities laws, the Sponsor takes into account a number of factors, including the various definitions of "security" under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court's decisions in the *Howey* and *Reves* cases and their progeny, as well as reports, orders, press releases, public statements and speeches by the SEC, its commissioners and its staff providing guidance on when a digital asset may be a security or when an offer and sale of a digital asset may be a securities transaction for purposes of the federal securities laws.

The Sponsor also discusses the security status of STX and the Sponsor's transactions in STX with external counsel, and has received a memorandum regarding the status of STX and the Sponsor's transactions in STX under the federal securities laws from external counsel. As is the case with STX, analyses from counsel typically review the often-complex facts surrounding a particular digital asset's underlying technology, creation, use case and usage development, distribution and secondary-market trading characteristics as well as contributions of and marketing or promotional efforts by the individuals or organizations who appear to be involved in these activities, among other relevant facts, usually drawing on publicly available information. This information, usually found on the internet, often includes both information that originated with or is attributed to such individuals or organizations, as well as information from third-party sources and databases that may or may not have a connection to such individuals or organizations, and the availability and nature of such information can change over time. The Sponsor and counsel often have no independent means of verifying the accuracy or completeness of such information, and therefore of necessity usually must assume that such information is materially accurate and complete for purposes of the *Howey* and *Reves* analyses. After having gathered this information, counsel typically analyzes it in light of the *Howey* and *Reves* tests, in order to inform a judgment as to whether or not a federal court would conclude that the digital asset, or transactions in the digital asset, in question is or is not a security, or are or are not securities transactions, respectively, for purposes of the federal securities laws. Often, certain factors appear to support a conclusion that the digital asset, or transactions in the digital asset, in question is a security, or are or are not securities transactions, respectively, while other factors appear to support the opposite conclusion, and in such a case counsel endeavors to weigh the importance and relevance of the competing factors.

This analytical process is further complicated by the fact that, at present, federal judicial case law applying the relevant tests to digital assets is limited and in some situations inconsistent, with no federal appellate court having considered the question on the merits, as well as the fact that because each digital asset presents its own unique set of relevant facts, it is not always possible to directly analogize the analysis of one digital asset to another. Because of this factual complexity and the current lack of a well-developed body of federal case law applying the relevant tests to a variety of different fact patterns, the Sponsor has not in the past received, and currently does not expect that it would be able to receive, "opinions" of counsel stating that a particular digital asset, or transactions in the digital asset, is or is not a security, or are or are not securities transactions, respectively, for federal securities law purposes. The Sponsor understands that as a matter of practice, counsel is generally able to render a legal "opinion" only when the relevant facts are substantially ascertainable and the applicable law is both well-developed and settled. As a result, given the relative novelty of digital assets, the challenges inherent in fact-gathering for particular digital assets, and the fact that federal courts have only recently been tasked with adjudicating the applicability of federal securities law to digital assets, the Sponsor understands that at present counsel is generally not in a position to render a legal "opinion" on the securities law status of STX or any other particular digital asset.

Through this process the Sponsor believes that it is applying the proper legal standards in determining that STX is not a security in light of the uncertainties inherent in the *Howey* and *Reves* tests. However, such policies and procedures are risk-based judgements made by the Sponsor and not a legal standard or determination binding on any regulatory body or court. In light of these uncertainties and the fact-based nature of the analysis, the Sponsor acknowledges that the SEC may

take a contrary position; and the Sponsor's conclusion, even if reasonable under the circumstances, would not preclude legal or regulatory action based on the presence of a security.

If the Sponsor determines that STX, or transactions in STX are a security or securities transactions, respectively, under the federal securities laws, whether that determination is initially made by the Sponsor itself, or because a federal court upholds an allegation that STX is a security, the Sponsor does not intend to permit the Trust to continue holding STX in a way that would violate the federal securities laws (and therefore would either dissolve the Trust or potentially seek to operate the Trust in a manner that complies with the federal securities laws, including the Investment Company Act). Because the legal tests for determining whether a digital asset or transactions in the digital asset, are or are not a security or securities transactions, respectively, often leave room for interpretation, for so long as the Sponsor believes there to be good faith grounds to conclude that the Trust's STX is not a security or securities transactions, respectively, the Sponsor does not intend to dissolve the Trust on the basis that STX could at some future point be finally determined to be a security.

Any enforcement action by the SEC or a state securities regulator asserting that STX, or transactions in STX, are a security, or securities transactions, respectively, or a court decision to that effect, would be expected to have an immediate material adverse impact on the trading value of STX, as well as the Shares. This is because the market structure behind most digital assets are incompatible with regulations applying to transactions in securities. If a digital asset or transactions in that digital asset are determined to be a security or securities transactions, respectively, it is likely to become difficult or impossible for the digital asset to be traded, cleared or custodied in the United States through the same channels used by non-security digital assets, which in addition to materially and adversely affecting the trading value of the digital asset is likely to significantly impact its liquidity and market participants' ability to convert the digital asset into U.S. dollars. Any assertion that a digital asset or transactions in that digital asset are a security or securities transactions, respectively, by the SEC or another regulatory authority may have similar effects.

For example, in 2020, the SEC filed a complaint against the issuer of XRP, Ripple Labs, Inc., and two of its executives, alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. In the years prior to the SEC's action, XRP's market capitalization at times reached over \$140 billion. However, in the weeks following the SEC's complaint, XRP's market capitalization fell to less than \$10 billion, which was less than half of its market capitalization in the days prior to the complaint.

Subsequently, in July 2023, the District Court for the Southern District of New York held that while XRP is not a security, certain sales of XRP to certain buyers (but not other types of sales to other buyers) amounted to "investment contracts" under the Howey test. The District Court entered a final judgment in the case on August 7, 2024 and the parties each dismissed their appeals to the Second Circuit on August 7, 2025.

Likewise, in the days following the announcement of SEC enforcement actions against certain digital asset issuers and trading platforms, the prices of various digital assets have declined significantly and may continue to decline if or as such cases advance through the federal court system. Furthermore, the decisions in cases involving digital assets have resulted in seemingly inconsistent views of different district court judges, including one that explicitly disagreed with the analysis underlying the decision regarding XRP, which underscore the continuing uncertainty around which digital assets or transactions in digital assets are securities and what the correct analysis is to determine each digital asset's status. For example, the conflicting district court opinions and analyses demonstrate that factors such as how long a digital asset has been in existence, how widely held it is, how large its market capitalization is, the manner in which it is offered, sold or promoted and whether it has actual use in commercial transactions, ultimately may have limited or no bearing on whether the SEC, a state securities regulator or any particular court will find it to be a security.

In September 2021, the Company disclosed in a securities filing that it was responding to an inquiry from the SEC's Division of Enforcement. However, in July 2024, the Division of Enforcement informed the Company through subsequent filings that it had concluded its investigation as to the Stacks Blockchain and did not intend or recommend enforcement action.

In addition, if STX or transactions in STX, are in fact a security, or securities transactions, respectively, the Trust could be considered an unregistered "investment company" under the Investment Company Act, which could necessitate the Trust's liquidation. In this case, the Trust and the Sponsor may be deemed to have participated in an illegal offering of investment company securities and there is no guarantee that the Sponsor will be able to register the Trust under the Investment Company Act at such time or take such other actions as may be necessary to ensure the Trust's activities comply with applicable law, which could force the Sponsor to liquidate the Trust.

Moreover, whether or not the Sponsor or the Trust were subject to additional regulatory requirements as a result of any determination that the Trust's assets include securities or the Trust's transactions in digital assets constitute securities transactions, the Sponsor may nevertheless decide to terminate the Trust, in order, if possible, to liquidate the Trust's assets while a liquid market still exists. For example, in response to the SEC's action against the issuer of the digital asset XRP, certain significant market participants announced they would no longer support XRP and announced measures, including the delisting of XRP from major Digital Asset Trading Platforms, resulting in the Sponsor's conclusion that it was likely to be increasingly difficult for U.S. investors, including Grayscale XRP Trust (XRP), an affiliate of the Trust, to convert XRP into U.S. dollars. The Sponsor subsequently dissolved Grayscale XRP Trust (XRP) and liquidated its assets. The Sponsor has since established a new investment vehicle that holds XRP, Grayscale XRP Trust ETF. If the SEC or a federal court were to determine that STX is a security or transactions in STX are securities transactions, it is likely that the value of the Shares of the Trust would decline significantly. Furthermore, if a federal court upholds an allegation that STX is a security or transactions in STX are securities transactions, the Trust itself may be terminated and, if practical, its assets liquidated.

***Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of the Shares or restrict the use of STX, validating activity or the operation of the Stacks Network or the Digital Asset Markets in a manner that adversely affects the value of the Shares.***

As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including FinCEN, OFAC, SEC, CFTC, FINRA, the Consumer Financial Protection Bureau ("CFPB"), the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the IRS, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve and state financial institution and securities regulators) have been examining the operations of digital asset networks, digital asset users and the Digital Asset Markets, with particular focus on the extent to which digital assets can be used to launder the proceeds of illegal activities, evade sanctions, or fund criminal or terrorist enterprises and the safety and soundness of trading platforms and other service providers that hold or custody digital assets for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital assets to investors. Ongoing and future regulatory actions with respect to digital assets generally or STX in particular may alter, perhaps to a materially adverse extent, the nature of an investment in the Shares or the ability of the Trust to continue to operate.

On January 23, 2025, President Trump issued an executive order titled "Strengthening American Leadership in Digital Financial Technology" aimed at supporting "the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy." The Executive Order also established an interagency working group that is tasked with "proposing a Federal regulatory framework governing the issuance and operation of digital assets" in the United States. Pursuant to this Executive Order, the working group released a report in July 2025 outlining the administration's recommendations to Congress and various agencies reflecting the administration's "pro-innovation mindset toward digital assets and blockchain technologies." In particular, the report recommends that Congress enact legislation regarding self custody of digital assets, clarifying the applicability of Bank Secrecy Act obligations with respect to digital asset service providers, granting the CFTC authority to regulate spot markets in non-security digital assets, prohibiting the adoption of a CBDC, and clarifying tax laws as relevant to digital assets. In addition, the report recommends that agencies reevaluate existing guidance on digital asset activities, use existing authorities to enable the trading of digital assets at the federal level, embrace DeFi, launch or relaunch crypto innovation efforts, and promote U.S. private sector leadership in the responsible development of cross-border payments and financial markets technologies, among others.

There have also been several bills introduced in Congress that propose to establish additional regulation and oversight of the digital asset markets. For example, the CLARITY Act was passed by the House of Representatives in July 2025, which would, if enacted, regulate digital asset markets and digital asset trading platforms in the United States. In addition, also in July 2025, the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 (the "GENIUS Act") became the first federal law specifically regulating the issuance, custody and other stablecoin-related matters in the United States. It is difficult to predict whether, or when, the CLARITY Act or another bill that would regulate digital asset markets and digital asset trading platforms may become law or what any such bill may entail.

It is difficult to predict whether, or when, any of these developments will lead to Congress granting additional authorities to the SEC or other regulators, what the nature of such additional authorities might be, how additional legislation and/or regulatory oversight might impact the ability of Digital Asset Markets to function or how any new regulations or changes

to existing regulations might impact the value of digital assets generally and STX held by the Trust specifically. The consequences of increased federal regulation of digital assets and digital asset activities could have a material adverse effect on the Trust and the Shares.

Law enforcement agencies have often relied on the transparency of blockchains to facilitate investigations. However, certain privacy-enhancing features have been, or are expected to be, introduced to a number of digital asset networks. If the Stacks Network were to adopt any of these features, and these features may provide law enforcement agencies with less visibility into transaction-level data. Europol, the European Union's law enforcement agency, released a report in October 2017 noting the increased use of privacy-enhancing digital assets like Zcash and Monero in criminal activity on the internet. In August 2022, OFAC banned all U.S. citizens from using Tornado Cash, a digital asset protocol designed to obfuscate blockchain transactions, by adding certain Ethereum wallet addresses associated with the protocol to its Specially Designated Nationals and Blocked Persons List. A large portion of Ethereum validators globally, as well as notable industry participants such as Centre, the issuer of the USDC stablecoin, have reportedly complied with the sanctions and blacklisted the sanctioned addresses from interacting with their networks. In October 2023, FinCEN issued a notice of proposed rulemaking that identified convertible virtual currency (CVC) mixing as a class of transactions of primary money laundering concern and proposed requiring covered financial institutions to implement certain recordkeeping and reporting requirements on transactions that covered financial institutions know, suspect, or have reason to suspect involve CVC mixing within or involving jurisdictions outside the United States. In April 2024, the DOJ arrested and charged the developers of the Samourai Wallet mixing service with conspiracy to commit money laundering and conspiracy to operate an unlicensed money transmitting business. In May 2024, a co-founder of Tornado Cash was sentenced to more than five years imprisonment in the Netherlands for developing Tornado Cash on the basis that he had helped launder more than \$2 billion worth of digital assets through Tornado Cash. In August 2025, a co-founder of Tornado Cash was convicted of conspiracy to operate an unlicensed money transmitting business, but a mistrial was declared with respect to charges of conspiracy to commit money laundering and conspiracy to violate U.S. sanctions. Future additional regulatory action with respect to privacy-enhancing digital assets is possible.

***STX's initial manner of sale may resemble that of certain digital assets found to be securities, and a determination that STX is a "security" may adversely affect the value of STX and an investment in the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, such Trust.***

Through enforcement actions and other statements, the SEC and its staff have taken the position that a digital asset's initial manner of sale may be a key factor in determining whether that digital asset was a security, at least at the time of the digital asset's delivery as part of that sale. This has meant that many blockchain startups that have offered digital assets to the public in the form of initial coin offerings, also known as ICOs, have been found to have engaged in illegal unregistered distributions of securities. One variant of an ICO involves a digital asset being sold through a Simple Agreement for Future Tokens, or a SAFT. Under a SAFT, a purchaser agrees to contribute funds to enable the development of a digital asset network in exchange for an agreement by the developer to deliver digital assets in the future, once the network becomes operational. The legal theory behind the SAFT is that, while the SAFT itself may be an "investment contract" and thus a "security" under the federal securities laws (and is therefore typically offered in reliance on an exemption from registration), the tokens themselves should not be securities at the time of their delivery because at that time the network will be operational and the tokens will have real consumptive uses, rather than representing an investment to fund the initial development work.

The SEC has cast doubt on the legal argument underpinning the SAFT structure, and has litigated in federal court at least two significant enforcement actions involving digital assets sold under SAFTs, arguing in each case that the digital assets sold under a SAFT, and not just SAFTs themselves, were securities. In March 2020, the SEC obtained a preliminary injunction barring Telegram Group, Inc. from conducting an unregistered distribution of digital assets known as Grams, on the grounds that Grams were securities under the federal securities laws, notwithstanding the fact that they had been sold under one variant of an ICO involving a digital asset being sold through a Simple Agreement for Future Tokens, or a SAFT. Telegram Group ultimately agreed to return \$1.2 billion to investors and to pay a \$18.5 million civil penalty. Similarly, in September 2020 the SEC won a motion for summary judgment against Kik Interactive, Inc., persuading the court that Kik Interactive's sale of digital assets, called Kin, through a SAFT structure should be integrated with Kik Interactive's separate public sale of Kin (which the court held to be illegal), as the sales were conducted using the same marketing efforts, involved the same asset, and were conducted very close in time to one another. Kik Interactive ultimately agreed to pay a \$5 million civil penalty. The SEC in December 2020 filed a complaint against the issuer of XRP, Ripple Labs, Inc., and two of its executives, alleging that Ripple Labs and its executives raised over \$1.3 billion

through XRP sales that should have been registered under the federal securities laws, but were not. Multiple digital assets the SEC alleged to be securities in the Coinbase, Binance and Kraken Complaints were first sold to the public in similar circumstances or ICOs. Subsequently, in July 2023, the District Court for the Southern District of New York held that while XRP is not a security, certain sales of XRP to certain buyers amounted to “investment contracts” under the Howey test. For a discussion of the evolution of the SEC’s complaint against Ripple Labs, see “Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Trust and the Shares—A determination that STX or any other digital asset is a “security” may adversely affect the value of STX and the value of the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Trust.”

A portion of STX was initially sold through private placements structured as SAFTs under Regulation D and Regulation S prior to the network launch, in addition to a later SEC-qualified Reg A+ offering. See “Overview of the STX Industry and Market—Creation of STX.” Certain individuals and entities associated with the Company hold and may continue to distribute STX. STX’s distribution through a SAFT shares several characteristics with other offerings of digital assets through SAFT’s, including those conducted by Telegram Group, Kik Interactive and Ripple Labs that the SEC has argued were used to effect the illegal unregistered public distribution of a security. While there are reasonable grounds on which STX may be distinguished from Grams, Kin and XRP, STX therefore has certain characteristics that mean that the risk of the SEC or a court finding STX to be a security is greater than the risk that digital assets like Bitcoin or Ethereum would be found to be securities. For example, although STX is decentralized in certain respects, a significant amount of STX remains under the control of the Company. Even though STX does not have an official developer, the degree of control retained by the Company is such that it may be viewed by a regulator as continuing to play a material role in the development of STX, which could adversely affect any argument that STX is not a security. Further, in September 2021, the Company disclosed in a securities filing that it was responding to an inquiry from the SEC’s Division of Enforcement. However, in July 2024, the Division of Enforcement informed the Company through subsequent filings that it had concluded its investigation as to the Stacks Blockchain and did not intend to recommend enforcement action. In addition, even setting aside STX’s initial manner of offering, as noted under “Overview of the STX Industry and Market,” a significant portion of demand for digital assets is generated by speculators and investors, not necessarily by those looking to use digital assets for consumptive purposes.

If the Stacks Network cannot retain users and demonstrate that its primary consumptive use case for STX is serious and viable, this could also increase the risk that STX is determined to be a security.

As discussed in “A determination that STX or any other digital asset is a “security” may adversely affect the value of STX and the value of the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Trust,” the SEC issued a Commission level interpretation of the federal securities laws that states that a non-security crypto asset may become subject to an investment contract and remain subject to the investment contract in secondary markets transactions.

If STX is determined to be a “security” or transactions in STX are determined to be securities transactions under federal or state securities laws by the SEC or a state regulatory agency, or in a proceeding in a court of law or otherwise, it will have material adverse consequences for STX and an investment in the Shares. If STX or transactions in STX are determined to be a security, or a securities transaction, it is likely to become difficult or impossible for STX to be traded, cleared or custodied in the United States through the same channels used by non-security digital assets, which could in turn materially and adversely affect the trading value, liquidity, market participants’ ability to convert STX into U.S. dollars and general acceptance of STX and cause users to migrate to other digital assets. As such, any determination that STX or transactions in that digital asset are a security under federal or state securities laws may adversely affect the value of STX and, as a result, an investment in the Shares.

To the extent that STX is determined to be a security or transactions in STX are determined to be securities transactions, the Trust could be considered an unregistered “investment company” under the Investment Company Act, which could necessitate the Trust’s liquidation. In this case, the Trust and the Sponsor may be deemed to have participated in an illegal offering of investment company securities and there is no guarantee that the Sponsor will be able to register the Trust under the Investment Company Act at such time or take such other actions as may be necessary to ensure the Trust’s activities comply with applicable law, which could force the Sponsor to liquidate the Trust. The Sponsor could also be subject to an SEC enforcement action. If the Sponsor determines not to comply with, or is unable to comply with, such additional regulatory and registration requirements, the Sponsor may terminate the Trust. Any such termination could result in the liquidation of the Trust’s STX at a time that is disadvantageous to Shareholders.

***Competing industries may have more influence with policymakers than the digital asset industry, which could lead to the adoption of laws and regulations that are harmful to the digital asset industry.***

The digital asset industry is relatively new, although its influence over public policy is increasing, and it does not have the same access to policymakers and lobbying organizations in many jurisdictions compared to industries with which digital assets may be seen to compete, such as banking, payments and consumer finance. Competitors from other, more established industries may have greater access to and influence with governmental officials and regulators and may be successful in persuading these policymakers that digital assets require heightened levels of regulation compared to the regulation of traditional financial services. As a result, new laws and regulations may be proposed and adopted in the United States and elsewhere, or existing laws and regulations may be interpreted in new ways, that disfavor or impose compliance burdens on the digital asset industry or digital asset platforms, which could adversely impact the value of STX and therefore the value of the Shares.

***Regulatory changes or other events in foreign jurisdictions may affect the value of the Shares or restrict the use of one or more digital assets, validating activity or the operation of their networks or the Digital Asset Trading Platform Market in a manner that adversely affects the value of the Shares.***

Various foreign jurisdictions have, and may continue to adopt laws, regulations or directives that affect the digital asset network, the Digital Asset Markets, and their users, particularly Digital Asset Trading Platforms and service providers that fall within such jurisdictions' regulatory scope. For example, if foreign jurisdictions in addition to China were to ban or otherwise restrict validating activity, including by regulating or limiting manufacturers' ability to produce or sell semiconductors or hard drives in connection with validating, it would have a material adverse effect on digital asset networks (including the Stacks Network), the Digital Asset Market, and as a result, impact the value of the Shares.

A number of foreign jurisdictions have recently taken regulatory action aimed at digital asset activities. China has made transacting in cryptocurrencies illegal for Chinese citizens in mainland China, and additional restrictions may follow. Both China and South Korea have banned initial coin offerings entirely and regulators in other jurisdictions, including Canada, Singapore and Hong Kong, have opined that initial coin offerings may constitute securities offerings subject to local securities regulations. The United Kingdom's Financial Conduct Authority published final rules in October 2020 banning the sale of derivatives and exchange-traded notes that reference certain types of digital assets, contending that they are "ill-suited" to retail investors citing extreme volatility, valuation challenges and association with financial crime. A new law, the Financial Services and Markets Act 2023 ("FSMA"), received royal assent in June 2023. The FSMA brings digital asset activities within the scope of existing laws governing financial institutions, markets and assets. In addition, the Parliament of the European Union approved the text of the Markets in Crypto-Assets Regulation ("MiCA") in April 2023, establishing a regulatory framework for digital asset services across the European Union. Certain parts of MiCA became effective as of June 2024 and the remainder became effective as of December 2024. MiCA is intended to serve as a comprehensive regulation of digital asset markets and imposes various obligations on digital asset issuers and service providers. The main aims of MiCA are industry regulation, consumer protection, prevention of market abuse and upholding the integrity of digital asset markets. See "Government Oversight."

Foreign laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of one or more digital assets by users, merchants and service providers outside the United States and may therefore impede the growth or sustainability of the digital asset economy in the European Union, China, Japan, Russia and the United States and globally, or otherwise negatively affect the value of STX. Moreover, other events, such as the interruption in telecommunications or internet services, cyber-related terrorist acts, civil disturbances, war or other catastrophes, could also negatively affect the digital asset economy in one or more jurisdictions. For example, Russia's invasion of Ukraine on February 24, 2022 led to volatility in digital asset prices, with an initial steep decline followed by a sharp rebound in prices. The effect of any future regulatory change or other events on the Trust or STX is impossible to predict, and such change could be substantial and adverse to the Trust and the value of the Shares.

***If regulators subject an Authorized Participant, the Trust or the Sponsor to regulation as a money service business or money transmitter, this could result in extraordinary expenses to the Authorized Participant, the Trust or the Sponsor and also result in decreased liquidity for the Shares.***

To the extent that the activities of any Authorized Participant, the Trust or the Sponsor cause it to be deemed a "money services business" under the regulations promulgated by FinCEN, such Authorized Participant, the Trust or the Sponsor may be required to comply with FinCEN regulations, including those that would mandate the Authorized Participant, the

Trust or the Sponsor to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records. Similarly, the activities of an Authorized Participant, the Trust or the Sponsor may require it to be licensed as a money transmitter or as a digital asset business, such as under the NYDFS' BitLicense regulations or California's Digital Financial Assets Law, once effective.

Such additional regulatory obligations may cause the Authorized Participant, the Trust or the Sponsor to incur extraordinary expenses. If the Authorized Participant, the Trust or the Sponsor decided to seek the required licenses, there is no guarantee that they will timely receive them. An Authorized Participant may instead decide to terminate its role as Authorized Participant of the Trust, or the Sponsor may decide to discontinue and wind up the Trust. An Authorized Participant's decision to cease acting as such may decrease the liquidity of the Shares, which could adversely affect the value of the Shares, and termination of the Trust in response to the changed regulatory circumstances may be at a time that is disadvantageous to the shareholders.

Additionally, to the extent an Authorized Participant, the Trust or the Sponsor is found to have operated without appropriate state or federal licenses or registration, it may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which would harm the reputation of the Trust or the Sponsor, decrease the liquidity, and have a material adverse effect on the price of, the Shares.

***Statutory or regulatory changes or interpretations could obligate the Trust or the Sponsor to register and comply with new regulations, resulting in potentially extraordinary, nonrecurring expenses to the Trust.***

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which STX is treated. In particular, STX may be classified by the CFTC as a "commodity interest" under the CEA or may be classified by the SEC as a "security" under U.S. federal securities laws. It is also possible that a new Administration and Congress in the United States creates a new classification for digital assets. For example, the current draft of the CLARITY Act would add "digital commodities" to the list of assets that are commodity interests under the CEA. The Sponsor and the Trust cannot be certain as to how future regulatory developments will impact the treatment of STX under the law. In the face of such developments, the required registrations and compliance steps may result in extraordinary, nonrecurring expenses to the Trust. If the Sponsor decides to terminate the Trust in response to the changed regulatory circumstances, the Trust may be dissolved or liquidated at a time that is disadvantageous to shareholders.

To the extent that STX is deemed to fall within the definition of a "commodity interest" under the CEA, due to the passage of the CLARITY Act or otherwise, the Trust and the Sponsor may be subject to additional regulation under the CEA and CFTC regulations. The Sponsor may be required to register as a commodity pool operator or commodity trading adviser with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to the Trust, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and/or nonrecurring expenses of the Trust, thereby materially and adversely impacting the Shares. If the Sponsor determines not to comply with such additional regulatory and registration requirements, the Sponsor will terminate the Trust. Any such termination could result in the liquidation of the Trust's STX at a time that is disadvantageous to shareholders.

To the extent that STX is determined to be a security under U.S. federal securities laws, the Trust and the Sponsor may be subject to additional requirements under the Investment Company Act and the Sponsor may be required to register as an investment adviser under the Investment Advisers Act. Such additional registration may result in extraordinary, recurring and/or non-recurring expenses of the Trust, thereby materially and adversely impacting the Shares. If the Sponsor determines not to comply with such additional regulatory and registration requirements, the Sponsor will terminate the Trust. Any such termination could result in the liquidation of the Trust's STX at a time that is disadvantageous to shareholders.

***The treatment of the Trust for U.S. federal income tax purposes is uncertain.***

The Sponsor intends to take the position that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes. Assuming that the Trust is a grantor trust, the Trust will not be subject to U.S. federal income tax. Rather, if the Trust is a grantor trust, each beneficial owner of Shares will be treated as directly owning its *pro rata* share of the Trust's assets and a *pro rata* portion of the Trust's income, gains, losses and deductions will "flow through" to each beneficial owner of Shares.

If the IRS were to disagree with, and successfully challenge, certain positions the Trust may take, including with respect to Incidental Rights and IR Virtual Currency, the Trust might not qualify as a grantor trust. In addition, the Sponsor has delivered the Pre-Creation Abandonment Notice to the Custodian stating that the Trust is irrevocably abandoning, effective immediately prior to each Creation Time, all Incidental Rights or IR Virtual Currency to which it would otherwise be entitled as of such time and with respect to which it has not taken any Affirmative Action at or prior to such time. There can be no complete assurance that these abandonments will be treated as effective for U.S. federal income tax purposes. If the Trust were treated as owning any asset other than STX as of any date on which it creates Shares, it might cease to qualify as a grantor trust for U.S. federal income tax purposes.

Because of the evolving nature of digital assets, it is not possible to predict potential future developments that may arise with respect to digital assets, including forks, airdrops and other similar occurrences. Assuming that the Trust is currently a grantor trust for U.S. federal income tax purposes, certain future developments could render it impossible, or impracticable, for the Trust to continue to be treated as a grantor trust for such purposes.

If the Trust is not properly classified as a grantor trust, the Trust might be classified as a partnership for U.S. federal income tax purposes. However, due to the uncertain treatment of digital assets for U.S. federal income tax purposes (as discussed below in “Material U.S. Federal Income Tax Consequences—Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Assets”), there can be no assurance in this regard. If the Trust were classified as a partnership for U.S. federal income tax purposes, the tax consequences of owning Shares generally would not be materially different from the tax consequences described herein, although there might be certain differences, including with respect to timing of the recognition of taxable income or loss. In addition, tax information reports provided to beneficial owners of Shares would be made in a different form. If the Trust were not classified as either a grantor trust or a partnership for U.S. federal income tax purposes, it would be classified as a corporation for such purposes. In that event, the Trust would be subject to entity-level U.S. federal income tax (currently at the rate of 21%) on its net taxable income and certain distributions made by the Trust to shareholders would be treated as taxable dividends to the extent of the Trust’s current and accumulated earnings and profits. Any such dividend distributed to a beneficial owner of Shares that is a non-U.S. person for U.S. federal income tax purposes would be subject to U.S. federal withholding tax at a rate of 30% (or such lower rate as provided in an applicable tax treaty).

***The treatment of digital assets for U.S. federal income tax purposes is uncertain.***

As discussed in the section entitled “Material U.S. Federal Income Tax Consequences—Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Assets” below, assuming that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes, each beneficial owner of Shares will be treated for U.S. federal income tax purposes as the owner of an undivided interest in the STX (and, if applicable, any Incidental Rights and/or IR Virtual Currency) held in the Trust. Due to the new and evolving nature of digital assets and the absence of comprehensive guidance with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets are uncertain.

In 2014, the Internal Revenue Service (“IRS”) released a notice (the “Notice”) discussing certain aspects of “convertible virtual currency” (that is, digital assets that have an equivalent value in fiat currency or that act as substitutes for fiat currency) for U.S. federal income tax purposes and, in particular, stating that such digital assets (i) are “property” (ii) are not “currency” for purposes of the rules relating to foreign currency gain or loss and (iii) may be held as a capital asset. In 2019, the IRS released a revenue ruling and a set of “Frequently Asked Questions” that has been updated from time to time since (the “Ruling & FAQs”). The Ruling & FAQs that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital assets are taxable events giving rise to ordinary income and guidance with respect to the determination of the tax basis of digital assets. However, the Notice and the Ruling & FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital assets. Moreover, although the Ruling & FAQs address the treatment of hard forks, there continues to be uncertainty with respect to the timing and amount of the income inclusions.

There can be no assurance that the IRS will not alter its position with respect to digital assets in the future or that a court would uphold the treatment set forth in the Notice and the Ruling & FAQs. It is also unclear what additional guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for shareholders and could have an adverse effect on the value of STX. Future developments that may arise with respect to digital assets may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes. For example, the Notice

addresses only digital assets that are “convertible virtual currency,” and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Trust could hold certain types of digital assets that are not within the scope of the Notice.

Shareholders are urged to consult their tax advisers regarding the tax consequences of owning and disposing of Shares and digital assets in general.

***Future developments regarding the treatment of digital assets for U.S. federal income tax purposes could adversely affect the value of the Shares.***

As discussed above, many significant aspects of the U.S. federal income tax treatment of digital assets, such as STX, are uncertain, and it is unclear what guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. It is possible that any such guidance would have an adverse effect on the prices of digital assets, including on the price of STX in the Digital Asset Markets, and therefore may have an adverse effect on the value of the Shares.

Because of the evolving nature of digital assets, it is not possible to predict potential future developments that may arise with respect to digital assets, including forks, airdrops and similar occurrences. Such developments may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes. Moreover, certain future developments could render it impossible, or impracticable, for the Trust to continue to be treated as a grantor trust for U.S. federal income tax purposes.

***Future developments in the treatment of digital assets for tax purposes other than U.S. federal income tax purposes could adversely affect the value of the Shares.***

The taxing authorities of certain states, including New York, (i) have announced that they will follow the Notice with respect to the treatment of digital assets for state income tax purposes and/or (ii) have issued guidance exempting the purchase and/or sale of digital assets for fiat currency from state sales tax. However, it is unclear what further guidance on the treatment of digital assets for state tax purposes may be issued in the future.

The treatment of digital assets for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital assets for U.S. federal, state or local tax purposes. It is possible, for example, that a non-U.S. jurisdiction would impose sales tax or value-added tax on purchases and sales of digital assets for fiat currency. If a foreign jurisdiction with a significant share of the market of Stacks Network users imposes onerous tax burdens on digital asset users, or imposes sales or value-added tax on purchases and sales of digital assets for fiat currency, such actions could result in decreased demand for STX in such jurisdiction.

Any future guidance on the treatment of digital assets for state, local or non-U.S. tax purposes could increase the expenses of the Trust and could have an adverse effect on the prices of digital assets, including on the price of STX in the Digital Asset Markets. As a result, any such future guidance could have an adverse effect on the value of the Shares.

***The tax treatment of STX and transactions involving STX for state and local tax purposes is not settled.***

Because STX is a new technological innovation, the tax treatment of STX for state and local tax purposes, including, without limitation state and local income and sales and use taxes, is not settled. It is uncertain what guidance, if any, on the treatment of STX for state and local tax purposes may be issued in the future. A state or local government authority’s treatment of STX may have negative consequences, including the imposition of a greater tax burden on investors in STX or the imposition of a greater cost on the acquisition and disposition of STX generally. Any such treatment may have a negative effect on prices of STX and may adversely affect the value of the Shares.

***A U.S. tax-exempt shareholder may recognize “unrelated business taxable income” as a consequence of an investment in Shares.***

Under the guidance provided in the Ruling & FAQs, hard forks, airdrops and similar occurrences with respect to digital assets will under certain circumstances be treated as taxable events giving rise to ordinary income. In the absence of guidance to the contrary, it is possible that any such income recognized by a U.S. tax-exempt shareholder would constitute “unrelated business taxable income” (“UBTI”). A tax-exempt shareholder should consult its tax adviser regarding whether such shareholder may recognize UBTI as a consequence of an investment in Shares. See “Material U.S. Federal Income Tax Consequences.”

***Non-U.S. Holders may be subject to U.S. federal withholding tax on income derived from forks, airdrops and similar occurrences.***

The Ruling & FAQs do not address whether income recognized by a non-U.S. person as a result of a fork, airdrop or similar occurrence could be subject to the 30% withholding tax imposed on U.S.-source “fixed or determinable annual or periodical” income. Non-U.S. Holders (as defined under “Material U.S. Federal Income Tax Consequences—Tax Consequences to Non-U.S. Holders” below) should be aware that, in the absence of guidance, a withholding agent (including a broker through which a Non-U.S. Holder holds Shares) may withhold 30% of any such income recognized by a non-U.S. Holder in respect of its Shares, including by deducting such withheld amounts from proceeds that such non-U.S. Holder would otherwise be entitled to receive in connection with a distribution of Incidental Rights or IR Virtual Currency. See “Material U.S. Federal Income Tax Consequences.”

**Risk Factors Related to Potential Conflicts of Interest**

***Potential conflicts of interest may arise among the Sponsor or its affiliates and the Trust. The Sponsor and its affiliates have no fiduciary duties to the Trust and its shareholders other than as provided in the Trust Agreement, which may permit them to favor their own interests to the detriment of the Trust and its shareholders.***

The Sponsor will manage the affairs of the Trust. Conflicts of interest may arise among the Sponsor and its affiliates, including the Authorized Participants, on the one hand, and the Trust and its shareholders, on the other hand. As a result of these conflicts, the Sponsor may favor its own interests and the interests of its affiliates over the Trust and its shareholders. These potential conflicts include, among others, the following:

- The Sponsor has no fiduciary duties to, and is allowed to take into account the interests of parties other than, the Trust and its shareholders in resolving conflicts of interest, provided the Sponsor does not act in bad faith;
- The Trust has agreed to indemnify the Sponsor and its affiliates pursuant to the Trust Agreement;
- The Sponsor is responsible for allocating its own limited resources among different clients and potential future business ventures, to each of which it owes fiduciary duties;
- The Sponsor and its staff also service affiliates of the Sponsor, including several other digital asset investment vehicles, and their respective clients and cannot devote all of its, or their, respective time or resources to the management of the affairs of the Trust;
- The Sponsor, its affiliates and their respective officers and employees are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with the Trust;
- Affiliates of the Sponsor have substantial direct investments in STX that they are permitted to manage taking into account their own interests without regard to the interests of the Trust or its shareholders, and any increases, decreases or other changes in such investments could affect the Reference Rate Price and, in turn, the value of the Shares;
- There is an absence of arm’s-length negotiation with respect to certain terms of the Trust, and, where applicable, there has been no independent due diligence conducted with respect to the Trust;
- Several employees of the Sponsor and the Sponsor’s indirect parent company, DCG, are FINRA-registered representatives who maintain their licenses through Grayscale Securities;
- DCG is (i) the indirect parent company of the Sponsor; (ii) the indirect parent company of Grayscale Securities, the only acting Authorized Participant as of the date of this Annual Report; and (iii) a minority interest holder in Kraken, one of the Digital Asset Trading Platforms included in the Reference Rate, representing less than 1.0% of its equity;
- DCG has investments in a large number of digital assets and companies involved in the digital asset ecosystem, including trading platforms and custodians. DCG’s positions on changes that should be adopted in the Stacks Network could be adverse to positions that would benefit the Trust or its shareholders. Additionally, before or after a hard fork on the Stacks Network, DCG’s position regarding which fork among a group of incompatible

forks of the Stacks Network should be considered the “true” Stacks Network could be adverse to positions that would most benefit the Trust;

- DCG has been vocal in the past about its support for digital assets other than STX. Any investments in, or public positions taken on, digital assets other than STX by DCG could have an adverse impact on the price of STX;
- The Sponsor decides whether to retain separate counsel, accountants or others to perform services for the Trust;
- The Sponsor and Grayscale Securities, which acts as Authorized Participant and distributor and marketer for the Shares, are affiliated parties that share a common indirect parent company, DCG;
- While the Reference Rate Provider does not currently utilize data from over-the-counter markets or derivatives platforms, it may decide to include pricing from such markets or platforms in the future;
- The Sponsor may appoint an agent to act on behalf of the shareholders, including in connection with the distribution of any Incidental Rights and/or IR Virtual Currency, and such agent may be the Sponsor or an affiliate of the Sponsor; and
- The Sponsor has historically, and may again select a Reference Rate Provider that is an affiliate of the Sponsor and the Trust.

By purchasing the Shares, shareholders agree and consent to the provisions set forth in the Trust Agreement. See “Material Contracts—Description of the Trust Agreement.”

For a further discussion of the conflicts of interest among the Sponsor, the distributor, the marketer, Authorized Participant, Liquidity Providers, the Trust and others, see “Conflicts of Interest.”

***Because the Sponsor and the Trust’s sole Authorized Participant are affiliated with each other, the Trust’s Baskets will not be exchanged for STX in arm’s-length transactions.***

The Sponsor is an affiliate of Grayscale Securities, LLC, a registered broker-dealer currently acting as the sole Authorized Participant, distributor and marketer for the Shares. The Trust issues Creation Baskets in exchange for deposits of STX. See “Creation and Redemption of Shares.” As the sole Authorized Participant, Grayscale Securities is currently the only entity that may place orders to create Creation Baskets. As a result, the issuance of Creation Baskets does not occur on an arm’s-length basis.

While additional Authorized Participants may be added at any time, subject to the discretion of the Sponsor, the Sponsor may be disincentivized from replacing affiliated service providers due to its affiliated status. In connection with this conflict of interest, shareholders should understand that affiliated service providers will receive fees for providing services to the Trust. Clients of the affiliated service providers may pay commissions at negotiated rates that are greater or less than the rate paid by the Trust. The Sponsor may have an incentive to resolve questions between Grayscale Securities, on the one hand, and the Trust and shareholders, on the other hand, in favor of Grayscale Securities (including, but not limited to, questions as to the calculation of the Basket Amount).

***DCG is a minority interest holder in Kraken, which operates one of the Digital Asset Trading Platforms included in the Reference Rate Price.***

DCG, the indirect parent company of the Sponsor, holds a minority interest of less than 1.0% in Kraken. The Sponsor values its digital assets by reference to the Reference Rate Price. The Reference Rate Price is the price in U.S. dollars of a STX derived from the Digital Asset Trading Platforms that are reflected in the Reference Rate developed by CoinDesk Indices, Inc. as of 4:00 p.m., New York time, on each business day. Kraken is one of the Digital Asset Trading Platforms included in the Reference Rate.

Although DCG does not exercise control over Kraken, it is possible that investors could have concerns that DCG could influence market data provided by this Digital Asset Trading Platform in a way that benefits DCG, for example by artificially inflating the values of STX in order to increase the Sponsor’s fees. This could make the Trust’s Shares less attractive to investors than the shares of similar vehicles that do not present these concerns, adversely affect investor sentiment about the Trust and negatively affect Share trading prices.

***Shareholders cannot be assured of the Sponsor's continued services, the discontinuance of which may be detrimental to the Trust.***

Shareholders cannot be assured that the Sponsor will be willing or able to continue to serve as sponsor to the Trust for any length of time. If the Sponsor discontinues its activities on behalf of the Trust and a substitute sponsor is not appointed, the Trust will terminate and liquidate its STX.

Appointment of a substitute sponsor will not guarantee the Trust's continued operation, successful or otherwise. Because a substitute sponsor may have no experience managing a digital asset financial vehicle, a substitute sponsor may not have the experience, knowledge or expertise required to ensure that the Trust will operate successfully or continue to operate at all. Therefore, the appointment of a substitute sponsor may not necessarily be beneficial to the Trust and the Trust may terminate. See "Conflicts of Interest—The Sponsor."

***Although the Custodian is a fiduciary with respect to the Trust's assets, if the Custodian resigns or is removed by the Sponsor or otherwise, without replacement, it would trigger early termination of the Trust.***

The Custodian is a fiduciary under § 100 of the New York Banking Law and a qualified custodian for purposes of Rule 206(4)-2(d)(6) under the Investment Advisers Act and is licensed to custody the Trust's STX in trust on the Trust's behalf. However, the SEC has released proposed amendments to Rule 206(4)-2 that, if enacted as proposed, would amend the definition of a "qualified custodian" under Rule 206(4)-2(d)(6). Executive officers of the Custodian's parent company have made public statements indicating that the Custodian will remain a qualified custodian under the proposed SEC rule, if enacted as currently proposed. However, there can be no assurance that the Custodian would continue to qualify as a "qualified custodian" under a final rule.

Furthermore, during the initial term, the Custodian may terminate the Custodian Agreement for Cause (as defined in "Description of the Custodian Agreement—Termination") at any time, and after the initial term, the Custodian can terminate the Agreement for any reason upon the notice period provided under the Custodian Agreement. If the Custodian resigns or is removed by the Sponsor or otherwise, without replacement, the Trust will dissolve in accordance with the terms of the Trust Agreement.

***Shareholders may be adversely affected by the lack of independent advisers representing investors in the Trust.***

The Sponsor has consulted with counsel, accountants and other advisers regarding the formation and operation of the Trust. No counsel was appointed to represent investors in connection with the formation of the Trust or the establishment of the terms of the Trust Agreement and the Shares. Moreover, no counsel has been appointed to represent an investor in connection with the offering of the Shares. Accordingly, an investor should consult his, her or its own legal, tax and financial advisers regarding the desirability of the value of the Shares. Lack of such consultation may lead to an undesirable investment decision with respect to investment in the Shares.

## COINDESK STACKS REFERENCE RATE

The Trust values its STX by reference to the "Reference Rate Price," which is a volume-weighted average price in U.S. dollars for the immediately preceding 60-minute period derived from data collected from Digital Asset Trading Platforms trading STX selected by the Reference Rate Provider (each, a "Constituent Trading Platform") as of 4:00 p.m., New York time, on each business day and included in the CoinDesk Stacks Reference Rate (the "Reference Rate"). The Reference Rate Price is calculated using non-GAAP methodology and is not used in the Trust's financial statements.

### *Certain Relationships*

The Reference Rate Provider and the Sponsor have entered into a reference rate license agreement (the "Reference Rate License Agreement") governing the Sponsor's use of the Reference Rate for calculation of the Reference Rate Price. The Reference Rate Provider may adjust the calculation methodology for the Reference Rate without notice to, or consent of, the Trust or its shareholders. Under the Reference Rate License Agreement, the Sponsor pays a monthly fee and a fee based on the NAV of the Trust to the Reference Rate Provider in consideration of its license to the Sponsor of Reference Rate-related intellectual property. The initial term of the Reference Rate License Agreement was February 1, 2022 through the later of February 29, 2024 and the latest date set forth on any order form executed under the Reference Rate License Agreement. On June 20, 2023, the Sponsor and the Reference Rate Provider, entered into an amendment to the Reference Rate License Agreement to extend the initial term of the Reference Rate License Agreement from February 29, 2024, to February 28, 2025. On February 5, 2025, the Sponsor and the Reference Rate Provider, entered into an amendment to the Reference Rate License Agreement to extend the term of the Reference Rate License Agreement from February 28, 2025, to February 29, 2028. Thereafter, the Reference Rate License Agreement will automatically renew on an annual basis, unless a notice of non-renewal is provided. The Reference Rate License Agreement is terminable by either party upon written notice in the event of a material breach that remains uncured for thirty days after initial written notice of such breach. Further, either party may terminate the Reference Rate License Agreement immediately upon notice under certain circumstances, including with respect to the other party's (i) insolvency, bankruptcy or analogous event or (ii) violation of money transmission, taxation or trading regulations that materially adversely affect either party's ability to perform under the Reference Rate License Agreement.

COINDESK® and COINDESK STACKS REFERENCE RATE (the "Reference Rate") are trade or service marks of CoinDesk Indices, Inc. (with its affiliates, including CC Data Limited, "CDI") and/or its licensors. CDI or CDI's licensors own all proprietary rights in the Data.

CDI is not the issuer or producer of the Trust and has no responsibilities, obligations, or duties to investors in or holders of the Trust. The Reference Rate is licensed for use by the Sponsor as the sponsor of the Trust. The only relationship that CDI has with the Sponsor in respect of the Trust is the licensing of the Reference Rate, which is administered and published by CDI, or any successor thereto, without regard to the Sponsor or the owners or holders of Shares of the Trust.

Investors or holders acquire shares of the Trust offered by the Sponsor and investors and holders neither acquire any interest in the Reference Rate nor enter into any relationship of any kind whatsoever with CDI upon making an investment in or acquisition of the Trust. The Trust is not sponsored, endorsed, sold, or promoted by CDI. CDI makes no representation or warranty, express or implied, regarding the advisability of investing in or otherwise acquiring the Trust or the advisability of investing in securities or digital assets generally or the ability of the Reference Rate to track corresponding or relative market performance. CDI has not passed on the legality or suitability of the Trust with respect to any person or entity. CDI is not responsible for, nor has participated in, the determination of the timing of, prices at, or quantities of the Trust to be issued. CDI has no obligation to take the needs of the Sponsor or the owners or holders of the Trust or any other third party into consideration in administering, composing, calculating, or publishing the Reference Rate. CDI has no obligation or liability in connection with administration, marketing, or trading of the Trust.

The licensing agreement between the Sponsor and CDI is solely for the benefit of the Sponsor and CDI and not for the benefit of the owners or holders of Shares of the Trust or any other third parties.

CDI shall have no liability to the Sponsor, the Trust, investors, holders or other third parties for the quality, accuracy and/or completeness of the Reference Rate or any data included therein or for interruptions in the delivery of the data. CDI hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Reference Rate or any other data included therein. CDI reserves the right to change the methods of calculation or publication, or to cease the calculation or publication of the Reference Rate and shall not be liable for any miscalculation of or any incorrect, delayed, or interrupted publication with respect to the Reference Rate. CDI shall not be liable for any damages, including, without limitation, any special, indirect or consequential damages, or any lost profits, even if advised of the possibility of such, resulting from the use of the Reference Rate or any other data included therein or with respect to the Trust.

## **CUSTODY OF THE TRUST'S STX**

Digital assets and digital asset transactions are recorded and validated on blockchains, the public transaction ledgers of a digital asset network. Each digital asset blockchain serves as a record of ownership for all of the units of such digital asset, even in the case of certain privacy-preserving digital assets, where the transactions themselves are not publicly viewable. All digital assets recorded on a blockchain are associated with a public blockchain address, also referred to as a digital wallet. Digital assets held at a particular public blockchain address may be accessed and transferred using a corresponding private key.

### **Key Generation**

Public addresses and their corresponding private keys are generated by the Custodian in secret key generation ceremonies at secure locations inside faraday cages, which are enclosures used to block electromagnetic fields and thus mitigate against attacks. The Custodian uses quantum random number generators to generate the public and private key pairs.

Once generated, private keys are encrypted, separated into “shards,” and then further encrypted. After the key generation ceremony, all materials used to generate private keys, including computers, are destroyed. All key generation ceremonies are performed offline. No party other than the Custodian has access to the private key shards of the Trust, including the Trust itself.

### **Key Storage**

Private key shards are distributed geographically in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes.

The Digital Asset Account uses offline storage, or “cold storage,” mechanisms to secure the Trust’s private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet. Cold storage of private keys may involve keeping such keys on a non-networked (or “air-gapped”) computer or electronic device or storing the private keys on a storage device (for example, a USB thumb drive) or printed medium (for example, papyrus, paper or a metallic object). A digital wallet may receive deposits of digital assets but may not send digital assets without use of the digital assets’ corresponding private keys. In order to send digital assets from a digital wallet in which the private keys are kept in cold storage, either the private keys must be retrieved from cold storage and entered into an online, or “hot”, digital asset software program to sign the transaction, or the unsigned transaction must be transferred to the cold server in which the private keys are held for signature by the private keys and then transferred back to the online digital asset software program. At that point, the user of the digital wallet can transfer its digital assets.

### **Security Procedures**

The Custodian is the custodian of the Trust’s private keys in accordance with the terms and provisions of the Custodian Agreement. Transfers from the Digital Asset Account requires certain security procedures, including but not limited to, multiple encrypted private key shards, usernames, passwords and 2-step verification. Multiple private key shards held by the Custodian must be combined to reconstitute the private key to sign any transaction in order to transfer the Trust’s assets. Private key shards are distributed geographically in secure vaults around the world, including in the United States.

As a result, if any one secure vault is ever compromised, this event will have no impact on the ability of the Trust to access its assets, other than a possible delay in operations, while one or more of the other secure vaults is used instead. These security procedures are intended to remove single points of failure in the protection of the Trust’s assets.

Transfers of STX to the Digital Asset Account will be available to the Trust once processed on the Blockchain.

Subject to obtaining regulatory approval to operate a redemption program and authorization of the Sponsor, the process of accessing and withdrawing STX from the Trust to redeem a Basket by an Authorized Participant will follow the same general procedure as transferring STX to the Trust to create a Basket by an Authorized Participant, only in reverse. See “Creation and Redemption of Shares.”

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion addresses the material U.S. federal income tax consequences of the ownership of Shares. References to “Relevant Digital Asset” refer to STX, the digital asset held by the Trust. This discussion does not describe all of the tax consequences that may be relevant to a beneficial owner of Shares in light of the beneficial owner’s particular circumstances, including tax consequences applicable to beneficial owners subject to special rules, such as:

- financial institutions;
- dealers in securities or commodities;
- traders in securities or commodities that have elected to apply a mark-to-market method of tax accounting in respect thereof;
- persons holding Shares as part of a hedge, “straddle,” integrated transaction or similar transaction;
- Authorized Participants (as defined below);
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- entities or arrangements classified as partnerships for U.S. federal income tax purposes;
- real estate investment trusts;
- regulated investment companies; and
- tax-exempt entities, including individual retirement accounts.

This discussion applies only to Shares that are held as capital assets and does not address alternative minimum tax consequences or consequences of the Medicare contribution tax on net investment income.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Shares and partners in those partnerships are urged to consult their tax advisers about the particular U.S. federal income tax consequences of owning Shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations (“Treasury Regulations”) as of the date hereof, changes to any of which subsequent to the date hereof may affect the tax consequences described herein. For the avoidance of doubt, this summary does not discuss any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. Shareholders are urged to consult their tax advisers about the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

### Tax Treatment of the Trust

The Sponsor intends to take the position that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes. Assuming that the Trust is a grantor trust, the Trust will not be subject to U.S. federal income tax. Rather, if the Trust is a grantor trust, each beneficial owner of Shares will be treated as directly owning its *pro rata* share of the Trust’s assets and a *pro rata* portion of the Trust’s income, gains, losses and deductions will “flow through” to each beneficial owner of Shares.

If the IRS were to disagree with, and successfully challenge, certain positions the Trust may take, including with respect to Incidental Rights and IR Virtual Currency, the Trust might not qualify as a grantor trust. The Pre-Creation Abandonment Notice provides that the Trust will abandon irrevocably, for no direct or indirect consideration, effective immediately prior to each Creation Time, all Incidental Rights or IR Virtual Currency to which it would otherwise be entitled as of such time and with respect to which it has not taken any Affirmative Action at or prior to such time. There can be no complete assurance that these abandonments will be treated as effective for U.S. federal income tax purposes. If the Trust were treated as owning any asset other than the Relevant Digital Asset as of any date on which it creates Shares, it might cease to qualify as a grantor trust for U.S. federal income tax purposes.

Moreover, because of the evolving nature of digital assets, it is not possible to predict potential future developments that may arise with respect to digital assets, including forks, airdrops and other similar occurrences. Assuming that the Trust is

currently a grantor trust for U.S. federal income tax purposes, certain future developments could render it impossible, or impracticable, for the Trust to continue to be treated as a grantor trust for such purposes.

If the Trust is not properly classified as a grantor trust, the Trust might be classified as a partnership for U.S. federal income tax purposes. However, due to the uncertain treatment of digital assets for U.S. federal income tax purposes, there can be no assurance in this regard. If the Trust were classified as a partnership for U.S. federal income tax purposes, the tax consequences of owning Shares generally would not be materially different from the tax consequences described herein, although there might be certain differences, including with respect to timing of the recognition of taxable income or loss. In addition, tax information reports provided to beneficial owners of Shares would be made in a different form. If the Trust were not classified as either a grantor trust or a partnership for U.S. federal income tax purposes, it would be classified as a corporation for such purposes. In that event, the Trust would be subject to entity-level U.S. federal income tax (currently at the rate of 21%) on its net taxable income and certain distributions made by the Trust to shareholders would be treated as taxable dividends to the extent of the Trust's current and accumulated earnings and profits. Any such dividend distributed to a beneficial owner of Shares that is a non-U.S. person for U.S. federal income tax purposes would be subject to U.S. federal withholding tax at a rate of 30% (or such lower rate as provided in an applicable tax treaty).

The remainder of this discussion is based on the assumption that the Trust will be treated as a grantor trust for U.S. federal income tax purposes.

### **Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Assets**

Each beneficial owner of Shares will be treated for U.S. federal income tax purposes as the owner of an undivided interest in the Relevant Digital Asset (and any Incidental Rights and/or IR Virtual Currency) held in the Trust. Due to the new and evolving nature of digital assets and the absence of comprehensive guidance with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets are uncertain.

In 2014, the Internal Revenue Service ("IRS") released a notice (the "Notice") discussing certain aspects of the treatment of "convertible virtual currency" (that is, digital assets that have an equivalent value in fiat currency or that act as substitutes for fiat currency) for U.S. federal income tax purposes. In the Notice, the IRS stated that, for U.S. federal income tax purposes, such digital assets (i) are "property," (ii) are not "currency" for purposes of the provisions of the Code relating to foreign currency gain or loss and (iii) may be held as a capital asset. In 2019, the IRS released a revenue ruling and a set of "Frequently Asked Questions" that has been updated from time to time since (the "Ruling & FAQs"). The Ruling & FAQs that provide some additional guidance, including guidance to the effect that, under certain circumstances, hard forks of digital assets are taxable events giving rise to ordinary income and guidance with respect to the determination of the tax basis of digital assets. However, the Notice and the Ruling & FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital assets. Moreover, although the Ruling & FAQs address the treatment of hard forks, there continues to be uncertainty with respect to the timing and amount of the income inclusions. While the Ruling & FAQs do not address most situations in which airdrops occur, it is clear from the reasoning of the Ruling & FAQs that the IRS generally would treat an airdrop as a taxable event giving rise to ordinary income.

There can be no assurance that the IRS will not alter its position with respect to digital assets in the future or that a court would uphold the treatment set forth in the Notice and the Ruling & FAQs. It is also unclear what additional guidance on the treatment of digital assets for U.S. federal income tax purposes may be issued in the future. Any such alteration of the current IRS positions or additional guidance could result in adverse tax consequences for shareholders and could have an adverse effect on the prices of digital assets, including the price of the Relevant Digital Asset in the Digital Asset Market, and therefore could have an adverse effect on the value of Shares. Future developments that may arise with respect to digital assets may increase the uncertainty with respect to the treatment of digital assets for U.S. federal income tax purposes. For example, the Notice addresses only digital assets that are "convertible virtual currency," and it is conceivable that, as a result of a fork, airdrop or similar occurrence, the Trust could hold certain types of digital assets that are not within the scope of the Notice.

The remainder of this discussion assumes the Relevant Digital Asset, and any Incidental Rights or IR Virtual Currency that the Trust may hold, is properly treated for U.S. federal income tax purposes as property that may be held as a capital asset and that is not currency for purposes of the provisions of the Code relating to foreign currency gain and loss.

Shareholders are urged to consult their tax advisers regarding the tax consequences of an investment in the Trust and in digital assets in general, including, in the case of shareholders that are generally exempt from U.S. federal income

taxation, whether such shareholders may recognize “unrelated business taxable income” (“UBTI”) as a consequence of a fork, airdrop or similar occurrence.

### **Incidental Rights and IR Virtual Currency**

It is possible that, in the future, the Trust will hold Incidental Rights and/or IR Virtual Currency that it receives in connection with its investment in the Relevant Digital Asset. The uncertainties with respect to the treatment of digital assets for U.S. federal income tax purposes, described above, apply to Incidental Rights and IR Virtual Currency, as well as to the Relevant Digital Asset. As described above, the Notice addressed only digital assets that are “convertible virtual currency,” defined as digital assets that have an equivalent value in fiat currency or that act as substitutes for fiat currency. It is conceivable that certain IR Virtual Currency the Trust may receive in the future would not be within the scope of the Notice.

In general, it is expected that the Trust would receive Incidental Rights and IR Virtual Currency as a consequence of a fork, an airdrop or a similar occurrence related to its ownership of the Relevant Digital Asset. As described above, the Ruling & FAQs include guidance to the effect that, under certain circumstances, forks (and, presumably, airdrops) of digital assets are taxable events giving rise to ordinary income, but there continues to be uncertainty with respect to the timing and amount of the income inclusions. The Trust’s receipt of Incidental Rights or IR Virtual Currency may give rise to other tax issues. The possibility that the Trust will receive Incidental Rights and/or IR Virtual Currency thus increases the uncertainties and risks with respect to the U.S. federal income tax consequences of an investment in Shares.

The Trust may distribute Incidental Rights or IR Virtual Currency, or cash from the sale of Incidental Rights or IR Virtual Currency, to the shareholders. Alternatively, the Trust may form a liquidating trust to which it contributes Incidental Rights or IR Virtual Currency and distribute interests in the liquidating trust to the shareholders. Any such distribution will not be a taxable event for a U.S. Holder (as defined below). A U.S. Holder’s tax basis in the Incidental Rights or IR Virtual Currency distributed, whether directly or through the medium of a liquidating trust, will be the same as the U.S. Holder’s tax basis in the distributed assets immediately prior to the distribution, and the U.S. Holder’s tax basis in its *pro rata* share of the Trust’s remaining assets will not include the amount of such basis. Immediately after any such distribution, the U.S. Holder’s holding period with respect to the distributed Incidental Rights or IR Virtual Currency will be the same as the U.S. Holder’s holding period with respect to the distributed assets immediately prior to the distribution. A subsequent sale of the distributed Incidental Rights or IR Virtual Currency will generally be a taxable event for a U.S. Holder.

For simplicity of presentation, the remainder of this discussion assumes that the Trust will hold only the Relevant Digital Asset. However, the principles set forth in the discussion below apply to all of the assets that the Trust may hold at any time, including Incidental Rights and IR Virtual Currency, as well as the Relevant Digital Asset. Without limiting the generality of the foregoing, each beneficial owner of Shares generally will be treated for U.S. federal income tax purposes as owning an undivided interest in any Incidental Rights and/or IR Virtual Currency held in the Trust, and any transfers or sales of Incidental Rights and/or IR Virtual Currency by the Trust (other than distributions by the Trust, as described in the preceding paragraph) will be taxable events to shareholders with respect to which shareholders will generally recognize gain or loss in a manner similar to the recognition of gain or loss on a taxable disposition of the Relevant Digital Asset, as described below.

### **Tax Consequences to U.S. Holders**

As used herein, the term “U.S. Holder” means a beneficial owner of a Share for U.S. federal income tax purposes that is:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Except as specifically noted, the discussion below assumes that each U.S. Holder will acquire all of its Shares on the same date for the same price per Share and either solely for cash or solely for the Relevant Digital Asset that were originally acquired by the U.S. Holder for cash on the same date.

As discussed in the section entitled “Description of Creation of Shares,” a U.S. Holder may be able to acquire Shares of the Trust by contributing the Relevant Digital Asset in-kind to the Trust (either directly or through an Authorized Participant acting as agent of the U.S. Holder). Assuming that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes, such a contribution should not be a taxable event to the U.S. Holder.

For U.S. federal income tax purposes, each U.S. Holder will be treated as owning an undivided interest in the Relevant Digital Asset held in the Trust and will be treated as directly realizing its pro rata share of the Trust’s income, gains, losses and deductions. When a U.S. Holder purchases Shares solely for cash, (i) the U.S. Holder’s initial tax basis in its pro rata share of the Relevant Digital Asset held in the Trust will be equal to the amount paid for the Shares and (ii) the U.S. Holder’s holding period for its pro rata share of such Relevant Digital Asset will begin on the date of such purchase. When a U.S. Holder acquires Shares in exchange for the Relevant Digital Asset, (i) the U.S. Holder’s initial tax basis in its pro rata share of the Relevant Digital Asset held in the Trust will be equal to the U.S. Holder’s tax basis in the Relevant Digital Asset that the U.S. Holder transferred to the Trust and (ii) the U.S. Holder’s holding period for its pro rata share of such Relevant Digital Asset generally will include the period during which the U.S. Holder held the Relevant Digital Asset that the U.S. Holder transferred to the Trust. The Ruling & FAQs confirm that if a taxpayer acquires tokens of a digital asset at different times and for different prices, the taxpayer has a separate tax basis in each lot of such tokens. Under the Ruling & FAQs, if a U.S. Holder that owns more than one lot of Relevant Digital Asset contributes a portion of its Relevant Digital Asset to the Trust in exchange for Shares, the U.S. Holder may designate the lot(s) from which such contribution will be made, provided that the U.S. Holder is able to identify specifically which units of the Relevant Digital Asset it is contributing and to substantiate its tax basis in those units of the Relevant Digital Asset. In general, if a U.S. Holder acquires Shares (i) solely for cash at different prices, (ii) partly for cash and partly in exchange for a contribution of Relevant Digital Asset or (iii) in exchange for a contribution of Relevant Digital Asset with different tax bases, the U.S. Holder’s share of the Trust’s Relevant Digital Asset will consist of separate lots with separate tax bases. In addition, in this situation, the U.S. Holder’s holding period for the separate lots may be different. In addition, the IR Virtual Currency that the Trust acquires in a hard fork or airdrop that is treated as a taxable event will constitute a separate lot with a separate tax basis and holding period.

When the Trust transfers the Relevant Digital Asset to the Sponsor as payment of the Sponsor’s Fee, or sells the Relevant Digital Asset to fund payment of any Additional Trust Expenses, each U.S. Holder will be treated as having sold its pro rata share of those units of the Relevant Digital Asset for their fair market value at that time (which, in the case of the Relevant Digital Asset sold by the Trust, generally will be equal to the cash proceeds received by the Trust in respect thereof). As a result, each U.S. Holder will recognize gain or loss in an amount equal to the difference between (i) the fair market value of the U.S. Holder’s pro rata share of the Relevant Digital Asset transferred and (ii) the U.S. Holder’s tax basis for its pro rata share of the Relevant Digital Asset transferred. Any such gain or loss will be short-term capital gain or loss if the U.S. Holder’s holding period for its pro rata share of the Relevant Digital Asset is one year or less and long-term capital gain or loss if the U.S. Holder’s holding period for its pro rata share of the Relevant Digital Asset is more than one year. A U.S. Holder’s tax basis in its pro rata share of any Relevant Digital Asset transferred by the Trust generally will be determined by multiplying the tax basis of the U.S. Holder’s pro rata share of all of the Relevant Digital Asset held in the Trust immediately prior to the transfer by a fraction the numerator of which is the amount of the Relevant Digital Asset transferred and the denominator of which is the total amount of the Relevant Digital Asset held in the Trust immediately prior to the transfer. Immediately after the transfer, the U.S. Holder’s tax basis in its pro rata share of the Relevant Digital Asset remaining in the Trust will be equal to the tax basis of its pro rata share of the Relevant Digital Asset held in the Trust immediately prior to the transfer, less the portion of that tax basis allocable to its pro rata share of the Relevant Digital Asset transferred.

As noted above, the IRS has taken the position in the Ruling & FAQs that, under certain circumstances, a hard fork of a digital asset constitutes a taxable event giving rise to ordinary income, and it is clear from the reasoning of the Ruling & FAQs that the IRS generally would treat an airdrop as a taxable event giving rise to ordinary income. Under the Ruling & FAQs, a U.S. Holder will have a basis in any IR Virtual Currency received in a fork or airdrop equal to the amount of income the U.S. Holder recognizes as a result of such fork or airdrop and the U.S. Holder’s holding period for such IR Virtual Currency will begin as of the time it recognizes such income.

U.S. Holders’ pro rata shares of the expenses incurred by the Trust will be treated as “miscellaneous itemized deductions” for U.S. federal income tax purposes. As a result, a non-corporate U.S. Holder’s share of these expenses will not be deductible for U.S. federal income tax purposes.

On a sale or other disposition of Shares, a U.S. Holder will be treated as having sold the Relevant Digital Asset underlying such Shares. Accordingly, the U.S. Holder generally will recognize gain or loss in an amount equal to the difference between (i) the amount realized on the sale of the Shares and (ii) the portion of the U.S. Holder's tax basis in its pro rata share of the Relevant Digital Asset held in the Trust that is attributable to the Shares that were sold or otherwise subject to a disposition. Such tax basis generally will be determined by multiplying the tax basis of the U.S. Holder's pro rata share of all of the Relevant Digital Asset held in the Trust immediately prior to such sale or other disposition by a fraction the numerator of which is the number of Shares disposed of and the denominator of which is the total number of Shares held by such U.S. Holder immediately prior to such sale or other disposition (such fraction, expressed as a percentage, the "Share Percentage"). If the U.S. Holder's share of the Trust's Relevant Digital Asset consists of separate lots with separate tax bases and/or holding periods, the U.S. Holder will be treated as having sold the Share Percentage of each such lot. Gain or loss recognized by a U.S. Holder on a sale or other disposition of Shares will generally be short-term capital gain or loss if the U.S. Holder's holding period for the Relevant Digital Asset underlying such Shares is one year or less and long-term capital gain or loss if the U.S. Holder's holding period for the Relevant Digital Asset underlying such Shares is more than one year. The deductibility of capital losses is subject to significant limitations.

After any sale or other disposition of fewer than all of a U.S. Holder's Shares, the U.S. Holder's tax basis in its pro rata share of the Relevant Digital Asset held in the Trust immediately after the disposition will equal the tax basis in its pro rata share of the total amount of the Relevant Digital Asset held in the Trust immediately prior to the disposition, less the portion of that tax basis that is taken into account in determining the amount of gain or loss recognized by the U.S. Holder on the disposition.

Any brokerage or other transaction fee incurred by a U.S. Holder in purchasing Shares generally will be added to the U.S. Holder's tax basis in the underlying assets of the Trust. Similarly, any brokerage fee or other transaction fee incurred by a U.S. Holder in selling Shares generally will reduce the amount realized by the U.S. Holder with respect to the sale.

In the absence of guidance to the contrary, it is possible that any income recognized by a U.S. tax-exempt shareholder as a consequence of a hard fork, airdrop or similar occurrence would constitute UBTI. A tax-exempt shareholder should consult its tax adviser regarding whether such shareholder may recognize some UBTI as a consequence of an investment in Shares.

### **Tax Consequences to Non-U.S. Holders**

As used herein, the term "non-U.S. Holder" means a beneficial owner of a Share for U.S. federal income tax purposes that is not a U.S. Holder. The term "non-U.S. Holder" does not include (i) a nonresident alien individual who is present in the United States for 183 days or more in a taxable year, (ii) a former U.S. citizen or U.S. resident or an entity that has expatriated from the United States; (iii) a person whose income in respect of Shares is effectively connected with the conduct of a trade or business in the United States; or (iv) an entity that is treated as a partnership for U.S. federal income tax purposes. Shareholders described in the preceding sentence should consult their tax advisers regarding the U.S. federal income tax consequences of owning Shares.

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax with respect to its share of any gain recognized on the Trust's transfer of the Relevant Digital Asset in payment of the Sponsor's Fee or any Additional Trust Expense or on the Trust's sale or other disposition of the Relevant Digital Asset. In addition, assuming that the Trust holds no asset other than the Relevant Digital Asset, a non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax with respect to any gain it recognizes on a sale or other disposition of Shares. A non-U.S. Holder also will generally not be subject to U.S. federal income or withholding tax with respect to any distribution received from the Trust, whether in cash or in-kind.

Provided that it does not constitute income that is treated as "effectively connected" with the conduct of a trade or business in the United States, U.S.-source "fixed or determinable annual or periodical" ("FDAP") income received, or treated as received, by a non-U.S. Holder will generally be subject to U.S. withholding tax at the rate of 30% (subject to possible reduction or elimination pursuant to an applicable tax treaty and to statutory exemptions such as the portfolio interest exemption). Although there is no guidance on point, it is likely that any ordinary income recognized by a non-U.S. Holder as a result of a fork, airdrop or similar occurrence would constitute FDAP income. It is unclear, however, whether any such FDAP income would be properly treated as U.S.-source or foreign-source FDAP income. Non-U.S. Holders should assume that, in the absence of guidance, a withholding agent (including the Sponsor) is likely to withhold 30% from a non-U.S. Holder's *pro rata* share of any such income, including by deducting such withheld amounts from

proceeds that such non-U.S. Holder would otherwise be entitled to receive in connection with a distribution of Incidental Rights, IR Virtual Currency or proceeds from the disposition of Incidental Rights or IR Virtual Currency. A non-U.S. Holder that is a resident of a country that maintains an income tax treaty with the United States may be eligible to claim the benefits of that treaty to reduce or eliminate, or to obtain a partial or full refund of, the 30% U.S. withholding tax on its share of any such income, but only if the non-U.S. Holder's home country treats the Trust as "fiscally transparent," as defined in applicable Treasury Regulations.

Although the nature of the Incidental Rights and IR Virtual Currency that the Trust may hold in the future is uncertain, it is unlikely that any such asset would give rise to income that is treated as "effectively connected" with the conduct of a trade or business in the United States or that any income derived by a non-U.S. Holder from any such asset would otherwise be subject to U.S. income or withholding tax, except as discussed above in connection with the fork, airdrop or similar occurrence giving rise to Incidental Rights or IR Virtual Currency. There can, however, be no complete assurance in this regard.

In order to prevent the possible imposition of U.S. "backup" withholding and (if applicable) to qualify for a reduced rate of withholding tax at source under a treaty, a non-U.S. Holder must comply with certain certification requirements (generally, by delivering a properly executed IRS Form W-8BEN or W-8BEN-E to the relevant withholding agent).

### **U.S. Information Reporting and Backup Withholding**

The Trust or the appropriate broker will file certain information returns with the IRS and provide shareholders with information regarding their annual income (if any) and expenses with respect to the Trust in accordance with applicable Treasury Regulations.

A U.S. Holder will generally be subject to information reporting requirements and backup withholding unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. In order to avoid the information reporting and backup withholding requirements, a non-U.S. Holder may have to comply with certification procedures to establish that it is not a U.S. person. The amount of any backup withholding will be allowed as a credit against the shareholder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the IRS.

### **FATCA**

As discussed above, it is unclear whether any ordinary income recognized by a non-U.S. Holder as a result of a fork, airdrop or similar occurrence would constitute U.S.-source FDAP income. Provisions of the Code commonly referred to as "FATCA" require withholding of 30% on payments of U.S.-source FDAP income and, subject to the discussion of proposed U.S. Treasury Regulations below, of gross proceeds of dispositions of certain types of property that produce U.S.-source FDAP income to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles) and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied, or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. In addition, regulations proposed by the U.S. Department of the Treasury (the preamble to which indicates that taxpayers may rely on the regulations pending their finalization) would eliminate the requirement under FATCA of withholding on gross proceeds. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally may obtain a refund of any amounts withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). Shareholders should consult their tax advisers regarding the effects of FATCA on an investment in the Trust.

**1. The issuer's primary and secondary SIC Codes.**

The Trust's primary SIC Code is 6221. The Trust's secondary SIC code is 6199.

**2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations.**

The Trust is a passive entity with no operations, and the Sponsor administers and manages the Trust as described in "Description of the Trust."

**3. Whether the issuer has at any time been a "shell company."**

The Trust has not at any time been a "shell company."

**4. The names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this Annual Report.**

As of the date of this Annual Report, the Trust's Sponsor is Grayscale Investments Sponsors, LLC. Until December 31, 2024, the Trust's Sponsor was Grayscale Investments, LLC. Since the commencement of the Trust's operations on May 22, 2024, Grayscale Securities, LLC, a consolidated subsidiary of GSI until December 31, 2024, and GSO thereafter, and a registered broker-dealer, is the marketer and distributor of the Trust. Since the commencement of the Trust's operations on May 22, 2024, Grayscale Securities, LLC is the only acting Authorized Participant. The financial results of these entities are not included in the Trust's financial statements.

**The Sponsor**

Until December 31, 2024, Grayscale Investments, LLC was the sponsor and administrator of the Trust. As a result of the Reorganization (as defined herein) on January 1, 2025, Grayscale Investments Sponsors, LLC ("GSIS") and Grayscale Operating, LLC ("GSO"), indirect consolidated subsidiaries of Digital Currency Group, Inc. ("DCG"), became Co-Sponsors of the Trust. On January 3, 2025, GSO voluntarily withdrew as a Sponsor of the Trust, and effective May 3, 2025, GSIS is the sole remaining Sponsor. Prior to May 3, 2025, all references herein to the "Sponsor" shall be deemed to include both GSIS and GSO as Sponsors unless the context otherwise requires, and on or after May 3, 2025, all references herein to the "Sponsor" shall refer only to GSIS. The Sponsor's principal place of business is 290 Harbor Drive, 4<sup>th</sup> Floor, Stamford, Connecticut 06902, and its telephone number is (212) 668-1427. Under the Delaware Limited Liability Company Act and the governing documents of the Sponsor, DCG, the indirect parent company of the Sponsor, is not responsible for the debts, obligations and liabilities of the Sponsor solely by reason of being the indirect parent company of the Sponsor.

The Sponsor is neither an investment adviser registered with the SEC nor a commodity pool operator registered with the CFTC, and will not be acting in either such capacity with respect to the Trust, and the Sponsor's provision of services to the Trust will not be governed by the Investment Advisers Act or the CEA.

**The Sponsor's Role**

The Sponsor arranged for the creation of the Trust and quotation of the Shares on OTCQB. As partial consideration for its receipt of the Sponsor's Fee from the Trust, the Sponsor is obligated to pay the Sponsor-paid Expenses. The Sponsor also paid the costs of the Trust's organization and the costs of the initial sale of the Shares.

The Sponsor is generally responsible for the day-to-day administration of the Trust under the provisions of the Trust Agreement. This includes (i) preparing and providing periodic reports and financial statements on behalf of the Trust for investors, (ii) processing orders to create Baskets and coordinating the processing of such orders with the Custodian and the Transfer Agent, (iii) calculating and publishing the NAV and the NAV per Share of the Trust each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable, (iv) selecting and monitoring the Trust's service providers and from time to time engaging additional, successor or replacement service providers, (v) instructing the Custodian to transfer the Trust's STX, as needed to pay the Sponsor's Fee and any Additional Trust Expenses, (vi) upon dissolution of the Trust, distributing the Trust's remaining STX, Incidental Rights and IR Virtual Currency or the cash proceeds of the sale thereof to the owners of record of the Shares and (vii) establishing the principal market for U.S. GAAP valuation. In addition, if there is a fork in the Stacks Network after which there is a dispute as to which network resulting from the fork

is the Stacks Network, the Sponsor has the authority to select the network that it believes in good faith is the Stacks Network, unless such selection or authority would otherwise conflict with the Trust Agreement.

The Sponsor does not store, hold, or maintain custody or control of the Trust's STX but instead has entered into the Custodian Agreement with the Custodian to facilitate the security of the Trust's STX.

The Sponsor may transfer all or substantially all of its assets to an entity that carries on the business of the Sponsor if at the time of the transfer the successor assumes all of the obligations of the Sponsor under the Trust Agreement. In such an event, the Sponsor will be relieved of all further liability under the Trust Agreement.

The Sponsor's Fee is paid by the Trust to the Sponsor as compensation for services performed under the Trust Agreement and as partial consideration for the Sponsor's agreement to pay the Sponsor-paid Expenses. See "Grayscale Stacks Trust (STX)—Description of the Trust—Trust Expenses."

The Sponsor may, in its sole discretion, select a different reference rate provider, select a different reference rate price provided by the Reference Rate Provider, calculate the Reference Rate Price by using the cascading set of rules set forth under "Grayscale Stacks Trust (STX)—The Reference Rate and the Reference Rate Price—Determination of the Reference Rate Price When Reference Rate Price is Unavailable" above, or change the cascading set of rules set forth above at any time.

### **Authorized Participants**

An Authorized Participant must enter into a "Participant Agreement" with the Sponsor and the Trust to govern its placement of orders to create Baskets. The Participant Agreement sets forth the procedures for the creation of Baskets and for the delivery of STX required for creations. A copy of the form of Participant Agreement is available for inspection at the Sponsor's principal office identified herein.

Each Authorized Participant must (i) be a registered broker-dealer, (ii) enter into a Participant Agreement with the Sponsor and (iii) own a STX wallet address that is known to the Custodian as belonging to the Authorized Participant, or another entity that has been engaged to source digital assets (any such representative, a "Liquidity Provider"). A list of the current Authorized Participants can be obtained from the Sponsor.

Effective October 3, 2022, the Sponsor entered into a Participant Agreement with Grayscale Securities, pursuant to which Grayscale Securities has agreed to act as an Authorized Participant of the Trust.

As of the date of this Annual Report, Grayscale Securities is the only acting Authorized Participant. The Sponsor intends to engage additional Authorized Participants that are unaffiliated with the Trust in the future.

No Authorized Participant has any obligation or responsibility to the Sponsor or the Trust to effect any sale or resale of Shares.

### **The Distributor and Marketer**

Grayscale Securities, LLC, a Delaware limited liability company, is the distributor and marketer of the Shares. Grayscale Securities is a registered broker-dealer with the SEC and is a member of FINRA.

In its capacity as distributor and marketer, Grayscale Securities assists the Sponsor in developing an ongoing marketing plan for the Trust; preparing marketing materials regarding the Shares, including the content on the Trust's website, [www.grayscale.com/funds/grayscale-stacks-trust/](http://www.grayscale.com/funds/grayscale-stacks-trust/); and executing the marketing plan for the Trust. Grayscale Securities is an affiliate of the Sponsor.

The Sponsor has entered into a Distribution and Marketing Agreement with Grayscale Securities. The Sponsor may engage additional or successor distributors and marketers in the future.

## **Conflicts of Interest**

### **General**

The Sponsor has not established formal procedures to resolve all potential conflicts of interest. Consequently, shareholders may be dependent on the good faith of the respective parties subject to such conflicts to resolve them equitably. Although the Sponsor attempts to monitor these conflicts, it is extremely difficult, if not impossible, for the Sponsor to ensure that these conflicts do not, in fact, result in adverse consequences to the Trust.

The Sponsor presently intends to assert that shareholders have, by subscribing for Shares of the Trust, consented to the following conflicts of interest in the event of any proceeding alleging that such conflicts violated any duty owed by the Sponsor to investors.

### **Digital Currency Group, Inc.**

Digital Currency Group, Inc. is (i) the indirect parent company of the Sponsor, (ii) the indirect parent company of Grayscale Securities, the only acting Authorized Participant, as of the date of this Annual Report, and (iii) a minority interest holder in Kraken, one of the Digital Asset Trading Platforms included in the Reference Rate, representing less than 1.0% of its equity.

Digital Currency Group, Inc. has investments in a large number of digital assets and companies involved in the digital asset ecosystem, including trading platforms and custodians. Digital Currency Group, Inc.'s positions on changes that should be adopted in the Stacks Network could be adverse to positions that would benefit the Trust or its shareholders. Additionally, before or after a hard fork, Digital Currency Group, Inc.'s position regarding which fork among a group of incompatible forks of the Stacks Network should be considered the "true" Stacks Network could be adverse to positions that would most benefit the Trust.

### **The Sponsor**

The Sponsor has a conflict of interest in allocating its own limited resources among, when applicable, different clients and potential future business ventures, to each of which it owes fiduciary duties. Additionally, the professional staff of the Sponsor also services other affiliates of the Trust, including several other digital asset investment vehicles, and their respective clients. Although the Sponsor and its professional staff cannot and will not devote all of its or their respective time or resources to the management of the affairs of the Trust, the Sponsor intends to devote, and to cause its professional staff to devote, sufficient time and resources to manage properly the affairs of the Trust consistent with its or their respective fiduciary duties to the Trust and others.

The Sponsor and Grayscale Securities are affiliates of each other, and the Sponsor may engage other affiliated service providers in the future. Because of the Sponsor's affiliated status, it may be disincentivized from replacing affiliated service providers. In connection with this conflict of interest, shareholders should understand that affiliated service providers will receive fees for providing services to the Trust. Clients of the affiliated service providers may pay commissions at negotiated rates which are greater or less than the rate paid by the Trust.

The Sponsor and any affiliated service provider may, from time to time, have conflicting demands in respect of their obligations to the Trust and, in the future, to other clients. It is possible that future business ventures of the Sponsor and affiliated service providers may generate larger fees, resulting in increased payments to employees, and therefore, incentivizing the Sponsor and/or the affiliated service providers to allocate its/their limited resources accordingly to the potential detriment of the Trust.

There is an absence of arm's-length negotiation with respect to some of the terms of the Trust, and, where applicable, there has been no independent due diligence conducted with respect to the Trust. The Sponsor will, however, not retain any affiliated service providers for the Trust which the Sponsor has reason to believe would knowingly or deliberately favor any other client over the Trust.

## **The Authorized Participant**

As of the date of this Annual Report, the only Authorized Participant is Grayscale Securities, an affiliate of the Trust and the Sponsor. As a result of this affiliation, the Sponsor has an incentive to resolve questions between Grayscale Securities, on the one hand, and the Trust and shareholders, on the other hand, in favor of Grayscale Securities (including, but not limited to, questions as to the calculation of the Basket Amount). Lastly, several employees of the Sponsor and Digital Currency Group, Inc. are FINRA-registered representatives who maintain their licenses through Grayscale Securities.

## **Proprietary Trading/Other Clients**

Because the officers of the Sponsor may trade STX for their own personal trading accounts (subject to certain internal trading policies and procedures) at the same time as they are managing the account of the Trust, the activities of the officers of the Sponsor, subject to their fiduciary duties, may, from time-to-time, result in their taking positions in their personal trading accounts which are opposite of the positions taken for the Trust. Records of the Sponsor's officers' personal trading accounts will not be available for inspection by shareholders.

### **5. The effect of existing or probable governmental regulations on the business.**

Please refer to "Risk Factors—Risk Factors Related to the Regulation of Digital Assets, the Trust and the Shares" for a discussion of the effect of existing or probable governmental regulations on the Trust's operations.

### **6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers.**

Not applicable.

### **7. Costs and effects of compliance with environmental laws (federal, state and local).**

Not applicable.

### **8. The number of total employees and number of full-time employees.**

The Trust has no employees. The Sponsor had 128 employees as of December 31, 2025.

## **Item 9. The nature of products and services offered.**

### **A. Principal products or services, and their markets.**

The Trust is an investment vehicle that enables investors to gain access and exposure to STX in the form of a security without the challenges of buying, storing, and safekeeping STX directly. Shares are distributed through sales in private placement transactions and become eligible to sell into the public market after a statutory one-year holding period. While an investment in the Shares is not a direct investment in STX, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to STX. The Shares are quoted on OTCQB under the ticker symbol "STCK." The Trust's investment objective is for the value of its Shares (based on STX per share) to reflect the value of the STX held by the Trust, less The Trust's expenses and other liabilities. STX per Share is updated daily: [www.grayscale.com/funds/grayscale-stacks-trust/](http://www.grayscale.com/funds/grayscale-stacks-trust/). The Trust's sponsor was Grayscale Investments, LLC until December 31, 2024. Grayscale Operating, LLC was a co-sponsor of the Trust from January 1, 2025 to May 3, 2025, and Grayscale Investments Sponsors, LLC was a co-sponsor of the Trust from January 1, 2025 to May 3, 2025, and became the sole remaining sponsor thereafter.

### **B. Distribution methods of the products or services.**

Not applicable.

### **C. Status of any publicly announced new product or service.**

Not applicable.

**D. Competitive business conditions, the issuer's competitive position in the industries, and methods of competition.**

Thousands of digital assets have been developed since the inception of Bitcoin, which is currently the most developed digital asset because of the length of time it has been in existence, the investment in the infrastructure that supports it, and the network of individuals and entities that are using Bitcoin in transactions. While STX has enjoyed some success in its limited history, the aggregate value of outstanding STX is much smaller than that of Bitcoin and may be eclipsed by the more rapid development of other digital assets.

**E. Sources and availability of raw materials and the names of principal suppliers.**

Not applicable.

**F. Dependence on one or a few major customers.**

Not applicable.

**G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration.**

Not applicable.

**H. The need for any government approval of principal products or services and the status of any requested government approvals.**

See the discussion set forth under the heading "The effect of existing or probable governmental regulations on the business" above.

**Item 10. The nature and extent of the issuer's facilities.**

The Trust is a passive entity with no operations, and the Sponsor administers and manages the Trust as described in the "Description of the Trust." The principal office of the Sponsor is located at 290 Harbor Drive, 4<sup>th</sup> Floor, Stamford, Connecticut 06902. The Sponsor utilizes a portion of the space leased by Digital Currency Group, Inc. The lease expires on February 29, 2032.

## **PART D. MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION**

### **Item 11. Company insiders (Officers, Directors, and Control Persons).**

#### **A. Management of the Sponsor**

The Trust does not have any directors, officers or employees. Under the Trust Agreement, all management functions of the Trust have been delegated to and are conducted by the Sponsor, its agents and its affiliates, including without limitation, the Custodian and its agents. As officers of the Sponsor, Peter Mintzberg, the principal executive officer of the Sponsor, and Edward McGee, the principal financial and accounting officer of the Sponsor, may take certain actions and execute certain agreements and certifications for the Trust, in their capacity as the principal officers of the Sponsor.

As of and prior to December 31, 2024, GSI had a board of directors that was responsible for managing and directing the affairs of the Sponsor. From January 1, 2025 to October 22, 2025, GSO Intermediate Holdings Corporation (“GSOIH”), a Delaware corporation formed in connection with the Reorganization, which was the sole managing member of GSO and an indirect subsidiary of DCG, had a board of directors which was responsible for managing and directing the affairs of the Sponsor.

On October 22, 2025, GSOIH consummated an internal corporate reorganization (the “Management Reorganization”), pursuant to which GSOIH transferred a portion of its common membership units of GSO for Class A shares of Grayscale Investments, Inc. (“Grayscale Investments”), a Delaware corporation incorporated in connection with the Management Reorganization, and ceded its managing member rights in GSO to Grayscale Investments. As a result of the Management Reorganization, Grayscale Investments is now the sole managing member of GSO, the sole member of the Sponsor.

From and after October 22, 2025, as a result of the Management Reorganization, DCG Grayscale Holdco, LLC (“DCG Holdco”), the sole stockholder of Grayscale Investments, elected a board of directors (the “Board”) at Grayscale Investments. As a result of the Management Reorganization, the Board of Grayscale Investments is responsible for managing and directing the affairs of the Sponsor, and consists of Barry Silbert, Mark Shifke, Simon Koster, Peter Mintzberg, and Edward McGee, the same members as the board of directors of GSOIH prior to the Management Reorganization. Mr. Mintzberg and Mr. McGee also retain the authority granted to them as officers of the Sponsor under the limited liability company agreement of the Sponsor.

Prior to January 1, 2025, references to the “Sponsor” in this section refer to GSI, and thereafter refer to GSO or GSIS, as applicable. In connection with the Reorganization, the former Board of GSI was reconstituted at GSOIH and in connection with the Management Reorganization, the former board of GSOIH was reconstituted at Grayscale Investments. Prior to January 1, 2025, any references to the “Board” refer to the board of directors of Grayscale Investments, LLC, the former sponsor of the Trust. From January 1, 2025 to October 22, 2025, any references to the “Board” refer to the board of directors of GSOIH. From and after October 22, 2025, any references to the “Board” refer to the board of directors of Grayscale Investments.

The following individuals are the officers of the Sponsor responsible for overseeing the business and operations of the Trust.

#### ***Barry Silbert, Chairman of the Board***

Barry Silbert, 49, is the Founder and Chief Executive Officer of DCG and has served as chairman of the Board since August 2025 (previously served as a director and chairman of the Board from February 2020 through December 2023). Until January 2021, Mr. Silbert was the Chief Executive Officer of the Sponsor. A pioneer in blockchain investing, Mr. Silbert established himself in 2012 as one of the earliest and most active investors in the industry. Mr. Silbert founded DCG in 2015 and today, it is one of the world’s most prolific investors in decentralized technologies, backing over 250 early-stage companies in more than 40 countries. Mr. Silbert founded Yuma, a decentralized AI-focused subsidiary of DCG, where he also serves as CEO. Yuma invests in, builds, and scales the Bittensor network. The Sponsor is a consolidated subsidiary of DCG. DCG also owns Foundry, Fortitude, Luno and Yuma. DCG also invests directly in digital currencies and other digital assets. Prior to leading DCG, Mr. Silbert was the founder and CEO of SecondMarket, a venture-backed technology company that was acquired by Nasdaq. Mr. Silbert has received numerous awards and accolades, including being named “Entrepreneur of the Year” by both Ernst & Young and Crain’s, and being selected to

Fortune's prestigious "40 under 40" list. Before becoming an entrepreneur, Mr. Silbert worked as an investment banker. He graduated with honors from the Goizueta Business School of Emory University.

***Mark Shifke, Board Member***

Mark Shifke, 66, is the Chief Financial Officer of DCG and has served as a director of the Board since January 2024. Since March 2021, Mr. Shifke has served on the board of directors of Dock Ltd., a full-stack payments and digital banking platform. Since September 2023, Mr. Shifke has served on the board of directors of Luno, a cryptocurrency platform. Mr. Shifke has nearly four decades of financial and fintech experience, and more than eight years of CFO experience leading two publicly-traded companies. Prior to joining DCG, Mr. Shifke served as CFO of Billtrust, a company focused on providing AR and cloud-based solutions around payments, and as CFO of Green Dot (NYSE: GDOT), a mobile banking company and payments platform. Previously, Mr. Shifke led teams at JPMorgan Chase and Goldman Sachs, specializing in M&A Structuring and Advisory, as well as Tax Asset Investments. Mr. Shifke also served as the Head of International Structured Finance Group at KPMG. Mr. Shifke began his career at Davis Polk, where he was a partner. He is a graduate of Tulane University (B.A./J.D.) and the New York University School of Law (LL.M. in Taxation).

***Simon Koster, Board Member***

Simon Koster, 44, is the Chief Strategy Officer of DCG and has served as a director of the Board since October 2025. As CSO, Mr. Koster leads the investment team, managing the portfolio comprised of digital assets, wholly owned subsidiaries, and more than 250 early-stage companies in over 35 nations across the world as of the date of this filing. Prior to his current role, Mr. Koster was the CEO of Real Estate at DCG, spearheading both internal and external real estate ventures. Previously, he served as CEO of The Collective and brings a decade of real estate experience from JDS Development Group, where he was instrumental in the acquisition and development of top-tier residential, hospitality, and mixed-use projects in New York City and Miami. He is a graduate of Rutgers University (B.S.) and holds a Master's degree in Engineering from the University of Michigan. Mr. Koster has served on the board of directors of Foundry and Luno since 2023. He has served as a director of Fortitude since 2024 and as a director of Yuma since 2025. Each of Foundry, Luno, Fortitude and Yuma are affiliated with the registrant.

***Peter Mintzberg, Board Member and Chief Executive Officer***

Peter Mintzberg, 57, has been the Chief Executive Officer of the Sponsor and has served as a director of the Board since August 2024. Mr. Mintzberg joins the Sponsor from Goldman Sachs, where he served as Global Head of Strategy for Asset and Wealth Management. Prior, he held several global leadership roles in Strategy, M&A, and Investor Relations at BlackRock, Apollo, OppenheimerFunds, and Invesco. With deep knowledge across a broad base of client types and asset classes, Mr. Mintzberg has over two decades of experience developing and executing strategy and innovating to drive growth. Mr. Mintzberg started his career working at McKinsey & Co. in New York, San Francisco, and São Paulo, focused on the financial services and technology sectors. Mr. Mintzberg was recognized as a Latino leader in Finance by The Alumni Society in 2018, and was selected as a David Rockefeller Fellow in the 2016-2017 Class by the Partnership for New York City. He earned a bachelor's degree in engineering from the Universidade Federal Rio de Janeiro, and an MBA from Harvard University.

***Edward McGee, Board Member and Chief Financial Officer***

Edward McGee, 42, has been the Chief Financial Officer of the Sponsor since January 2022 and has served as a director of the Board since January 2024. Before serving as CFO, Mr. McGee was Vice President, Finance and Controller of the Sponsor since June 2019. Prior to taking on his role at the Sponsor, Mr. McGee served as a Vice President, Accounting Policy at Goldman, Sachs & Co. providing coverage to their SEC Financial Reporting team facilitating the preparation and review of their financial statements and provided U.S. GAAP interpretation, application and policy development while servicing their Special Situations Group, Merchant Banking Division and Urban Investments Group from 2014 to 2019. From 2011 to 2014, Mr. McGee was an auditor at Ernst & Young providing assurance services to publicly listed companies. Mr. McGee earned his Bachelor of Science degree in accounting from the John H. Sykes College of Business at the University of Tampa and graduated with honors while earning his Master of Accountancy in Financial Accounting from the Rutgers Business School at the State University of New Jersey. Mr. McGee is a Certified Public Accountant licensed in the state of New York.

## Executive Compensation

The Trust has no employees or directors and is managed by the Sponsor. None of the officers or members of the Sponsor receive compensation from the Trust. The Sponsor's Fee accrues daily at an annual rate of 2.5% of the Trust's NAV Fee Basis Amount and is payable monthly in arrears. For the year ended December 31, 2025 and the period from May 22, 2024 (the commencement of the Trust's operations) to December 31, 2024, the Sponsor earned \$31,170 and \$41,956, respectively, from the Trust. As of December 31, 2025 and 2024, there were no accrued and unpaid Sponsor's Fees. In addition, the Sponsor may pay Additional Trust Expenses on behalf of the Trust and be reimbursed by the Trust. For the year ended December 31, 2025 and the period from May 22, 2024 (the commencement of the Trust's operations) to December 31, 2024, the Trust incurred no Additional Trust Expenses.

## Compensation of Directors

Not applicable.

## Business Address

The business address for each of the Sponsor's officers is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4<sup>th</sup> Floor, Stamford, Connecticut 06902.

## Beneficial Ownership of Officers and Directors

As of the date of the Annual Report, Barry Silbert beneficially owned 16,473 Shares, or 4.25% of the Trust's Shares. The ownership of Mark Shifke, Simon Koster, Peter Mintzberg, and Edward McGee individually represented beneficial ownership of less than 1% of the Trust's Shares.

## B. Other Control Persons

The following table sets forth certain information with respect to the beneficial ownership of the Shares for each person that, to the Sponsor's knowledge based on the records of the Transfer Agent and other ownership information provided to the Sponsor, beneficially owns a significant portion of the Shares as of the date of this Annual Report:

|                                             | <u>Amount of Beneficial<br/>Ownership</u> | <u>Percentage of Beneficial<br/>Ownership</u> |
|---------------------------------------------|-------------------------------------------|-----------------------------------------------|
| Digital Currency Group, Inc. <sup>(1)</sup> | 44,610                                    | 11.50%                                        |

(1) Includes 43,118 Shares held by DCG International Investments Ltd., a wholly owned subsidiary of Digital Currency Group, Inc., and 1,492 Shares held by Grayscale Securities, LLC, the Authorized Participant and a wholly owned subsidiary of Digital Currency Group, Inc. and an affiliate of the Sponsor. The address of the aforementioned is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, CT 06902. The person controlling Digital Currency Group, Inc. is Barry E. Silbert as founder and CEO and in such capacity has voting and dispositive power over the securities held by such entity. Mr. Silbert's address is c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4th Floor, Stamford, CT 06902.

## C. Legal/Disciplinary History

None.

## D. Disclosure of Family Relationships

None.

## E. Disclosure of Related Party Transactions

See "Conflicts of Interest" above.

## F. Disclosure of Conflicts of Interest

See "Conflicts of Interest" above.

## Item 12. Financial information for the issuer's most recent fiscal period.

The Trust's audited financial statements as of and for the year ended December 31, 2025 and the period from May 22, 2024 (the commencement of the Trust's operations) to December 31, 2024, are attached as Exhibit 1 to this Annual

Report. The historical results presented herein are not necessarily indicative of financial results to be achieved in future periods. The Trust's audited financial statements attached as exhibits to this Annual Report are incorporated herein by reference and are considered as part of this Annual Report.

**Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.**

See "Financial information for the issuer's most recent fiscal period" above.

**Item 14. The name, address, telephone number, and email address of each of the following outside providers that provide services to the issuer on matters relating to operations, business development and disclosure.**

**1. Counsel**

Andrew D. Thorpe, Esq.  
Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP  
One Bush Plaza, Suite 1200  
San Francisco, CA 94104  
Telephone: (415) 801-4852  
Email: athorpe@gunder.com

**2. Independent Auditor**

KPMG LLP  
Two Manhattan West  
375 9th Avenue, 17th Floor  
New York, NY 10001  
Telephone: (212) 758-9700

**3. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this Annual Report - the information shall include the telephone number and email address of each advisor.**

Not applicable.

**Item 15. Management's Discussion and Analysis.**

*The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our audited financial statements and related notes included elsewhere in this Annual Report, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The following discussion may contain forward-looking statements based on current expectations that involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" or in other sections of this Annual Report.*

**Trust Overview**

The Trust is a passive entity that is managed and administered by the Sponsor and does not have any officers, directors or employees. The Trust holds STX and, from time to time on a periodic basis, issues Creation Baskets in exchange for deposits of STX. As a passive investment vehicle, the Trust's investment objective is for the value of the Shares (based on STX per Share) to reflect the value of the STX held by the Trust, determined by reference to the Reference Rate Price, less the Trust's expenses and other liabilities. While an investment in the Shares is not a direct investment in STX, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to STX. To date, the Trust has not met its investment objective and the Shares quoted on OTCQB have not reflected the value of the STX held by the Trust, less the Trust's expenses and other liabilities, but instead have traded at a premium to such value, which at times has been substantial. The Trust is not managed like a business corporation or an active investment vehicle. The Trust will not utilize leverage, derivatives or any similar arrangements in seeking to meet its investment objective.

## Critical Accounting Policies

### *Investment Transactions and Revenue Recognition*

The Trust considers investment transactions to be the receipt of STX by the Trust in connection with Share creations and the delivery of STX by the Trust in connection with Share redemptions or for payment of expenses in STX. At this time, the Trust is not accepting redemption requests from shareholders. The Trust records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Sponsor's Fee in STX.

### *Principal Market and Fair Value Determination*

To determine which market is the Trust's principal market (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Trust's net asset value in accordance with U.S. GAAP ("Principal Market NAV"), the Trust follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820-10, *Fair Value Measurement*, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for STX in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Trust to assume that STX is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Trust only receives STX in connection with a creation order from the Authorized Participant (or a Liquidity Provider) and does not itself transact on any Digital Asset Markets. Therefore, the Trust looks to market-based volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider, may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets (referred to as "Trading Platform Markets" in this Annual Report), each as defined in the FASB ASC Master Glossary (collectively "Digital Asset Markets").

In determining which of the eligible Digital Asset Markets is the Trust's principal market, the Trust reviews these criteria in the following order:

- First, the Trust reviews a list of Digital Asset Markets that maintain practices and policies designed to comply with anti-money laundering ("AML") and know-your-customer ("KYC") regulations, and non-Digital Asset Trading Platform Markets that the Trust reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.
- Second, the Trust sorts these Digital Asset Markets from high to low by market-based volume and level of activity of STX traded on each Digital Asset Market in the trailing twelve months.
- Third, the Trust then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.
- Fourth, the Trust then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Trust, Trading Platform Markets have the greatest volume and level of activity for the asset. The Trust therefore looks to accessible Trading Platform Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market. As a result of the aforementioned analysis, a Trading Platform Market has been selected as the Trust's principal market.

The Trust determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Trust has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Trust's determination of its principal market.

The cost basis of the STX received by the Trust in connection with a creation order is recorded by the Trust at the fair value of STX at 4:00 p.m., New York time, on the creation date for financial reporting purposes. The cost basis recorded by the Trust may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

### *Investment Company Considerations*

The Trust is an investment company for U.S. GAAP purposes and follows accounting and reporting guidance in accordance with the FASB ASC Topic 946, *Financial Services—Investment Companies*. The Trust uses fair value as its method of accounting for STX in accordance with its classification as an investment company for accounting purposes. The Trust is not a registered investment company under the Investment Company Act. U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

### **Review of Financial Results (unaudited)**

*Financial Highlights for the Year Ended December 31, 2025 and the Period from May 22, 2024 (the Commencement of the Trust's Operations) to December 31, 2024*

**(All amounts in the following table and the subsequent paragraphs, except Share, STX and price of STX amounts, are in thousands)**

|                                                       | <b>For the Year Ended<br/>December 31, 2025</b> | <b>May 22, 2024 (the<br/>Commencement of the<br/>Trust's Operations) to<br/>December 31, 2024</b> |
|-------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Net realized and unrealized loss on investment in STX | \$ (2,258)                                      | \$ (810)                                                                                          |
| Net decrease in net assets resulting from operations  | \$ (2,289)                                      | \$ (852)                                                                                          |
| Net assets <sup>(1)</sup>                             | \$ 432                                          | \$ 2,587                                                                                          |

(1) Net assets in the above table and subsequent paragraphs are calculated in accordance with U.S. GAAP based on the Digital Asset Market price of STX on the Digital Asset Trading Platform that the Trust considered its principal market, as of 4:00 p.m., New York time, on the valuation date.

Net realized and unrealized loss on investment in STX for the year ended December 31, 2025 was (\$2,258), which includes a realized loss of (\$54) on the transfer of STX to pay the Sponsor's Fee and net change in unrealized appreciation/depreciation on investment in STX of (\$2,204). Net realized and unrealized loss on investment in STX for the year was driven by STX price depreciation from \$1.53 per STX as of December 31, 2024, to \$0.24 per STX as of December 31, 2025. Net decrease in net assets resulting from operations was (\$2,289) for the year ended December 31, 2025, which consisted of the net realized and unrealized loss on investment in STX, plus the Sponsor's Fee of \$31. Net assets decreased to \$432 at December 31, 2025, an 83% decrease for the year. The decrease in net assets resulted from the aforementioned STX price depreciation and withdrawal of approximately 44,238 STX to pay the foregoing Sponsor's Fee, partially offset by the contribution of approximately 146,569 STX with a value of \$134 to the Trust in connection with Share creations during the year.

Net realized and unrealized loss on investment in STX for the period from May 22, 2024 (the commencement of the Trust's operations) to December 31, 2024 was (\$810), which includes a realized loss of (\$6) on the transfer of STX to pay the Sponsor's Fee and net change in unrealized appreciation/depreciation on investment in STX of (\$804). Net realized and unrealized loss on investment in STX for the period was driven by STX price depreciation from \$2.07 per STX as of May 22, 2024, to \$1.53 per STX as of December 31, 2024. Net decrease in net assets resulting from operations was (\$852) for the period from May 22, 2024 (the commencement of the Trust's operations) to December 31, 2024, which consisted of the net realized and unrealized loss on investment in STX, plus the Sponsor's Fee of \$42. The increase in net assets resulted from the contribution of approximately 1,714,415 STX with a value of \$3,439 to the Trust in connection with Share creations during the period, partially offset by the aforementioned STX price depreciation and withdrawal of approximately 23,371 STX to pay the foregoing Sponsor's Fee.

### *Cash Resources and Liquidity*

The Trust has not had a cash balance at any time since inception. When selling STX, Incidental Rights and/or IR Virtual Currency in the Digital Asset Market to pay Additional Trust Expenses on behalf of the Trust, the Sponsor endeavors to sell the exact amount of STX, Incidental Rights and/or IR Virtual Currency needed to pay expenses in order to minimize the Trust's holdings of assets other than STX. As a consequence, the Sponsor expects that the Trust will not record any cash flow from its operations and that its cash balance will be zero at the end of each reporting period. Furthermore, the Trust is not a party to any off-balance sheet arrangements.

In exchange for the Sponsor's Fee, the Sponsor has agreed to assume most of the expenses incurred by the Trust. As a result, the only ordinary expense of the Trust during the periods covered by this Annual Report was the Sponsor's Fee. The Trust is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs.

### **Quantitative and Qualitative Disclosures about Market Risk**

The Trust Agreement does not authorize the Trust to borrow for payment of the Trust's ordinary expenses. The Trust does not engage in transactions in foreign currencies which could expose the Trust or holders of Shares to any foreign currency related market risk. The Trust does not invest in any derivative financial instruments and has no foreign operations or long-term debt instruments.

### **Selected Operating Data (unaudited)**

|                                               | As of December 31, |              |
|-----------------------------------------------|--------------------|--------------|
|                                               | 2025               | 2024         |
| Price of STX on principal market              | \$ 0.24            | \$ 1.53      |
| Principal Market NAV per Share <sup>(1)</sup> | \$ 1.16            | \$ 7.53      |
| Principal Market NAV <sup>(1)</sup>           | \$ 431,845         | \$ 2,587,297 |
| Reference Rate Price                          | \$ 0.24            | \$ 1.54      |
| NAV per Share <sup>(2)</sup>                  | \$ 1.15            | \$ 7.58      |
| NAV (Non-GAAP) <sup>(2)</sup>                 | \$ 429,511         | \$ 2,604,207 |

(1) The Principal Market NAV and Principal Market NAV per Share are calculated using the fair value of STX based on the price provided by the Digital Asset Trading Platform that the Trust considered its principal market, as of 4:00 p.m., New York time, on the valuation date, in accordance with U.S. GAAP.

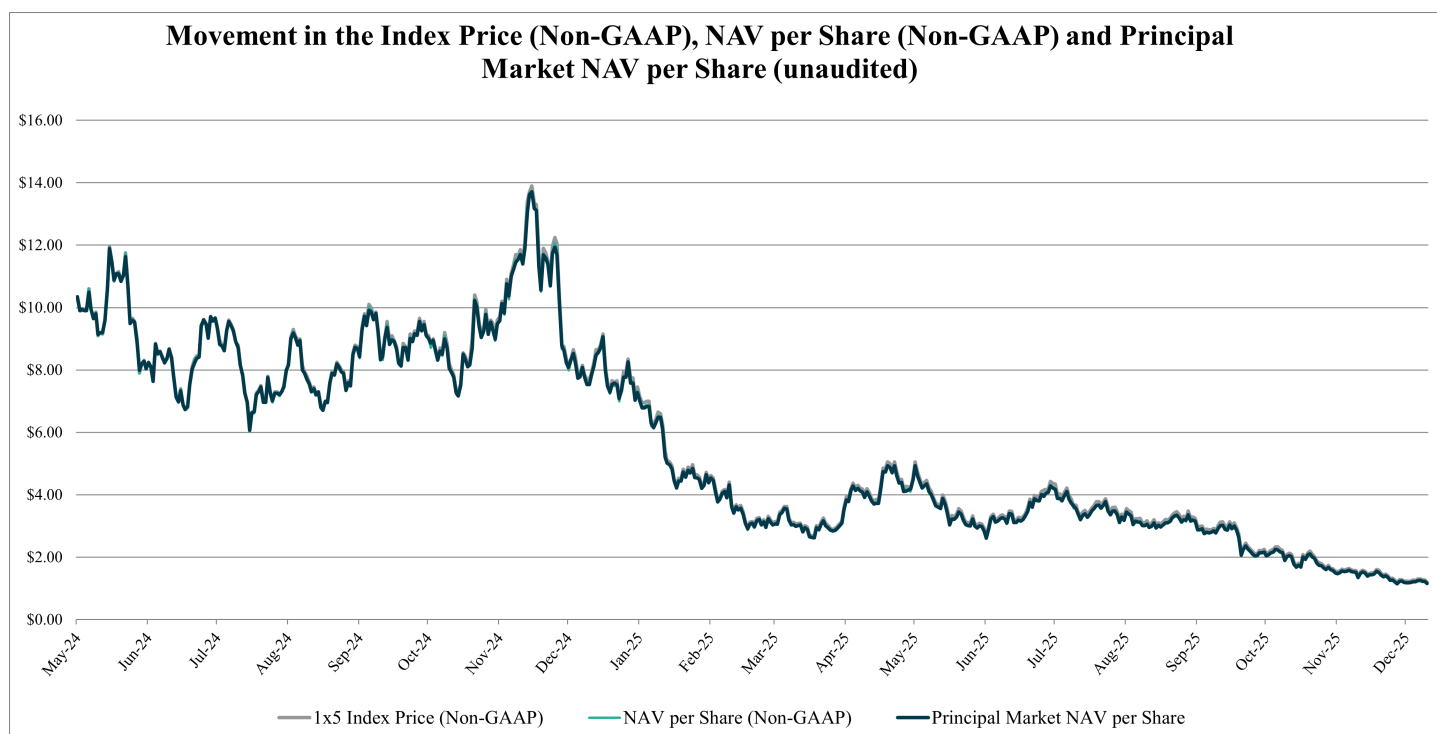
(2) The Trust's NAV and NAV per Share are derived from the Reference Rate Price as represented by the Reference Rate as of 4:00 p.m., New York time, on the valuation date. The Trust's NAV per Share is calculated using a non-GAAP methodology where the price is derived from multiple Digital Asset Trading Platforms. See the section entitled "—Grayscale Stacks Trust (STX)—Description of the Trust—Valuation of STX and Determination of NAV" for a description of the Reference Rate and the Reference Rate Price.

For accounting purposes, the Trust reflects creations and the STX receivable with respect to such creations on the date of receipt of a notification of a creation but does not issue Shares until the requisite amount of STX is received. At this time, the Trust is not accepting redemption requests from shareholders. Subject to receipt of regulatory approval from the SEC and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. The Trust currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

## Historical NAV and STX Prices

As movements in the price of STX will directly affect the price of the Shares, investors should understand recent movements in the price of STX. Investors, however, should also be aware that past movements in the STX price are not indicators of future movements. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

The following chart illustrates the movement in the Trust’s NAV per Share versus the Reference Rate Price and the Trust’s Principal Market NAV per Share from May 22, 2024 (the commencement of the Trust’s operations) to December 31, 2025. For more information on the determination of the Trust’s NAV, see “Grayscale Stacks Trust (STX)—Description of the Trust—Valuation of STX and Determination of NAV.”



The following table illustrates the movements in the Digital Asset Market price of STX, as reported on the Trust’s principal market, from May 22, 2024 (the commencement of the Trust’s operations) to December 31, 2025:

| Period                                                                         | Average | High                       |           | Low                        |            | End of period | Last business day |
|--------------------------------------------------------------------------------|---------|----------------------------|-----------|----------------------------|------------|---------------|-------------------|
|                                                                                |         | Digital Asset Market Price | Date      | Digital Asset Market Price | Date       |               |                   |
| May 22, 2024 (the commencement of the Trust’s operations) to December 31, 2024 | \$ 1.80 | \$ 2.78                    | 12/6/2024 | \$ 1.22                    | 8/5/2024   | \$ 1.53       | \$ 1.53           |
| Twelve months ended December 31, 2025                                          | \$ 0.71 | \$ 1.84                    | 1/6/2025  | \$ 0.24                    | 12/18/2025 | \$ 0.24       | \$ 0.24           |
| May 22, 2024 (the commencement of the Trust’s operations) to December 31, 2025 | \$ 1.12 | \$ 2.78                    | 12/6/2024 | \$ 0.24                    | 12/18/2025 | \$ 0.24       | \$ 0.24           |

## **PART E. ISSUANCE HISTORY**

### **Item 16. List of securities offerings and shares issued for services in the past two years.**

From May 22, 2024 (the commencement of the Trust's operations) to December 31, 2025, the Trust has offered the Shares pursuant to Rule 506 of the Regulation D under the Securities Act. The Shares offered by the Trust have not been registered under the Securities Act, or any state or other securities laws, and were offered and sold only to "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act, and in compliance with any applicable state or other securities laws.

The table below describes the Shares offered, the Shares sold and the average and range of prices at which the Shares were offered and sold by the issuer. All Shares initially offered and sold by the Trust are restricted securities pursuant to Rule 144 under the Securities Act. Until the Shares sold by the Trust become unrestricted in accordance with Rule 144, the certificates or other documents evidencing the Shares will contain legends stating that the Shares have not been registered under the Securities Act and referring to the restrictions on transferability and sale of the Shares under the Securities Act. Such legends are removed upon Shares becoming unrestricted in accordance with Rule 144. From May 22, 2024 (the commencement of the Trust's operations) to December 31, 2025, no Shares, other securities of the Trust, or options to acquire such other securities were issued in exchange for services provided by any person or entity.

| <u>Period</u>                                                                  | <u>Shares<br/>Offered</u> | <u>Shares<br/>Sold</u> | <u>No. of<br/>Purchasers</u> | <u>Avg.<sup>(1)</sup></u> | <u>High<sup>(1)</sup></u> | <u>Date</u> | <u>Low<sup>(1)</sup></u> | <u>Date</u> |
|--------------------------------------------------------------------------------|---------------------------|------------------------|------------------------------|---------------------------|---------------------------|-------------|--------------------------|-------------|
| May 22, 2024 (the commencement of the Trust's operations) to December 31, 2024 | Unlimited                 | 343,400                | 35                           | \$ 8.94                   | \$ 13.71                  | 12/6/24     | \$ 6.02                  | 8/5/24      |
| Twelve months ended December 31, 2025                                          | Unlimited                 | 30,000                 | 17                           | \$ 3.46                   | \$ 9.01                   | 1/6/25      | \$ 1.15                  | 12/18/25    |

(1) The prices reflected represent the Reference Rate Price (non-GAAP methodology).

## **PART F. EXHIBITS**

### **Item 17. Material Contracts.**

#### **Description of the Trust Agreement**

The following is a description of the material terms of the Trust Agreement. The Trust Agreement establishes the roles, rights and duties of the Sponsor and the Trustee.

#### **The Sponsor**

##### *Liability of the Sponsor and Indemnification*

Neither the Sponsor nor the Trust insure the Trust's STX. The Sponsor and its affiliates (each a "Covered Person") will not be liable to the Trust or any shareholder for any loss suffered by the Trust which arises out of any action or inaction of such Covered Person if such Covered Person determined in good faith that such course of conduct was in the best interests of the Trust. However, the preceding liability exclusion will not protect any Covered Person against any liability resulting from its own willful misconduct, bad faith or gross negligence in the performance of its duties.

Each Covered Person will be indemnified by the Trust against any loss, judgment, liability, expense incurred or amount paid in settlement of any claim sustained by it in connection with the Covered Person's activities for the Trust, provided that (i) the Covered Person was acting on behalf of, or performing services for, the Trust and had determined, in good faith, that such course of conduct was in the best interests of the Trust and such liability or loss was not the result of fraud, gross negligence, bad faith, willful misconduct or a material breach of the Trust Agreement on the part of such Covered Person and (ii) any such indemnification will be recoverable only from the property of the Trust. Any amounts payable to an indemnified party will be payable in advance under certain circumstances.

##### *Fiduciary and Regulatory Duties of the Sponsor*

The Sponsor is not effectively subject to the duties and restrictions imposed on "fiduciaries" under both statutory and common law. Rather, the general fiduciary duties that would apply to the Sponsor are defined and limited in scope by the Trust Agreement.

Under Delaware law, a shareholder may bring a derivative action if the shareholder is a shareholder at the time the action is brought and either (i) was a shareholder at the time of the transaction at issue or (ii) acquired the status of shareholder by operation of law or the Trust's governing instrument from a person who was a shareholder at the time of the transaction at issue. Additionally, Section 3816(e) of the Delaware Statutory Trust Act specifically provides that "a beneficial owner's right to bring a derivative action may be subject to such additional standards and restrictions, if any, as are set forth in the governing instrument of the statutory trust, including, without limitation, the requirement that beneficial owners owning a specified beneficial interest in the statutory trust join in the bringing of the derivative action." In addition to the requirements of applicable law, Section 7.4 of the Trust Agreement provides that no shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Trust unless two or more shareholders who (i) are not affiliates of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding. The Trust selected the 10.0% ownership threshold because the Trust believed that this was a threshold that investors would be comfortable with based on market precedent.

Due to this additional requirement, a shareholder attempting to bring a derivative action in the name of the Trust will be required to locate other shareholders with which it is not affiliated and that have sufficient Shares to meet the 10.0% threshold based on the number of Shares outstanding on the date the claim is brought and thereafter throughout the duration of the action, suit or proceeding.

"Affiliate" is defined in the Trust Agreement to mean any natural person, partnership, limited liability company, statutory trust, corporation, association or other legal entity (each, a "Person") directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of such Person, (ii) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by such Person, (iii) any Person, directly or indirectly, controlling, controlled by or under common control of such Person, (iv) any

employee, officer, director, member, manager or partner of such Person, or (v) if such Person is an employee, officer, director, member, manager or partner, any Person for which such Person acts in any such capacity.

Any shareholders seeking to bring a derivative action may determine whether the 10.0% ownership threshold required to bring a derivative action has been met by dividing the number of Shares owned by such shareholders by the total number of Shares outstanding.

The Trust offers Shares on a periodic basis at such times and for such periods as the Sponsor determines in its sole discretion. As a result, in order to maintain the 10.0% ownership threshold required to maintain a derivative action, shareholders may need to increase their holdings or locate additional shareholders during the pendency of a claim. The Trust posts the number of Shares outstanding as of the end of each month on its website and as of the end of each quarter in its annual and quarterly filings with the OTCQB U.S. Market. Shareholders may monitor the number of Shares outstanding at any time for purposes of calculating their ownership threshold by reviewing the Trust's website and OTCQB filings and by requesting the number of Shares outstanding on any date from the Sponsor at any time pursuant to Sections 7.2 and 8.1 of the Trust Agreement. Shareholders have the opportunity at any time to increase their holdings or locate other shareholders to maintain the 10.0% threshold throughout the duration of a derivative claim. Shareholders may do so by requesting from the Sponsor the list of the names and last known address of all shareholders pursuant to Sections 7.2 and 8.1 of the Trust Agreement and Section 3819(a) of the DSTA. Because the Trust is a grantor trust, it may only issue one class of securities, the Shares.

The Sponsor is not aware of any reason to believe that Section 7.4 of the Trust Agreement is not enforceable under state or federal law. The Court of Chancery of Delaware has stated that "[t]he DSTA is enabling in nature and, as such, permits a trust through its declarations of trust to delineate additional standards and requirements with which a stockholder-plaintiff must comply to proceed derivatively in the name of the trust." *Hartsel v. Vanguard Group, Inc.*, Del. Ch. June 15, 2011. However, there is limited case law addressing the enforceability of provisions like Section 7.4 under state and federal law and it is possible that this provision would not be enforced by a court in another jurisdiction or under other circumstances.

Beneficial owners may have the right, subject to certain legal requirements, to bring class actions in federal court to enforce their rights under the federal securities laws and the rules and regulations promulgated thereunder by the SEC. Beneficial owners who have suffered losses in connection with the purchase or sale of their beneficial interests may be able to recover such losses from the Sponsor where the losses result from a violation by the Sponsor of the anti-fraud provisions of the federal securities laws.

#### *Actions Taken to Protect the Trust*

The Sponsor may prosecute, defend, settle or compromise actions or claims at law or in equity that it considers necessary or proper to protect the Trust or the interests of the shareholders. The expenses incurred by the Sponsor in connection therewith (including the fees and disbursements of legal counsel) will be expenses of the Trust and are deemed to be Additional Trust Expenses. The Sponsor will be entitled to be reimbursed for the Additional Trust Expenses it pays on behalf of the Trust.

#### *Successor Sponsors*

If the Sponsor is adjudged bankrupt or insolvent, the Trust may dissolve and a Liquidating Trustee may be appointed to terminate and liquidate the Trust and distribute its remaining assets. The Trustee will have no obligation to appoint a successor sponsor or to assume the duties of the Sponsor, and will have no liability to any person because the Trust is or is not terminated. However, if a certificate of dissolution or revocation of the Sponsor's charter is filed (and ninety (90) days have passed after the date of notice to the Sponsor of revocation without a reinstatement of the Sponsor's charter) or the withdrawal, removal, adjudication or admission of bankruptcy or insolvency of the Sponsor has occurred, shareholders holding at least a majority (over 50%) of the Shares may agree in writing to continue the affairs of the Trust and to select, effective as of the date of such event, one or more successor sponsors within ninety (90) days of any such event.

#### **The Trustee**

The Trustee is a fiduciary under the Trust Agreement and must satisfy the requirements of Section 3807 of the DSTA. However, the fiduciary duties, responsibilities and liabilities of the Trustee are limited by, and are only those specifically set forth in, the Trust Agreement.

### *Limitation on Trustee's Liability*

Under the Trust Agreement, the Sponsor has exclusive control of the management of all aspects of the activities of the Trust and the Trustee has only nominal duties and liabilities to the Trust. The Trustee is appointed to serve as the trustee for the sole purpose of satisfying Section 3807(a) of the DSTA which requires that the Trust have at least one trustee with a principal place of business in the State of Delaware. The duties of the Trustee are limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) the execution of any certificates required to be filed with the Delaware Secretary of State which the Trustee is required to execute under the DSTA.

To the extent the Trustee has duties (including fiduciary duties) and liabilities to the Trust or the shareholders under the DSTA, such duties and liabilities will be replaced by the duties and liabilities of the Trustee expressly set forth in the Trust Agreement. The Trustee will have no obligation to supervise, nor will it be liable for, the acts or omissions of the Sponsor, Transfer Agent, Custodian or any other person. Neither the Trustee, either in its capacity as trustee or in its individual capacity, nor any director, officer or controlling person of the Trustee is, or has any liability as, the issuer, director, officer or controlling person of the issuer of Shares. The Trustee's liability is limited solely to the express obligations of the Trustee as set forth in the Trust Agreement.

Under the Trust Agreement, the Sponsor has the exclusive management, authority and control of all aspects of the activities of the Trust. The Trustee has no duty or liability to supervise or monitor the performance of the Sponsor, nor does the Trustee have any liability for the acts or omissions of the Sponsor. The existence of a trustee should not be taken as an indication of any additional level of management or supervision over the Trust. The Trust Agreement provides that the management authority with respect to the Trust is vested directly in the Sponsor and that the Trustee is not responsible or liable for the genuineness, enforceability, collectability, value, sufficiency, location or existence of any of the STX or other assets of the Trust.

### *Possible Repayment of Distributions Received by Shareholders; Indemnification by Shareholders*

The Shares are limited liability investments. Investors may not lose more than the amount that they invest plus any profits recognized on their investment. Although it is unlikely, the Sponsor may, from time to time, make distributions to the shareholders. However, shareholders could be required, as a matter of bankruptcy law, to return to the estate of the Trust any distribution they received at a time when the Trust was in fact insolvent or in violation of its Trust Agreement. In addition, the Trust Agreement provides that shareholders will indemnify the Trust for any harm suffered by it as a result of shareholders' actions unrelated to the activities of the Trust.

The foregoing repayment of distributions and indemnity provisions (other than the provision for shareholders indemnifying the Trust for taxes imposed upon it by a state, local or foreign taxing authority, which is included only as a formality due to the fact that many states do not have statutory trust statutes therefore the tax status of the Trust in such states might, theoretically, be challenged) are commonplace in statutory trusts and limited partnerships.

### *Indemnification of the Trustee*

The Trustee and any of the officers, directors, employees and agents of the Trustee will be indemnified by the Trust as primary obligor and the Sponsor as secondary obligor and held harmless against any loss, damage, liability, claim, action, suit, cost, expense, disbursement (including the reasonable fees and expenses of counsel), tax or penalty of any kind and nature whatsoever, arising out of, imposed upon or asserted at any time against such indemnified person in connection with the performance of its obligations under the Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated therein; provided, however, that neither the Trust nor the Sponsor will be required to indemnify any such indemnified person for any such expenses which are a result of the willful misconduct, bad faith or gross negligence of such indemnified person. If the Trust has insufficient assets or improperly refuses to pay such an indemnified person within 60 days of a request for payment owed under the Trust Agreement, the Sponsor will, as secondary obligor, compensate or reimburse the Trustee or indemnify, defend and hold harmless such an indemnified person as if it were the primary obligor under the Trust Agreement. Any amount payable to such an indemnified person under the Trust Agreement may be payable in advance under certain circumstances and will be secured by a lien on the Trust property. The obligations of the Sponsor and the Trust to indemnify such indemnified persons under the Trust Agreement will survive the termination of the Trust Agreement.

### *Holding of Trust Property*

The Trust will hold and record the ownership of the Trust's assets in a manner such that it will be owned for the benefit of the shareholders for the purposes of, and subject to and limited by the terms and conditions set forth in, the Trust Agreement. The Trust will not create, incur or assume any indebtedness or borrow money from or loan money to any person. The Trustee may not commingle its assets with those of any other person.

The Trustee may employ agents, attorneys, accountants, auditors and nominees and will not be answerable for the conduct or misconduct of any such custodians, agents, attorneys or nominees if such custodians, agents, attorneys and nominees have been selected with reasonable care.

### *Resignation, Discharge or Removal of Trustee; Successor Trustees*

The Trustee may resign as Trustee by written notice of its election so to do, delivered to the Sponsor with at least 180 days' notice. The Sponsor may remove the Trustee in its discretion. If the Trustee resigns or is removed, the Sponsor, acting on behalf of the shareholders, will appoint a successor trustee. The successor Trustee will become fully vested with all of the rights, powers, duties and obligations of the outgoing Trustee.

If the Trustee resigns and no successor trustee is appointed within 180 days after the Trustee notifies the Sponsor of its resignation, the Trustee will terminate and liquidate the Trust and distribute its remaining assets.

### *Amendments to the Trust Agreement*

In general, the Sponsor may amend the Trust Agreement without the consent of any shareholder. In particular, the Sponsor may, without the approval of the shareholders, amend the Trust Agreement if the Trust is advised at any time by the Trust's accountants or legal counsel that the amendments are necessary to permit the Trust to take the position that it is a grantor trust for U.S. federal income tax purposes. The Sponsor is also permitted to make certain restatements, amendments or supplements to the Trust Agreement that would materially adversely affect the interests of the shareholders as determined by the Sponsor in its sole discretion with a 20-day notice to shareholders. Additionally, the Sponsor is permitted to make certain restatements, amendments, or supplements to the Trust Agreement that could adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes, but only if certain conditions set forth in the amendments relating to the qualification of the Trust as a grantor trust for U.S. federal income tax purposes are satisfied. Furthermore, subject to certain limitations, the Sponsor may make any other amendments to the Trust Agreement which do not materially adversely affect the interests of the shareholders in its sole discretion without shareholder consent.

### *Termination of the Trust*

Pursuant to the terms of the Trust Agreement, the Trust is required to dissolve under certain circumstances. In addition, the Sponsor may, in its sole discretion, dissolve the Trust for a number of reasons, including if the Sponsor determines, in its sole discretion, that it is desirable or advisable for any reason to discontinue the affairs of the Trust.

Upon dissolution of the Trust and surrender of Shares by the shareholders, shareholders will receive a distribution in U.S. dollars or in STX, Incidental Rights and/or IR Virtual Currency, at the sole discretion of the Sponsor, after the Sponsor has sold the Trust's STX, Incidental Rights and IR Virtual Currency, if applicable, and has paid or made provision for the Trust's claims and obligations.

If the Trust is forced to liquidate, the Trust will be liquidated under the Sponsor's direction. The Sponsor, on behalf of the Trust, will engage directly with Digital Asset Markets to liquidate the Trust's STX as promptly as possible while obtaining the best fair value possible. The proceeds therefrom will be applied and distributed in the following order of priority: (a) to the expenses of liquidation and termination and to creditors, including shareholders who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Trust other than liabilities for distributions to shareholders and (b) to the holders of Shares *pro rata* in accordance with the respective percentages of Shares that they hold. It is expected that the Sponsor would be subject to the same regulatory requirements as the Trust, and therefore, the markets available to the Sponsor will be the same markets available to the Trust.

## *Governing Law*

The Trust Agreement and the rights of the Sponsor, Trustee and shareholders under the Trust Agreement are governed by the laws of the State of Delaware.

## **Description of the Custodian Agreement**

The Custodian Agreement establishes the rights and responsibilities of the Custodian, Sponsor, Trust and Authorized Participants with respect to the Trust's STX in the Digital Asset Account, which is maintained and operated by the Custodian on behalf of the Trust. For a general description of the Custodian's obligations, see "The Custodian."

## ***Account; Location of STX***

The Trust's Digital Asset Account is a segregated custody account controlled and secured by the Custodian to store private keys, which allow for the transfer of ownership or control of the Trust's STX, on the Trust's behalf. Private key shards associated with the Trust's STX are distributed geographically by the Custodian in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes. The Custodian requires written approval of the Trust prior to changing the location of the private key shards, and therefore the Trust's STX, to a location outside the United States. The Digital Asset Account uses offline storage, or cold storage, mechanisms to secure the Trust's private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet.

The Custodian Agreement states that the Custodian serves as a fiduciary and custodian on the Trust's behalf, and the STX in the Digital Asset Account are considered fiduciary assets that remain the Trust's property at all times and are not treated as general assets of the Custodian. Under the Custodian Agreement, the Custodian represents and warrants that it has no right, interest, or title in the STX held in the Digital Asset Account, and agrees that it will not, directly or indirectly, lend, pledge, hypothecate or rehypothecate such digital assets. The Custodian does not reflect such digital assets as an asset on the balance sheet of the Custodian but does reflect the obligation to safeguard such digital assets with a corresponding asset measured at fair value for such obligation. The Custodian Agreement also contains an agreement by the parties to treat the digital assets credited to the Trust's Digital Asset Account as financial assets under Article 8 of the New York Uniform Commercial Code ("Article 8"). The Custodian's parent, Coinbase Global Inc., has stated in its public securities filings that in light of the inclusion in its custody agreements of provisions relating to Article 8 it believes that a court would not treat custodied digital assets as part of its general estate, although due to the novelty of digital assets courts have not yet considered this type of treatment for custodied digital assets. See "Risk Factors Related to the Trust and the Shares—The Trust relies on third party service providers to perform certain functions essential to the affairs of the Trust and the replacement of such service providers could pose challenges to the safekeeping of the Trust's STX and to the operations of the Trust."

## ***Safekeeping of STX***

The Custodian will use best efforts to keep in safe custody on behalf of the Trust all STX received by the Custodian. All STX credited to the Digital Asset Account will (i) be held in the Digital Asset Account at all times, and the Digital Asset Account will be controlled by the Custodian; (ii) be labeled or otherwise appropriately identified as being held for the Trust; (iii) be held in the Digital Asset Account on a non-fungible basis; (iv) not be commingled with other digital assets held by the Custodian, whether held for the Custodian's own account or the account of other clients other than the Trust; (v) not without the prior written consent of the Trust be deposited or held with any third-party depositary, custodian, clearance system or wallet; and (vi) for any Digital Asset Account maintained by the Custodian on behalf of the Trust, the Custodian will use best efforts to keep the private key or keys secure, and will not disclose such keys to the Trust, the Sponsor or to any other individual or entity except to the extent that any keys are disclosed consistent with a standard of best efforts and as part of a multiple signature solution that would not result in the Trust or the Sponsor "storing, holding, or maintaining custody or control of" the STX "on behalf of others" within the meaning of the New York BitLicense Rule (23 NYCRR Part 200) as in effect as of June 24, 2015 such that it would require the Trust or the Sponsor to become licensed under such law.

## ***Insurance***

Pursuant to the terms of the Custodian Agreement, the Custodian is required to maintain insurance in such types and amounts as are commercially reasonable for the custodial services provided by the Custodian. The Custodian has advised the Sponsor that it has insurance coverage pursuant to policies held by Coinbase Global, Inc. (“Coinbase”), which procures fidelity (or crime) insurance coverage at commercially reasonable amounts for the custodial services provided. This insurance coverage is limited to losses of the digital assets the Custodian custodies on behalf of its clients, including the Trust’s STX, resulting from theft, including internal theft by employees of Coinbase and its subsidiaries and theft or fraud by a director of Coinbase if the director is acting in the capacity of an employee of Coinbase or its subsidiaries.

Moreover, while the Custodian maintains certain capital reserve requirements depending on the assets under custody and to the extent required by applicable law, and such capital reserves may provide additional means to cover client asset losses, the Sponsor does not know the amount of such capital reserves, and neither the Trust nor the Sponsor have access to such information. The Trust cannot be assured that the Custodian will maintain capital reserves sufficient to cover losses with respect to the Trust’s digital assets. Furthermore, Coinbase has represented in securities filings that the total value of crypto assets in its possession and control is significantly greater than the total value of insurance coverage that would compensate Coinbase in the event of theft or other loss of funds.

## ***Deposits, Withdrawals and Storage; Access to the Digital Asset Account***

The Custodial Services (i) allow STX to be deposited from a public blockchain address to the Digital Asset Account and (ii) allow the Trust or Sponsor to withdraw STX from the Digital Asset Account to a public blockchain address the Trust or the Sponsor controls (each such transaction is a “Custody Transaction”).

The Custodian reserves the right to refuse to process or to cancel any pending Custody Transaction as required by law or in response to a subpoena, court order, or other binding government order or to enforce transaction, threshold, and condition limits, in each case as communicated to the Trust and the Sponsor as soon as reasonably practicable where the Custodian is permitted to do so, or if the Custodian reasonably believes that the Custody Transaction may violate or facilitate the violation of an applicable law, regulation or applicable rule of a governmental authority or self-regulatory organization. The Custodian may suspend or restrict the Trust’s and Sponsor’s access to the Custodial Services, and/or deactivate, terminate or cancel the Digital Asset Account if the Trust or Sponsor has taken certain actions, including any Prohibited Use or Prohibited Business as set forth in the Custodian Agreement, or if the Custodian is required to do so by a subpoena, court order, or other binding government order.

From the time the Custodian has verified the authorization of a complete set of instructions to withdraw STX from the Digital Asset Account, the Custodian will have up to forty-eight (48) hours to process and complete such withdrawal. The Custodian will ensure that initiated deposits are processed in a timely manner but the Custodian makes no representations or warranties regarding the amount of time needed to complete processing which is dependent upon many factors outside of the Custodian’s control.

Subject to certain exceptions in the Custodian Agreement, the Trust, the Sponsor and their authorized representatives will be able to access the Digital Asset Account via the Custodian’s website in order to check information about the Digital Asset Account, deposit STX to the Digital Asset Account or initiate a Custody Transaction (subject to the timing described above).

The Custodian makes no other representations or warranties with respect to the availability and/or accessibility of STX or the availability and/or accessibility of the Digital Asset Account or Custodial Services.

Subject to any legal and regulatory requirements, in order to support the Trust’s ordinary course of deposits and withdrawals, which involves, or will in the future involve, deposits from and withdrawals to Digital Asset Accounts owned by any Authorized Participant, or a Liquidity Provider, the Custodian will use commercially reasonable efforts to cooperate with the Trust and Sponsor to design and put in place via the Custodial Services a secure procedure to allow Authorized Participants to receive a STX address for deposits by Authorized Participants, or Liquidity Providers, and to initiate withdrawals to STX addresses controlled by Authorized Participants or Liquidity Providers.

The Custodian Agreement further provides that the Trust’s and the Sponsor’s auditors or third-party accountants upon 30 days’ advance written notice, have inspection rights to inspect, take extracts from and audit the records maintained with respect to the Digital Asset Account. Such auditors or third-party accountants are not obligated under the Custodian Agreement to exercise their inspection rights.

### ***Security of the Account***

The Custodian securely stores all digital asset private keys held by the Custodian in offline storage. Under the Custodian Agreement, the Custodian must use best efforts to keep private and public keys secure, and may not disclose such private keys to the Sponsor, Trust or any other individual or entity.

The Custodian has implemented and will maintain a reasonable information security program that includes policies and procedures that are reasonably designed to safeguard the Custodian's electronic systems and the Trust's and the Sponsor's confidential information from, among other things, unauthorized access or misuse. In the event of a Data Security Event (as defined below), the Custodian will promptly (subject to any legal or regulatory requirements) notify the Trust and the Sponsor. "Data Security Event" is defined as any event whereby (a) an unauthorized person (whether within the Custodian or a third party) acquired or accessed the Trust's or the Sponsor's information, (b) the Trust's or the Sponsor's information is otherwise lost, stolen or compromised or (c) the Custodian's Chief Information Security Officer, or other senior security officer of a similar title, is no longer employed by the Custodian.

### ***Record Keeping; Inspection and Auditing***

The Custodian will keep timely and accurate records of its services pursuant to the Custodian Agreement, and such records must be retained by the Custodian for no less than seven years. The Custodian Agreement also provides that the Custodian will permit, to the extent it may legally do so, the Trust's or the Sponsor's auditors or third-party accountants, upon reasonable notice, to inspect, take extracts from and audit the records that it maintains, take such steps as necessary to verify that satisfactory internal control systems and procedures are in place as the Trust or the Sponsor may reasonably request. The Custodian is obligated to notify the Trust and the Sponsor of any audit report prepared by its internal or independent auditors if such report reveals any material deficiencies or makes any material objections.

The Trust and the Sponsor obtain and perform a comprehensive review of the Services Organization Controls ("SOC") 1 report and SOC 2 each year. In addition to the review of SOC 1 and SOC 2 reports, the Trust, the Sponsor and/or their respective auditors may inspect or audit the Custodian's records in a variety of manners if considered necessary. Such processes may include validating the existing balances as reflected on the Custodian's user interface to nodes of the underlying blockchain and confirming that such digital assets are associated with its public keys to validate the existence and exclusive ownership of the digital assets. To validate software functionality of the private keys, the Trust may transfer a portion of its digital assets from one public key to another public key of the Trust.

The Trust, the Sponsor and their independent auditors may evaluate the Custodian's protection of private keys and other customer information, including review of supporting documentation related to the processes surrounding key lifecycle management, the key generation process (hardware, software, and algorithms associated with generation) the infrastructure used to generate and store private keys, how private keys are stored (for example, cold wallets), the segregation of duties in the authorization of digital asset transactions, and the number of users required to process a transaction and the monitoring of addresses for any unauthorized activity. For additional information, see "—Custody of the Trust's STX."

### ***Annual Certificate and Report***

Once each calendar year, the Sponsor or Trust may request that the Custodian deliver a certificate signed by a duly authorized officer to certify that all representations and warranties made by the Custodian in the Custodian Agreement are true and correct on and as of the date of such certificate, and have been true and correct throughout the preceding year.

Once each calendar year, the Trust and the Sponsor will be entitled to request that the Custodian provide a copy of its most recent SOC 1 and SOC 2 reports, which are required to be dated within one year prior to such request. The Custodian reserves the right to combine the SOC 1 and SOC 2 reports into a comprehensive report. In the event that the Custodian does not deliver a SOC 1 Report or SOC 2 Report, as applicable, the Sponsor and the Trust will be entitled to terminate the Agreement.

### ***Standard of Care; Limitations of Liability***

The Custodian will use best efforts to keep in safe custody on behalf of the Trust all STX received by the Custodian. The Custodian is liable to the Sponsor and the Trust for the loss of any STX to the extent that the Custodian directly caused such loss through a breach of the Custodian Agreement and the Custodian is required to return to the Trust a quantity

equal to the quantity of any such lost STX. In addition, if the Trust or the Sponsor is unable to timely withdraw STX from the Digital Asset Account due to the Custodian's systems being offline or otherwise unavailable for a period of 48 hours or more, the Custodian will use its best efforts to provide the Sponsor and the Trust with an amount of STX that is equivalent to any pending withdrawal amounts in order to permit the Sponsor and the Trust to carry on processing withdrawals.

The Custodian's or Trust's total liability under the Custodian Agreement will never exceed the value of the STX on deposit in the Digital Asset Account at the time of, and directly relating to, the events giving rise to the liability occurred, the value of which will be determined in accordance with the Custodian Agreement. In addition, for as long as a cold storage address holds STX with a value in excess of \$100 million (the "Cold Storage Threshold") for a period of five consecutive business days or more without being reduced to the Cold Storage Threshold or lower, the Custodian's maximum liability for such cold storage address shall be limited to the Cold Storage Threshold. The Sponsor monitors the value of STX deposited in cold storage addresses for whether the Cold Storage Threshold has been met by determining the U.S. dollar value of STX deposited in each cold storage address on business days. Although the Cold Storage Threshold has to date not been met for a given cold storage address, to the extent it is met and not reduced within five business days, the Trust would not have a claim against the Custodian with respect to the digital assets held in such address to the extent the value exceeds the Cold Storage Threshold.

The Custodian and the Trust are not liable to each other for any lost profits or any special, incidental, indirect, intangible, or consequential damages, whether based in contract, tort, negligence, strict liability or otherwise, and whether or not the Custodian has been advised of such losses or the Custodian knew or should have known of the possibility of such damages.

Furthermore, the Custodian is not liable for delays, suspension of operations, whether temporary or permanent, failure in performance, or interruption of service which result directly or indirectly from any cause or condition beyond the reasonable control of the Custodian, including but not limited to, any delay or failure due to any act of God, natural disasters, act of civil or military authorities, act of terrorists, including but not limited to cyber-related terrorist acts, hacking, government restrictions, exchange or market rulings, civil disturbance, war, strike or other labor dispute, fire, interruption in telecommunications or internet services or network provider services, failure of equipment and/or software, other catastrophe or any other occurrence which is beyond the reasonable control of the Custodian and will not affect the validity and enforceability of any remaining provisions. For the avoidance of doubt, a cybersecurity attack, hack or other intrusion by a third party or by someone associated with the Custodian is not a circumstance that is beyond the Custodian's reasonable control, to the extent due to the Custodian's failure to comply with its obligations under the Custodian Agreement.

The Custodian does not bear any liability, whatsoever, for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect the Sponsor's or the Trust's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption originated from the Custodian due to its gross negligence, fraud, willful misconduct or breach of the Custodian Agreement.

### ***Indemnity***

Each of the Custodian and the Trust has agreed to indemnify and hold harmless the other such parties from any third-party claim or third-party demand (including reasonable and documented attorneys' fees and any fines, fees or penalties imposed by any regulatory authority) arising out of the Custodian's or the Trust's, as the case may be, breach of the Custodian Agreement, inaccuracy in any of the Custodian's or the Trust's, as the case may be, representations or warranties in the Custodian Agreement, or the Custodian's or the Trust's, as the case may be, knowing, in the case of the Custodian, violation of any law, rule or regulation, or the rights of any third party, except where such claim directly results from the gross negligence, fraud or willful misconduct of the other such party. In addition, the Trust has agreed to indemnify the Custodian with respect to any Incidental Rights or IR Virtual Currency abandoned by the Trust and any tax liability relating thereto or arising therefrom.

### ***Fees and Expenses***

The Custodian Fee is an annualized fee charged monthly that is a percentage of the Trust's monthly assets under custody. Following the second anniversary of the Custodian Agreement, the fee may be adjusted by the Custodian with at least six months' advance notice. Any changes to the fee will be agreed to by the Trust and the Sponsor and the Custodian in

writing. To the extent the parties cannot reach an agreement regarding any modifications in pricing, either party may elect to terminate the Custodian Agreement. It is the Trust's and the Sponsor's sole responsibility to determine whether, and to what extent, any taxes apply to any deposits or withdrawals conducted through the Custodial Services.

### ***Term; Renewal***

Subject to each party's termination rights, the Custodian Agreement is for a term of two years. Thereafter, the Custodian Agreement automatically renews for successive terms of one year, unless either party elects not to renew, by providing no less than thirty days' written notice to the other party prior to the expiration of the then-current term, or unless terminated earlier as provided herein.

### ***Termination***

During the initial term, either party may terminate the Custodian Agreement for Cause (as defined below) at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice. "Cause" is defined as if: (i) such other party commits any material breach of any of its obligations under the Custodian Agreement; (ii) such other party is adjudged bankrupt or insolvent, or there is commenced against such party a case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such party files an application for an arrangement with its creditors, seeks or consents to the appointment of a receiver, administrator or other similar official for all or any substantial part of its property, admits in writing its inability to pay its debts as they mature, or takes any corporate action in furtherance of any of the foregoing, or fails to meet applicable legal minimum capital requirements; or (iii) with respect to the Trust's and the Sponsor's right to terminate, any applicable law, rule or regulation or any change therein or in the interpretation or administration thereof has or may have a material adverse effect on the rights of the Trust, the Sponsor or any of their respective beneficiaries with respect to any services covered by the Custodian Agreement.

After the initial term, either party may terminate the Custodian Agreement (i) upon ninety (90) days' prior written notice to the other party and (ii) for Cause at any time by written notice to the other party, effective immediately, or on such later date as may be specified in the notice.

Notwithstanding the foregoing, the Sponsor and the Trust may cancel the Digital Asset Account at any time by withdrawing all balances and contacting the Custodian. Upon termination of the Custodian Agreement, the Custodian will promptly upon the Sponsor's or the Trust's order deliver or cause to be delivered all digital assets held or controlled by the Custodian as of the effective date of termination, together with such copies of the records maintained pursuant to the Custodian Agreement and as the Sponsor and the Trust requests in writing.

### ***Governing Law***

The Custodian Agreement is governed by New York law.

## **Item 18. Articles of Incorporation and Bylaws.**

The Third Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Stacks Trust (STX), dated as of November 14, 2025, is attached as Exhibit 2 to this Annual Report filed with OTC Markets Group Inc. on March 24, 2026.

## **Item 19. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

There have been no open market purchases of the Trust's Shares by Affiliated Purchasers and there are no programs that currently authorize Affiliated Purchasers to make such open market purchases. Any ownership of the Trust's Shares by Related Parties are the result of Shares being issued by the Trust to Affiliated Purchasers in the ordinary course of operations and at terms consistent with those available to investors that are not Related Parties.

**Item 20. Issuer's Certifications.**

**Certification**

I, Peter Mintzberg, certify that:

1. I have reviewed the Annual Report, exhibits, and all notes thereto of Grayscale Stacks Trust (STX);
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

Dated: March 24, 2026

/s/ Peter Mintzberg

By: Peter Mintzberg

Title: Chief Executive Officer

(Principal Executive Officer)

of Grayscale Investments Sponsors, LLC\*

\*Signing in their capacity as an officer of Grayscale Investments Sponsors, LLC, the Sponsor of the Trust.

### **Certification**

I, Edward McGee, certify that:

1. I have reviewed the Annual Report, exhibits, and all notes thereto of Grayscale Stacks Trust (STX);
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

Dated: March 24, 2026

/s/ Edward McGee

By: Edward McGee

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)  
of Grayscale Investments Sponsors, LLC\*

\*Signing in their capacity as an officer of Grayscale Investments Sponsors, LLC, the Sponsor of the Trust.

## Exhibit 1

Audited Financial Statements for the Year Ended December 31, 2025 and for the Period from May 22, 2024 (the Commencement of the Trust's Operations) to December 31, 2024

**FINANCIAL STATEMENTS**

**Grayscale Stacks Trust (STX)**

**For the Year Ended December 31, 2025 and for the Period from May  
22, 2024 (the Commencement of the Trust's Operations) to December  
31, 2024**

**With Independent Auditors' Report**



# Grayscale Stacks Trust

**Grayscale Stacks Trust (STX)**  
**Index to Financial Statements**

|                                                                                                                                                                                      |   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Independent Auditors' Report.....                                                                                                                                                    | 2 |
| Statements of Assets and Liabilities at December 31, 2025 and 2024 .....                                                                                                             | 4 |
| Schedules of Investment at December 31, 2025 and 2024 .....                                                                                                                          | 5 |
| Statements of Operations for the Year Ended December 31, 2025 and for the Period from May 22, 2024 (the Commencement of the Trust's Operations) to December 31, 2024.....            | 6 |
| Statements of Changes in Net Assets for the Year Ended December 31, 2025 and for the Period from May 22, 2024 (the Commencement of the Trust's Operations) to December 31, 2024..... | 7 |
| Notes to Financial Statements .....                                                                                                                                                  | 8 |

## **Independent Auditors' Report**

To the Shareholders and Sponsor of  
Grayscale Stacks Trust (STX):

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Grayscale Stacks Trust (STX) (the Trust), which comprise the statements of assets and liabilities, including the schedules of investment, as of December 31, 2025 and December 31, 2024, and the related statements of operations and changes in net assets for the year ended December 31, 2025 and the period from May 22, 2024 (the Commencement of the Trust's Operations) to December 31, 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2025 and December 31, 2024, and the results of its operations and changes in its net assets for the year ended December 31, 2025 and the period from May 22, 2024 (the Commencement of the Trust's Operations) to December 31, 2024, in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ KPMG LLP

New York, New York  
March 24, 2026

**Grayscale Stacks Trust (STX)**  
**Statements of Assets and Liabilities**

|                                                                                                                    | <b>December 31,</b> |                     |
|--------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                                    | <b>2025</b>         | <b>2024</b>         |
| (Amounts in U.S. dollars, except Share and per Share amounts)                                                      |                     |                     |
| <b>Assets:</b>                                                                                                     |                     |                     |
| Investment in STX, at fair value (cost \$3,439,702 and \$3,391,542 as of December 31, 2025 and 2024, respectively) | \$ 431,845          | \$ 2,587,297        |
| <b>Total assets</b>                                                                                                | <u>\$ 431,845</u>   | <u>\$ 2,587,297</u> |
| <b>Liabilities:</b>                                                                                                |                     |                     |
| Sponsor's Fee payable, related party                                                                               | \$ -                | \$ -                |
| <b>Total liabilities</b>                                                                                           | <u>-</u>            | <u>-</u>            |
| <b>Net assets</b>                                                                                                  | <u>\$ 431,845</u>   | <u>\$ 2,587,297</u> |
| Shares issued and outstanding, no par value (unlimited Shares authorized)                                          | <u>373,400</u>      | <u>343,400</u>      |
| Principal Market NAV per Share                                                                                     | <u>\$ 1.16</u>      | <u>\$ 7.53</u>      |

*See accompanying notes to financial statements.*

**Grayscale Stacks Trust (STX)**  
**Schedules of Investment**

**December 31, 2025**

|                   | <b><u>Quantity of<br/>STX</u></b> | <b><u>Cost</u></b>  | <b><u>Fair Value</u></b> | <b><u>% of Net<br/>Assets</u></b> |
|-------------------|-----------------------------------|---------------------|--------------------------|-----------------------------------|
| Investment in STX | 1,793,374.871290                  | \$ 3,439,702        | \$ 431,845               | 100%                              |
| Total Investment  |                                   | <u>\$ 3,439,702</u> | <u>\$ 431,845</u>        | <u>100%</u>                       |
| Net assets        |                                   |                     | <u><u>\$ 431,845</u></u> | <u><u>100%</u></u>                |

**December 31, 2024**

|                   | <b><u>Quantity of<br/>STX</u></b> | <b><u>Cost</u></b>  | <b><u>Fair Value</u></b>   | <b><u>% of Net<br/>Assets</u></b> |
|-------------------|-----------------------------------|---------------------|----------------------------|-----------------------------------|
| Investment in STX | 1,691,043.546015                  | \$ 3,391,542        | \$ 2,587,297               | 100%                              |
| Total Investment  |                                   | <u>\$ 3,391,542</u> | <u>\$ 2,587,297</u>        | <u>100%</u>                       |
| Net assets        |                                   |                     | <u><u>\$ 2,587,297</u></u> | <u><u>100%</u></u>                |

*See accompanying notes to financial statements.*

**Grayscale Stacks Trust (STX)**  
**Statements of Operations**

|                                                                         | <b>Year Ended December<br/>31, 2025</b> | <b>May 22, 2024 (the<br/>Commencement of the<br/>Trust's Operations) to<br/>December 31, 2024</b> |
|-------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------|
| (Amounts in U.S. dollars)                                               |                                         |                                                                                                   |
| <b>Investment income:</b>                                               |                                         |                                                                                                   |
| Investment income                                                       | \$ -                                    | \$ -                                                                                              |
| <b>Expenses:</b>                                                        |                                         |                                                                                                   |
| Sponsor's Fee, related party                                            | 31,170                                  | 41,956                                                                                            |
| <b>Net investment loss</b>                                              | (31,170)                                | (41,956)                                                                                          |
| <b>Net realized and unrealized loss on investment from:</b>             |                                         |                                                                                                   |
| Net realized loss on investment in STX                                  | (54,898)                                | (5,586)                                                                                           |
| Net change in unrealized appreciation/depreciation on investment in STX | (2,203,612)                             | (804,245)                                                                                         |
| <b>Net realized and unrealized loss on investment</b>                   | (2,258,510)                             | (809,831)                                                                                         |
| <b>Net decrease in net assets resulting from operations</b>             | <u>\$ (2,289,680)</u>                   | <u>\$ (851,787)</u>                                                                               |

*See accompanying notes to financial statements.*

**Grayscale Stacks Trust (STX)**  
**Statements of Changes in Net Assets**

|                                                                                        | <u>Year Ended<br/>December 31, 2025</u> | <u>May 22, 2024 (the<br/>Commencement of the<br/>Trust's Operations) to<br/>December 31, 2024</u> |
|----------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------|
| (Amounts in U.S. dollars, except change in Shares outstanding)                         |                                         |                                                                                                   |
| <b>Decrease in net assets from operations:</b>                                         |                                         |                                                                                                   |
| Net investment loss                                                                    | \$ (31,170)                             | \$ (41,956)                                                                                       |
| Net realized loss on investment in STX                                                 | (54,898)                                | (5,586)                                                                                           |
| Net change in unrealized appreciation/depreciation on investment in STX                | <u>(2,203,612)</u>                      | <u>(804,245)</u>                                                                                  |
| Net decrease in net assets resulting from operations                                   | <u>(2,289,680)</u>                      | <u>(851,787)</u>                                                                                  |
| <b>Increase in net assets from capital share transactions:</b>                         |                                         |                                                                                                   |
| Shares issued                                                                          | <u>134,228</u>                          | <u>3,439,084</u>                                                                                  |
| Net increase in net assets resulting from capital share transactions                   | <u>134,228</u>                          | <u>3,439,084</u>                                                                                  |
| Total (decrease) increase in net assets from operations and capital share transactions | <u>(2,155,452)</u>                      | <u>2,587,297</u>                                                                                  |
| <b>Net assets:</b>                                                                     |                                         |                                                                                                   |
| Beginning of period                                                                    | <u>2,587,297</u>                        | <u>-</u>                                                                                          |
| End of period                                                                          | <u>\$ 431,845</u>                       | <u>\$ 2,587,297</u>                                                                               |
| <b>Change in Shares outstanding:</b>                                                   |                                         |                                                                                                   |
| Shares outstanding at beginning of period                                              | <u>343,400</u>                          | <u>-</u>                                                                                          |
| Shares issued                                                                          | <u>30,000</u>                           | <u>343,400</u>                                                                                    |
| Net increase in Shares                                                                 | <u>30,000</u>                           | <u>343,400</u>                                                                                    |
| Shares outstanding at end of period                                                    | <u>373,400</u>                          | <u>343,400</u>                                                                                    |

*See accompanying notes to financial statements.*

## **Grayscale Stacks Trust (STX)**

### **Notes to Financial Statements**

#### **1. Organization**

Grayscale Stacks Trust (STX) (the “Trust”) is a Delaware Statutory Trust that was formed on February 10, 2021 and commenced operations on May 22, 2024. In general, the Trust holds Stacks (“STX”) and, from time to time, issues common units of fractional undivided beneficial interest (“Shares”) (in minimum baskets of 100 Shares, referred to as “Baskets”) in exchange for STX. The redemption of Shares is not currently contemplated and the Trust does not currently operate a redemption program. Subject to receipt of regulatory approval and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. The Trust currently has no intention of seeking regulatory approval to operate an ongoing redemption program. The Trust’s investment objective is for the value of the Shares (based on STX per Share) to reflect the value of the STX held by the Trust, less the Trust’s expenses and other liabilities.

Grayscale Investments, LLC (“GSI”) was the sponsor of the Trust before January 1, 2025, Grayscale Operating, LLC (“GSO”) was the co-sponsor of the Trust from January 1, 2025 to May 3, 2025, and Grayscale Investments Sponsors, LLC (“GSIS,” or the “Sponsor”) was the co-sponsor of the Trust from January 1, 2025 to May 3, 2025 and is the sole remaining sponsor thereafter. GSI was, and each of GSO and GSIS are, a consolidated subsidiary of Digital Currency Group, Inc. (“DCG”). The Sponsor is responsible for the day-to-day administration of the Trust pursuant to the provisions of the Trust Agreement. The Sponsor is responsible for preparing and providing annual and quarterly reports on behalf of the Trust to investors and is also responsible for selecting and monitoring the Trust’s service providers. As partial consideration for the Sponsor’s services, the Trust pays the Sponsor a Sponsor’s Fee as discussed in Note 6. The Sponsor also acts as the sponsor and manager of other single-asset and diversified investment products, each of which is an affiliate of the Trust. Information related to the affiliated investment products can be found on the Sponsor’s website at [grayscale.com/resources/regulatory-filings](https://grayscale.com/resources/regulatory-filings). Any information contained on or linked from such website is not part of nor incorporated by reference into these audited financial statements.

Authorized Participants of the Trust are the only entities who may place orders to create or, if permitted, redeem Baskets. Grayscale Securities, LLC (“Grayscale Securities” or, in such capacity, an “Authorized Participant”), a registered broker-dealer and affiliate of the Sponsor, is the only Authorized Participant, and is party to a participant agreement with the Sponsor and the Trust. Additional Authorized Participants may be added at any time, subject to the discretion of the Sponsor. Liquidity Providers who are unaffiliated with the Trust may be engaged from time to time and at any time.

The custodian of the Trust is Coinbase Custody Trust Company, LLC (the “Custodian”), a third-party service provider. The Custodian is responsible for safeguarding the STX, Incidental Rights, and IR Virtual Currency held by the Trust, and holding the private key(s) that provide access to the Trust’s digital wallets and vaults.

The transfer agent for the Trust (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The responsibilities of the Transfer Agent are to maintain creations, redemptions, transfers, and distributions of the Trust’s Shares which are primarily held in book-entry form.

On October 22, 2025, the Trust received notice that its Shares were qualified for public trading on the OTCQB U.S. Market (“OTCQB”) of OTC Markets Group Inc. The Trust’s Shares have been quoted on OTC Markets under the symbol STCK since October 23, 2025. The Trust’s trading symbol on OTCQB is “STCK” and the CUSIP number for its Shares is 389931106.

The Trust may also receive Incidental Rights and/or IR Virtual Currency as a result of the Trust’s investment in STX, in accordance with the terms of the Trust Agreement. Incidental Rights are rights to claim, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Trust’s ownership of STX and arise without any action of the Trust, or of the Sponsor or Trustee on behalf of the Trust; IR Virtual Currency is any virtual currency tokens, or other asset or right, received by the Trust through the exercise (subject to the applicable provisions of the Trust Agreement) of any Incidental Right.

## **Grayscale Stacks Trust (STX)**

### **Notes to Financial Statements**

#### **2. Summary of Significant Accounting Policies**

The following is a summary of significant accounting policies followed by the Trust:

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). The Trust qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services—Investment Companies*. The Trust uses fair value as its method of accounting for STX in accordance with its classification as an investment company for accounting purposes. The Trust is not a registered investment company under the Investment Company Act of 1940. U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

The Trust conducts its transactions in STX, including receiving STX for the creation of Shares and delivering STX for the redemption of Shares and for the payment of the Sponsor’s Fee. At this time, the Trust is not accepting redemption requests from shareholders. Since its inception, the Trust has not held cash or cash equivalents. The Sponsor will determine the Trust’s net asset value (“NAV”) on each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable.

#### **Principal Market and Fair Value Determination**

To determine which market is the Trust’s principal market (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Trust’s net asset value in accordance with U.S. GAAP (“Principal Market NAV”), the Trust follows ASC Topic 820-10, *Fair Value Measurement*, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for STX in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Trust to assume that STX is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Trust only receives STX in connection with a creation order from the Authorized Participant (or Liquidity Provider) and does not itself transact on any Digital Asset Markets. Therefore, the Trust looks to market-based volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider, may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets (referred to as “Trading Platform Markets” in this Annual Report), each as defined in the FASB ASC Master Glossary (collectively, “Digital Asset Markets”).

In determining which of the eligible Digital Asset Markets is the Trust’s principal market, the Trust reviews these criteria in the following order:

First, the Trust reviews a list of Digital Asset Markets that maintain practices and policies designed to comply with anti-money laundering (“AML”) and know-your-customer (“KYC”) regulations, and non-Digital Asset Trading Platform Markets that the Trust reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.

Second, the Trust sorts these Digital Asset Markets from high to low by market-based volume and level of activity of STX traded on each Digital Asset Market in the trailing twelve months.

Third, the Trust then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.

Fourth, the Trust then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Trust, Trading Platform Markets have the greatest volume and level of activity for the asset. The Trust therefore looks to accessible Trading Platform Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market. As a result of the aforementioned analysis, a Trading Platform Market has been selected as the Trust’s principal market.

## Grayscale Stacks Trust (STX) Notes to Financial Statements

The Trust determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Trust has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Trust's determination of its principal market.

The cost basis of the STX received by the Trust in connection with a creation order is recorded by the Trust at the fair value of STX at 4:00 p.m., New York time, on the creation date for financial reporting purposes. The cost basis recorded by the Trust may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

### Investment Transactions and Revenue Recognition

The Trust considers investment transactions to be the receipt of STX for Share creations and the delivery of STX for Share redemptions or for payment of expenses in STX. At this time, the Trust is not accepting redemption requests from shareholders. The Trust records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Sponsor's Fee in STX.

### Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the 'exit price') in an orderly transaction between market participants at the measurement date.

U.S. GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust. Unobservable inputs reflect the Trust's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Trust.

|                          | Amount at<br>Fair Value | Fair Value Measurement Using |         |         |
|--------------------------|-------------------------|------------------------------|---------|---------|
|                          |                         | Level 1                      | Level 2 | Level 3 |
| <b>December 31, 2025</b> |                         |                              |         |         |
| Assets                   |                         |                              |         |         |
| Investment in STX        | \$ 431,845              | \$ 431,845                   | \$ -    | \$ -    |
| <b>December 31, 2024</b> |                         |                              |         |         |
| Assets                   |                         |                              |         |         |
| Investment in STX        | \$ 2,587,297            | \$ 2,587,297                 | \$ -    | \$ -    |

## Grayscale Stacks Trust (STX) Notes to Financial Statements

### Segment Reporting

The Chief Executive Officer and Chief Financial Officer of the Sponsor act as the Trust's chief operating decision maker ("CODM"). The Trust represents a single operating segment, as the CODM monitors the operating results of the Trust as a whole and the Trust's passive investment objective is pre-determined in accordance with the terms of the Trust Agreement. The financial information in the form of the Trust's total returns, expense ratios and changes in net assets (i.e., changes in net assets resulting from operations and capital share transactions), which are used by the CODM to assess the segment's performance, are consistent with that presented within the Trust's financial statements. Segment assets are reflected on the accompanying Statements of Assets and Liabilities as Total assets and the only significant segment expense, the Sponsor's Fee, related party, is included in the accompanying Statements of Operations.

### 3. Fair Value of STX

STX is held by the Custodian on behalf of the Trust and is carried at fair value. As of December 31, 2025 and 2024, the Trust held 1,793,374.871290 and 1,691,043.546015 STX, respectively.

The Trust determined the fair value per STX to be \$0.24 and \$1.53 on December 31, 2025 and 2024, respectively, using the price provided at 4:00 p.m., New York time, by the Digital Asset Trading Platform Market considered to be the Trust's principal market (Coinbase).

The following represents the changes in quantity of STX and the respective fair value:

|                                                                             | <u>Quantity</u>         | <u>Fair Value</u>   |
|-----------------------------------------------------------------------------|-------------------------|---------------------|
| <b>Balance at May 22, 2024 (the Commencement of the Trust's Operations)</b> | -                       | \$ -                |
| STX contributed                                                             | 1,714,414.370392        | 3,439,084           |
| STX distributed for Sponsor's Fee, related party                            | (23,370.824377)         | (41,956)            |
| Net change in unrealized appreciation/depreciation on investment in STX     | -                       | (804,245)           |
| Net realized loss on investment in STX                                      | -                       | (5,586)             |
| <b>Balance at December 31, 2024</b>                                         | <u>1,691,043.546015</u> | <u>\$ 2,587,297</u> |
| STX contributed                                                             | 146,569.590566          | 134,228             |
| STX distributed for Sponsor's Fee, related party                            | (44,238.265291)         | (31,170)            |
| Net change in unrealized appreciation/depreciation on investment in STX     | -                       | (2,203,612)         |
| Net realized loss on investment in STX                                      | -                       | (54,898)            |
| <b>Balance at December 31, 2025</b>                                         | <u>1,793,374.871290</u> | <u>\$ 431,845</u>   |

### 4. Creations and Redemptions of Shares

At December 31, 2025 and 2024, there were an unlimited number of Shares authorized by the Trust. The Trust creates (and, should the Trust commence a redemption program, redeems) Shares from time to time, but only in one or more Baskets. The creation and redemption of Baskets on behalf of investors are made by the Authorized Participant in exchange for the delivery of STX to the Trust or the distribution of STX by the Trust. The amount of STX required for each Creation Basket or redemption Basket is determined by dividing (x) the amount of STX owned by the Trust at 4:00 p.m., New York time, on such trade date of a creation or redemption order, after deducting the amount of STX representing the U.S. dollar value of accrued but unpaid fees and expenses of the Trust, by (y) the number of Shares outstanding at such time and multiplying the quotient obtained by 100. Each Share represented approximately 4.8028 and 4.9244 STX at December 31, 2025 and 2024, respectively. The decrease in the amount of STX represented by each Share is primarily a result of the periodic withdrawal of STX to pay the Sponsor's Fee.

The cost basis of investments in STX recorded by the Trust is the fair value of STX, as determined by the Trust, at 4:00 p.m., New York time, on the date of transfer to the Trust by the Authorized Participant, or Liquidity Provider, based on the creation Baskets. The cost basis recorded by the Trust may differ from proceeds collected by the Authorized

## **Grayscale Stacks Trust (STX)**

### **Notes to Financial Statements**

Participant from the sale of each Share to investors. The Authorized Participant, or Liquidity Provider, may realize significant profits buying, selling, creating, and, if permitted, redeeming Shares as a result of changes in the value of Shares or STX.

At this time, the Trust is not operating a redemption program and is not accepting redemption requests. Subject to receipt of regulatory approval and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. The Trust currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

#### **5. Income Taxes**

The Sponsor takes the position that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes. Assuming that the Trust is a grantor trust, the Trust will not be subject to U.S. federal income tax. Rather, if the Trust is a grantor trust, each beneficial owner of Shares will be treated as directly owning its *pro rata* Share of the Trust's assets and a *pro rata* portion of the Trust's income, gains, losses and deductions will "flow through" to each beneficial owner of Shares.

If the Trust were not properly classified as a grantor trust, the Trust might be classified as a partnership for U.S. federal income tax purposes. However, due to the uncertain treatment of digital assets, including forks, airdrops and similar occurrences for U.S. federal income tax purposes, there can be no assurance in this regard. If the Trust were classified as a partnership for U.S. federal income tax purposes, the tax consequences of owning Shares generally would not be materially different from the tax consequences described herein, although there might be certain differences, including with respect to timing. In addition, tax information reports provided to beneficial owners of Shares would be made in a different form. If the Trust were not classified as either a grantor trust or a partnership for U.S. federal income tax purposes, it would be classified as a corporation for such purposes. In that event, the Trust would be subject to entity-level U.S. federal income tax (currently at the rate of 21%) on its net taxable income and certain distributions made by the Trust to shareholders would be treated as taxable dividends to the extent of the Trust's current and accumulated earnings and profits.

In accordance with U.S. GAAP, the Trust has defined the threshold for recognizing the benefits of tax positions in the financial statements as "more-likely-than-not" to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the "more-likely-than-not" threshold, based on the largest benefit that is more than 50% likely to be realized. Tax positions deemed to meet the "more-likely-than-not" threshold are recorded as a tax benefit in the current period. As of and during the year ended December 31, 2025 and the period from May 22, 2024 (the commencement of the Trust's operations) to December 31, 2024, the Trust did not have a liability for any unrecognized tax amounts. However, the Sponsor's conclusions concerning its determination of "more-likely-than-not" tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance, and ongoing analyses of and changes to tax laws, regulations and interpretations thereof.

The Sponsor of the Trust has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related to federal, state and local income taxes existed as of December 31, 2025 or 2024.

#### **6. Related Parties**

The Trust considered the following entities, their directors, and certain employees to be related parties of the Trust as of December 31, 2025: DCG, GSO, GSIS, and Grayscale Securities. As of December 31, 2025 and 2024, 81,507 and 78,274 Shares of the Trust were held by related parties of the Trust, respectively.

On January 1, 2025, GSI consummated an internal corporate reorganization (the "Reorganization"), pursuant to which GSI, the Sponsor of the Trust prior to the Reorganization, merged with and into GSO, a Delaware limited liability company and a consolidated subsidiary of DCG, with GSO continuing as the surviving company (the "Merger"). As a result of the Merger, GSO succeeded by operation of law to all the rights, powers, privileges and franchises and became subject to all of the obligations, liabilities, restrictions and disabilities of GSI, including with respect to the Sponsor Contracts (as defined below), all as provided under the Delaware Limited Liability Company Act. The Reorganization is not expected to have any material impact on the operations of the Trust.

## **Grayscale Stacks Trust (STX)**

### **Notes to Financial Statements**

In connection with the Reorganization, on January 1, 2025, and promptly following the effectiveness of the Merger, GSO assigned certain contracts pertaining to its role as Sponsor (as such term is defined in the Trust Agreement) of the Trust (such contracts, the “Sponsor Contracts”) to GSIS, a Delaware limited liability company and a consolidated subsidiary of GSO, whereby GSIS assumed all of the rights and obligations of GSO under the Sponsor Contracts. Other than the assumption of the Sponsor Contracts by GSIS, the Reorganization does not alter the rights or obligations under any of the Sponsor Contracts.

In connection with the Reorganization, on January 1, 2025, and promptly following the effectiveness of the Merger, GSO and GSIS executed a Certificate of Admission, pursuant to which GSIS was admitted as an additional Sponsor of the Trust under the Trust Agreement, by and among GSO (as successor in interest to GSI), the Trustee, and the shareholders from time to time thereunder, as amended from time to time. GSIS shall be subject to the rights and obligations of a Sponsor under the Trust Agreement. On January 3, 2025, GSO voluntarily withdrew as a Sponsor of the Trust pursuant to the terms of the Trust Agreement, and, effective May 3, 2025, became the sole remaining Sponsor of the Trust.

On October 22, 2025, GSO Intermediate Holdings Corporation (“GSOIH”), a Delaware corporation which was the sole managing member of GSO, consummated an internal corporate reorganization (the “Management Reorganization”). Pursuant to the Management Reorganization, GSOIH transferred a portion of its common membership units of GSO for Class A shares of Grayscale Investments, Inc. (“Grayscale Investments”), a Delaware corporation incorporated in connection with the Management Reorganization, and ceded its managing member rights in GSO to Grayscale Investments. As a result of the Reorganization, Grayscale Investments is now the sole managing member of GSO, the sole member of the Sponsor. Also in connection with the Reorganization, on October 22, 2025, DCG Grayscale Holdco, LLC (“DCG Holdco”), the sole stockholder of Grayscale Investments, elected a board of directors (the “Board”) at Grayscale Investments.

In accordance with the Trust Agreement governing the Trust, the Trust pays a fee to the Sponsor, calculated as 2.5% of the aggregate value of the Trust’s assets, less its liabilities (which include any accrued but unpaid expenses up to, but excluding, the date of calculation), as calculated and published by the Sponsor or its delegates in the manner set forth in the Trust Agreement (the “Sponsor’s Fee”). The Sponsor’s Fee accrues daily in U.S. dollars and is payable in STX, monthly in arrears. The amount of STX payable in respect of each daily U.S. dollar accrual will be determined by reference to the same U.S. dollar value of STX used to determine such accrual. For purposes of these financial statements, the U.S. dollar value of STX is determined by reference to the Digital Asset Trading Platform Market that the Trust considers its principal market as of 4:00 p.m., New York time, on each valuation date. The Trust held no Incidental Rights or IR Virtual Currency as of December 31, 2025 or 2024. No Incidental Rights or IR Virtual Currencies have been distributed in payment of the Sponsor’s Fee during the year ended December 31, 2025 and the period from May 22, 2024 (the commencement of the Trust’s operations) to December 31, 2024.

As partial consideration for receipt of the Sponsor’s Fee, the Sponsor is obligated under the Trust Agreement to assume and pay all fees and other expenses incurred by the Trust in the ordinary course of its affairs, excluding taxes, but including marketing fees; administrator fees, if any; custodian fees; transfer agent fees; trustee fees; the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year; ordinary course legal fees and expenses; audit fees; regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act; printing and mailing costs; the costs of maintaining the Trust’s website and applicable license fees (together, the “Sponsor-paid Expenses”), provided that any expense that qualifies as an Additional Trust Expense will be deemed to be an Additional Trust Expense and not a Sponsor-paid Expense.

The Trust may incur certain extraordinary, non-recurring expenses that are not Sponsor-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of shareholders (including in connection with any Incidental Rights and any IR Virtual Currency), any indemnification of the Custodian or other agents, service providers or counterparties of the Trust, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively “Additional Trust

## **Grayscale Stacks Trust (STX)**

### **Notes to Financial Statements**

Expenses”). In such circumstances, the Sponsor or its delegate (i) will instruct the Custodian to withdraw from the Digital Asset Account STX, Incidental Rights and/or IR Virtual Currency in such quantity as may be necessary to permit payment of such Additional Trust Expenses and (ii) may either (x) cause the Trust (or its delegate) to convert such STX, Incidental Rights and/or IR Virtual Currency into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) when the Sponsor incurs such expenses on behalf of the Trust, cause the Trust (or its delegate) to deliver such STX, Incidental Rights and/or IR Virtual Currency in kind to the Sponsor in each case in such quantity as may be necessary to permit payment of such Additional Trust Expenses.

For the year ended December 31, 2025 and the period from May 22, 2024 (the commencement of the Trust’s operations) to December 31, 2024, the Trust incurred Sponsor’s Fees of \$31,170 and \$41,956, respectively. As of December 31, 2025 and 2024, there were no accrued and unpaid Sponsor’s Fees. In addition, the Sponsor may pay Additional Trust Expenses on behalf of the Trust, which are reimbursable by the Trust to the Sponsor. For the year ended December 31, 2025 and the period from May 22, 2024 (the commencement of the Trust’s operations) to December 31, 2024, the Sponsor did not pay any Additional Trust Expenses on behalf of the Trust.

## **7. Risks and Uncertainties**

The Trust is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in a single asset, STX. Investing in STX is currently highly speculative and volatile.

The Principal Market NAV of the Trust, calculated by reference to the principal market price in accordance with U.S. GAAP, relates primarily to the value of the STX held by the Trust, and fluctuations in the price of STX could materially and adversely affect an investment in the Shares of the Trust. The price of STX has a limited history. During such history, STX prices have been volatile and subject to influence by many factors, including the levels of liquidity. If Digital Asset Markets continue to experience significant price fluctuations, the Trust may experience losses. Several factors may affect the price of STX, including, but not limited to, global STX supply and demand, theft of STX from global trading platforms or vaults, competition from other forms of digital currency or payment services, global or regional political, economic or financial conditions, and other unforeseen events and situations.

The STX held by the Trust are commingled, and the Trust’s shareholders have no specific rights to any specific STX. In the event of the insolvency of the Trust, its assets may be inadequate to satisfy a claim by its shareholders.

There is currently no clearing house for STX, nor is there a central or major depository for the custody of STX. There is a risk that some or all of the Trust’s STX could be lost or stolen. There can be no assurance that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Trust’s STX. Further, transactions in STX are irrevocable. Stolen or incorrectly transferred STX may be irretrievable. As a result, any incorrectly executed STX transactions could adversely affect an investment in the Shares.

The Securities and Exchange Commission (the “SEC”), at least under the prior administration, has stated that certain digital assets may be considered “securities” under the federal securities laws. The test for determining whether a particular digital asset is a “security” is complex and difficult to apply, and the outcome is difficult to predict. A number of SEC and SEC staff actions with respect to a variety of digital assets demonstrate this difficulty. For example, public though non-binding, statements by senior officials at the SEC have indicated that the SEC did not consider Bitcoin or Ether to be securities, and does not currently consider Bitcoin to be a security. Moreover, in a recent settlement with another market participant relating to allegations that it acted as an unregistered broker-dealer for facilitating trading in certain digital assets, the SEC highlighted that the firm would cease trading in all digital assets other than Bitcoin, Bitcoin Cash and Ether—activity that, if the SEC believed Ether was presently a security—would continue to constitute unregistered brokerage activity. The SEC staff has also provided informal assurances via no-action letter to a handful of promoters that their digital assets are not securities. Moreover, the SEC’s Division of Corporation Finance has published statements that it does not consider, under certain circumstances, “meme coins” or some stablecoins to be securities. However, such statements may be withdrawn at any time without notice and comment by the Division of Corporation Finance at the SEC or the SEC itself. In addition, the SEC has brought enforcement actions against the issuers and promoters of several other digital assets on the basis that the digital assets in question are securities and has not formally or explicitly confirmed that it does not deem Ether to be a security. These developments demonstrate the difficulty in applying the federal securities laws to digital assets generally. In January 2025, the SEC launched a crypto task force

## **Grayscale Stacks Trust (STX)**

### **Notes to Financial Statements**

dedicated to developing a comprehensive and clear regulatory framework for digital assets led by Commissioner Hester Peirce. Subsequently, Commissioner Peirce announced a list of specific priorities to further that initiative, which included pursuing final rules related to a digital asset's security status, a revised path to registered offerings and listings for digital assets-based investment vehicles, and clarity regarding digital asset custody, lending, and staking. On July 31, 2025, Chairman Atkins announced "Project Crypto," a Commission-wide initiative to modernize securities rules for digital assets, reshore innovation in the United States, and implement the recommendations of the working group report. Chairman Atkins had directed the SEC's policy divisions to work with the Crypto Task Force to draft "clear and simple rules of the road for crypto asset distributions, custody, and trading," and the Commission and SEC staff will also consider using interpretive, exemptive, and other authorities with respect to digital asset markets. However, the efforts of the crypto task force have only just begun, and how or whether the SEC regulates digital asset activity in the future remains to be seen. On March 17, 2026, the SEC and the CFTC jointly issued an interpretive release regarding the application of the federal securities laws to certain crypto assets and transactions involving such assets, establishing a formal taxonomy that categorizes crypto assets into digital commodities, digital collectibles, digital tools, stablecoins, and digital securities, and analyzing each category under the federal securities laws. The guidance explains that digital commodities, collectibles, and tools generally are not securities where their value is derived from functional network use or consumptive purposes rather than the managerial efforts of others, while digital securities (including tokenized traditional financial instruments) are securities, and certain stablecoins may be excluded from securities status depending on their structure and statutory treatment. The guidance further clarifies when a non-security digital asset may become subject to an investment contract (focusing on issuer representations, ongoing managerial efforts, and purchaser expectations) and when such status may terminate, including upon fulfillment or abandonment of those representations. While this guidance is intended to provide greater clarity in applying the federal securities laws to digital assets, its interpretation and practical application remain uncertain and may continue to evolve.

If STX is determined to be a "security" under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for STX. For example, it may become more difficult for STX to be traded, cleared and custodied as compared to other digital assets that are not considered to be securities, which could, in turn, negatively affect the liquidity and general acceptance of STX and cause users to migrate to other digital assets. As such, any determination that STX is a security under federal or state securities laws may adversely affect the value of STX and, as a result, an investment in the Shares.

In addition, if STX is in fact a security, the Trust could be considered an unregistered "investment company" under the Investment Company Act of 1940, which could necessitate the Trust's liquidation. In this case, the Trust and the Sponsor may be deemed to have participated in an illegal offering of investment company securities and there is no guarantee that the Sponsor will be able to register the Trust under the Investment Company Act of 1940 at such time or take such other actions as may be necessary to ensure the Trust's activities comply with applicable law, which could force the Sponsor to liquidate the Trust.

To the extent a private key, held by the Custodian, required to access an address on the Stacks Network holding STX is lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Trust may be unable to access the STX controlled by the private key and the private key will not be capable of being restored by the Stacks Network. The processes by which STX transactions are settled are dependent on the STX peer-to-peer network, and as such, the Trust is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of STX.

The Trust relies on third-party service providers to perform certain functions essential to its operations. Any disruptions to the Trust's service providers' business operations resulting from business failures, financial instability, security failures, government mandated regulation or operational problems could have an adverse impact on the Trust's ability to access critical services and be disruptive to the operations of the Trust.

The Sponsor and the Trust may be subject to various litigation, regulatory investigations, and other legal proceedings that arise in the ordinary course of its business.

**Grayscale Stacks Trust (STX)**  
**Notes to Financial Statements**

**8. Financial Highlights Per Share Performance**

|                                                        | <b>Year Ended December<br/>31, 2025</b> | <b>May 22, 2024 (the<br/>Commencement of the<br/>Trust's Operations) to<br/>December 31, 2024</b> |
|--------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Per Share Data:</b>                                 |                                         |                                                                                                   |
| Principal Market NAV, initial creation                 | \$ 7.53                                 | \$ 10.35                                                                                          |
| Net decrease in net assets from investment operations: |                                         |                                                                                                   |
| Net investment loss                                    | (0.09)                                  | (0.14)                                                                                            |
| Net realized and unrealized loss                       | (6.28)                                  | (2.68)                                                                                            |
| Net decrease in net assets resulting from operations   | (6.37)                                  | (2.82)                                                                                            |
| Principal Market NAV, end of period                    | \$ 1.16                                 | \$ 7.53                                                                                           |
| Total return                                           | -84.59%                                 | -27.25%                                                                                           |
| <i>Ratios to average net assets:</i>                   |                                         |                                                                                                   |
| Net investment loss                                    | -2.50%                                  | -2.50%                                                                                            |
| Expenses                                               | -2.50%                                  | -2.50%                                                                                            |

Ratios of net investment loss and expenses to average net assets have been annualized.

An individual shareholder's return, ratios, and per Share performance may vary from those presented above based on the timing of Share transactions. The amount shown for a Share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the number of Shares issued in Creations occurring at an operational value derived from an operating metric as defined in the Trust Agreement.

Total return is calculated assuming an initial investment made at the Principal Market NAV at the beginning of the period and assuming redemption on the last day of the period and has not been annualized.

**9. Indemnifications**

In the normal course of business, the Trust enters into certain contracts that provide a variety of indemnities, including contracts with the Sponsor and affiliates of the Sponsor, DCG and its officers, directors, employees, subsidiaries and affiliates, and the Custodian as well as others relating to services provided to the Trust. The Trust's maximum exposure under these and its other indemnities is unknown. However, no liabilities have arisen under these indemnities in the past and, while there can be no assurances in this regard, there is no expectation that any will occur in the future. Therefore, the Sponsor does not consider it necessary to record a liability in this regard.

**Grayscale Stacks Trust (STX)**  
**Notes to Financial Statements**

**10. Subsequent Events**

As of the close of business on March 19, 2026, the fair value of STX determined in accordance with the Trust's accounting policy was \$0.24 per STX.

Subsequent events have been evaluated through March 24, 2026, the date the financial statements were available to be issued.

## Exhibit 2

Third Amended and Restated Declaration of Trust and Trust Agreement of Grayscale Stacks Trust (STX), dated November 14, 2025.

**THIRD AMENDED AND RESTATED  
DECLARATION OF TRUST  
AND  
TRUST AGREEMENT  
OF  
GRAYSCALE STACKS TRUST (STX)**

**Dated as of November 14, 2025**

**By and Among**

**GRAYSCALE INVESTMENTS SPONSORS, LLC**

**CSC DELAWARE TRUST COMPANY**

**and**

**THE SHAREHOLDERS  
FROM TIME TO TIME HEREUNDER**

## TABLE OF CONTENTS

Page No.

### ARTICLE I

#### DEFINITIONS; THE TRUST

|             |                                 |    |
|-------------|---------------------------------|----|
| SECTION 1.1 | Definitions.....                | 5  |
| SECTION 1.2 | Name. ....                      | 12 |
| SECTION 1.3 | Delaware Trustee; Offices. .... | 12 |
| SECTION 1.4 | Declaration of Trust. ....      | 12 |
| SECTION 1.5 | Purposes and Powers.....        | 13 |
| SECTION 1.6 | Tax Treatment. ....             | 14 |
| SECTION 1.7 | Legal Title.....                | 14 |

### ARTICLE II

#### THE TRUSTEE

|             |                                                |    |
|-------------|------------------------------------------------|----|
| SECTION 2.1 | Term; Resignation; Removal. ....               | 14 |
| SECTION 2.2 | Powers.....                                    | 15 |
| SECTION 2.3 | Compensation and Expenses of the Trustee. .... | 15 |
| SECTION 2.4 | Indemnification. ....                          | 16 |
| SECTION 2.5 | Successor Trustee.....                         | 17 |
| SECTION 2.6 | Liability of Trustee. ....                     | 17 |
| SECTION 2.7 | Reliance; Advice of Counsel. ....              | 18 |
| SECTION 2.8 | Payments to the Trustee. ....                  | 19 |

### ARTICLE III

#### SHARES; CREATIONS AND ISSUANCE OF CREATION BASKETS

|             |                                                                                                                                    |    |
|-------------|------------------------------------------------------------------------------------------------------------------------------------|----|
| SECTION 3.1 | General. ....                                                                                                                      | 19 |
| SECTION 3.2 | Offer of Shares; Procedures for Creation and Issuance of<br>Creation Baskets to Persons Other than Authorized<br>Participants..... | 20 |
| SECTION 3.3 | Offer of Shares; Procedures for Creation and Issuance of<br>Creation Baskets to Authorized Participants. ....                      | 20 |
| SECTION 3.4 | Book-Entry System.....                                                                                                             | 21 |
| SECTION 3.5 | Assets of the Trust. ....                                                                                                          | 21 |
| SECTION 3.6 | Liabilities of the Trust.....                                                                                                      | 22 |
| SECTION 3.7 | Distributions.....                                                                                                                 | 22 |
| SECTION 3.8 | Voting Rights.....                                                                                                                 | 22 |
| SECTION 3.9 | Equality.....                                                                                                                      | 22 |

## **ARTICLE IV**

### **TRANSFERS OF SHARES**

|             |                                    |    |
|-------------|------------------------------------|----|
| SECTION 4.1 | General Prohibition.....           | 22 |
| SECTION 4.2 | Restricted Securities.....         | 22 |
| SECTION 4.3 | Transfer of Shares Generally. .... | 23 |

## **ARTICLE V**

### **REDEMPTIONS**

|             |                                            |    |
|-------------|--------------------------------------------|----|
| SECTION 5.1 | Unavailability of Redemption Program. .... | 23 |
| SECTION 5.2 | Redemption of Redemption Baskets.....      | 23 |
| SECTION 5.3 | Other Redemption Procedures. ....          | 24 |

## **ARTICLE VI**

### **THE SPONSOR**

|              |                                           |    |
|--------------|-------------------------------------------|----|
| SECTION 6.1  | Management of the Trust. ....             | 24 |
| SECTION 6.2  | Authority of Sponsor.....                 | 25 |
| SECTION 6.3  | Obligations of the Sponsor.....           | 27 |
| SECTION 6.4  | General Prohibitions. ....                | 29 |
| SECTION 6.5  | Liability of Covered Persons. ....        | 30 |
| SECTION 6.6  | Fiduciary Duty. ....                      | 30 |
| SECTION 6.7  | Indemnification of the Sponsor.....       | 31 |
| SECTION 6.8  | Expenses and Limitations Thereon. ....    | 33 |
| SECTION 6.9  | Voluntary Withdrawal of the Sponsor. .... | 35 |
| SECTION 6.10 | Litigation.....                           | 36 |
| SECTION 6.11 | Bankruptcy; Merger of the Sponsor.....    | 36 |

## **ARTICLE VII**

### **THE SHAREHOLDERS**

|             |                                                                                                           |    |
|-------------|-----------------------------------------------------------------------------------------------------------|----|
| SECTION 7.1 | No Management or Control; Limited Liability; Exercise of<br>Rights through an Authorized Participant..... | 36 |
| SECTION 7.2 | Rights and Duties.....                                                                                    | 37 |
| SECTION 7.3 | Limitation of Liability.....                                                                              | 37 |
| SECTION 7.4 | Derivative Actions. ....                                                                                  | 38 |
| SECTION 7.5 | Appointment of Agents.....                                                                                | 38 |
| SECTION 7.6 | Business of Shareholders. ....                                                                            | 39 |
| SECTION 7.7 | Authorization of Memorandum and Filings. ....                                                             | 39 |

## **ARTICLE VIII**

### **BOOKS OF ACCOUNT AND REPORTS**

|             |                                                                |    |
|-------------|----------------------------------------------------------------|----|
| SECTION 8.1 | Books of Account. ....                                         | 39 |
| SECTION 8.2 | Annual Updates, Quarterly Updates and Account Statements. .... | 40 |

|             |                              |    |
|-------------|------------------------------|----|
| SECTION 8.3 | Tax Information. ....        | 40 |
| SECTION 8.4 | Calculation of NAV. ....     | 40 |
| SECTION 8.5 | Maintenance of Records. .... | 41 |

## **ARTICLE IX**

### **FISCAL YEAR**

|             |                   |    |
|-------------|-------------------|----|
| SECTION 9.1 | Fiscal Year. .... | 41 |
|-------------|-------------------|----|

## **ARTICLE X**

### **AMENDMENT OF TRUST AGREEMENT; MEETINGS**

|              |                                         |    |
|--------------|-----------------------------------------|----|
| SECTION 10.1 | Amendments to the Trust Agreement. .... | 42 |
| SECTION 10.2 | Meetings of the Trust. ....             | 43 |
| SECTION 10.3 | Action Without a Meeting. ....          | 44 |

## **ARTICLE XI**

### **TERM**

|              |            |    |
|--------------|------------|----|
| SECTION 11.1 | Term. .... | 44 |
|--------------|------------|----|

## **ARTICLE XII**

### **TERMINATION**

|              |                                                 |    |
|--------------|-------------------------------------------------|----|
| SECTION 12.1 | Events Requiring Dissolution of the Trust. .... | 44 |
| SECTION 12.2 | Distributions on Dissolution. ....              | 46 |
| SECTION 12.3 | Termination; Certificate of Cancellation. ....  | 46 |

## **ARTICLE XIII**

### **MISCELLANEOUS**

|               |                                                          |    |
|---------------|----------------------------------------------------------|----|
| SECTION 13.1  | Governing Law. ....                                      | 47 |
| SECTION 13.2  | Provisions In Conflict With Law or Regulations. ....     | 47 |
| SECTION 13.3  | Counsel to the Trust. ....                               | 48 |
| SECTION 13.4  | Merger and Consolidation. ....                           | 48 |
| SECTION 13.5  | Construction. ....                                       | 48 |
| SECTION 13.6  | Notices. ....                                            | 49 |
| SECTION 13.7  | Counterparts; Electronic Signatures. ....                | 49 |
| SECTION 13.8  | Binding Nature of Trust Agreement. ....                  | 50 |
| SECTION 13.9  | No Legal Title to Trust Estate. ....                     | 50 |
| SECTION 13.10 | Creditors. ....                                          | 50 |
| SECTION 13.11 | Integration. ....                                        | 50 |
| SECTION 13.12 | Goodwill; Use of Name. ....                              | 50 |
| SECTION 13.13 | Alternative Procedures for Creation and Redemption. .... | 50 |
| SECTION 13.14 | Corporate Transparency Act. ....                         | 50 |

**GRAYSCALE STACKS TRUST (STX)**

**THIRD AMENDED AND RESTATED**

**DECLARATION OF TRUST**

**AND TRUST AGREEMENT**

This **THIRD AMENDED AND RESTATED DECLARATION OF TRUST AND TRUST AGREEMENT** of **GRAYSCALE STACKS TRUST (STX)** is made and entered into as of the 14<sup>th</sup> day of November, 2025, by and among **GRAYSCALE INVESTMENTS SPONSORS, LLC**, a Delaware limited liability company, **CSC DELAWARE TRUST COMPANY (f/k/a DELAWARE TRUST COMPANY)**, a Delaware corporation, as trustee, and the **SHAREHOLDERS** from time to time hereunder.

\* \* \*

**RECITALS**

**WHEREAS**, Grayscale Investments, LLC (“**GSI**”), the former sponsor of the Trust, and the Trustee entered into the Second Amended and Restated Declaration of Trust and Trust Agreement dated as of May 15, 2024 (as may be further amended from time to time, the “**Existing Agreement**”);

**WHEREAS**, on January 1, 2025, GSI consummated an internal corporate reorganization, pursuant to which GSI merged with and into Grayscale Operating, LLC (“**GSO**”), with GSO continuing as the surviving company (the “**Merger**”);

**WHEREAS**, as a result of the Merger, GSO succeeded by operation of law to all the rights, powers, privileges and franchises and became subject to all of the obligations, liabilities, restrictions and disabilities of GSI, including with respect to the Existing Agreement, all as provided under the Delaware Limited Liability Company Act;

**WHEREAS**, on January 1, 2025, promptly following the effectiveness of the Merger, (i) GSO assigned the Existing Agreement to the Sponsor (as defined below) pursuant to an Assignment and Assumption Agreement, dated as of January 1, 2025, by and between GSO and the Sponsor, and (ii) GSO and the Sponsor executed a Certificate of Admission, pursuant to which the Sponsor was admitted as an additional sponsor of the Trust under the Existing Agreement;

**WHEREAS**, on January 3, 2025, GSO voluntarily withdrew as a sponsor of the Trust pursuant to the terms of the Existing Agreement, effective 120 days thereafter on May 3, 2025, leaving the Sponsor as the sole remaining sponsor of the Trust;

**WHEREAS**, the Sponsor wishes to amend the Existing Agreement pursuant to Section 10.1 thereof, with such amendment to be effective on such date as designated by

the Sponsor in its sole discretion following receipt of requisite consent from the Shareholders to amend one or more provisions of the Existing Agreement to the extent required thereby.

**NOW, THEREFORE**, pursuant to Section 10.1 of the Existing Agreement, the Trustee and the Sponsor hereby amend and restate the Existing Agreement in its entirety as set forth below.

## **ARTICLE I**

### **DEFINITIONS; THE TRUST**

**SECTION 1.1** *Definitions.* As used in this Trust Agreement, the following terms shall have the following meanings unless the context otherwise requires:

**“Actual Exchange Rate”** means, with respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Trust is able to sell such asset for U.S. Dollars (or other applicable fiat currency) at such time to enable the Trust to timely pay any Additional Trust Expenses, through use of the Sponsor’s commercially reasonable efforts to obtain the highest such price.

**“Additional Trust Expenses”** has the meaning set forth in Section 6.8(b).

**“Administrator”** means any Person or Persons from time to time engaged by the Sponsor to assist in the administration of the Shares.

**“Administrator Fee”** means the fee payable to any Administrator for services it provides to the Trust, which the Sponsor shall pay as a Sponsor-paid Expense.

**“Affiliate”** means (i) any Person directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of such Person, (ii) any Person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by such Person, (iii) any Person, directly or indirectly, controlling, controlled by or under common control of such Person, (iv) any employee, officer, director, member, manager or partner of such Person, or (v) if such Person is an employee, officer, director, member, manager or partner, any Person for which such Person acts in any such capacity.

**“Annual Report”** means (i) the Trust’s most recent annual report prepared and publicly disseminated pursuant to the standards of any Secondary Market on which the Shares are then listed, quoted or traded or (ii) if the Shares are then registered under the Exchange Act, the Trust’s most recent annual report on Form 10-K prepared and filed in accordance with the rules and regulations of the SEC.

**“APA Procedures”** has the meaning assigned thereto in Section 3.3(a).

**“Authorized Participant”** means a Person that (i) is a registered broker-dealer, (ii) has entered into an Authorized Participant Agreement, and (iii) in the case of Authorized

Participants creating and redeeming Shares through In-Kind Orders, has access to an Authorized Participant Self-Administered Account.

**“Authorized Participant Agreement”** means an agreement among the Trust, the Sponsor, the Transfer Agent and an Authorized Participant, that provides the procedures for the creation and redemption of Baskets.

**“Authorized Participant Self-Administered Account”** means a STX wallet address known to the Custodian as belonging to such Authorized Participant or its designee.

**“Basket”** means a block of 100 Shares, or a number of Shares as may be described in the Trust's Memorandum from time to time.

**“Basket Amount”** means, on any Trade Date, the number of STX required as of such Trade Date for each Creation Basket or Redemption Basket, as determined by dividing (x) the number of STX owned by the Trust at 4:00 p.m., New York time, on such Trade Date, after deducting the number of STX representing the U.S. Dollar value of accrued but unpaid fees and expenses of the Trust (in the case of any such fee and expense other than the Sponsor's Fee, converted using the Reference Rate Price at such time, and carried to the eighth decimal place), by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth of one STX (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100, or such other number of Shares equal to a Basket on such Trade Date.

**“Business Day”** means any day other than a Saturday, Sunday or other day on which national securities exchanges are permitted or required to close for business in New York, New York.

**“Cash Orders”** means orders for creations or redemptions of Shares other than through In-Kind Orders.

**“Certificate of Trust”** means the Certificate of Trust of the Trust, including all amendments thereto filed with the Secretary of State of the State of Delaware pursuant to Section 3810 of the Delaware Trust Statute.

**“CFTC”** means the Commodity Futures Trading Commission.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Corporate Trust Office”** means the principal office at which at any particular time the corporate trust business of the Trustee is administered, which office at the date hereof is located at 251 Little Falls Drive, Wilmington, DE 19808.

**“Covered Person”** means the Sponsor and its Affiliates and their respective members, managers, directors, officers, employees, agents and controlling persons.

**“Creation Basket”** means a Basket issued by the Trust upon the deposit of the Basket Amount with the Custodian.

**“Creation Order”** has the meaning assigned thereto in Section 3.3(a)(i).

**“Creation Settlement Date”** means, with respect to any Creation Order, the Business Day on which such Creation Order settles, as specified in the APA Procedures.

**“CTA”** has the meaning assigned thereto in Section 13.14.

**“Custodian”** means any Person or Persons from time to time engaged to provide custodial, security or related services (including, for the avoidance of doubt, prime brokerage services) to the Trust pursuant to authority delegated by the Sponsor.

**“Custodian Fee”** means the fee payable to any Custodian for the services it provides to the Trust, which the Sponsor shall pay as a Sponsor-paid Expense.

**“Delaware Trust Statute”** means the Delaware Statutory Trust Act, Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. § 3801 et seq., as the same may be amended from time-to-time.

**“Distributor”** means any Person or Persons from time to time engaged to provide distribution services or related services to the Trust pursuant to authority delegated by the Sponsor.

**“Event of Withdrawal”** has the meaning set forth in Section 12.1(a)(iv) hereof.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

**“Existing Agreement”** has the meaning set forth in the recitals hereto.

**“Expenses”** has the meaning set forth in Section 2.4.

**“FinCEN”** means the Financial Crimes Enforcement Network, a bureau of the U.S. Department of Treasury.

**“Fiscal Year”** has the meaning set forth in Article IX hereof.

**“GAAP”** means U.S. generally accepted accounting principles.

**“GSI”** means Grayscale Investments, LLC, the former sponsor of the Trust.

**“GSO”** means Grayscale Operating, LLC.

**“In-Kind Orders”** means orders for creations or redemptions in which an Authorized Participant or its designees will deliver STX from, or receive STX in, an Authorized Participant Self-Administered Account.

**“Incidental Rights”** means the rights to acquire, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Trust’s ownership of STX and arise without any action of the Trust, or of the Sponsor or Trustee on behalf of the Trust.

**“Indemnified Persons”** has the meaning assigned to such term in Section 2.4.

**“IR Virtual Currency”** means any virtual currency or other asset or right acquired by the Trust through the exercise (subject to Section 1.5(b) and Section 6.4(m)) of any Incidental Right.

**“IRS”** means the U.S. Internal Revenue Service or any successor thereto.

**“Liquidating Trustee”** has the meaning assigned thereto in Section 12.2.

**“Liquidity Provider”** means an entity eligible to facilitate the purchase and sale of STX in connection with creations or redemptions pursuant to Cash Orders.

**“Liquidity Provider Account”** means, with respect to any Liquidity Provider, a STX wallet address known to the Custodian as belonging to such Liquidity Provider.

**“Marketing Agent”** means any Person or Persons from time to time engaged to provide marketing services or related services to the Trust pursuant to authority delegated by the Sponsor.

**“Marketing Fee”** means the fee payable to any Marketing Agent for services it provides to the Trust, which the Sponsor shall pay as a Sponsor-paid Expense.

**“Memorandum”** means (i) the Confidential Private Placement Memorandum of the Trust, as the same may, at any time and from time to time, be amended or supplemented, or (ii) if the Shares are registered under the Exchange Act, the most recent of (x) any prospectus of the Trust that has been filed with the SEC as a part of the Registration Statement and (y) any report filed by the Trust with the SEC under the Exchange Act that states that it is to be treated as the memorandum for general purposes or any specific purpose.

**“Merger”** has the meaning set forth in the recitals hereto.

**“NAV”** means, at any time, the aggregate value, expressed in U.S. Dollars, of the Trust’s assets (other than U.S. Dollars or other fiat currency), less its liabilities (which include estimated accrued but unpaid fees and expenses), calculated in accordance with Section 8.4.

**“NAV Fee Basis Amount”** has the meaning assigned thereto in Section 8.4.

**“Other Staking Consideration”** means any Staking Consideration other than STX.

**“Percentage Interest”** means, with respect to any Shareholder at any time, a fraction, the numerator of which is the number of Shares held by such Shareholder and the denominator of which is the total number of Shares outstanding, in each case as of 4:00 p.m., New York time, on the date of determination.

**“Person”** means any natural person, partnership, limited liability company, statutory trust, corporation, association or other legal entity.

**“Purchase Agreement”** means an agreement among the Trust, the Sponsor and any Shareholder through which the Shareholder agrees to transfer STX to the STX Account in exchange for the creation and issuance of Shares.

**“Quarterly Report”** means (i) the Trust’s most recent quarterly report prepared and publicly disseminated pursuant to the standards of any Secondary Market on which the Shares are then listed, quoted or traded or (ii) if the Shares are then registered under the Exchange Act, the Trust’s most recent quarterly report on Form 10-Q prepared and filed in accordance with the rules and regulations of the SEC.

**“Redemption Basket”** means a Basket redeemed by the Trust in exchange for STX in an amount equal to the Basket Amount.

**“Redemption Order”** has the meaning assigned thereto in Section 5.2(a).

**“Redemption Settlement Date”** means, with respect to any Redemption Order, the Business Day on which such Redemption Order settles, as specified in the APA Procedures.

**“Reference Rate Price”** has the meaning ascribed to such term in the Trust’s Memorandum.

**“Rules”** has the meaning assigned thereto in Section 13.3.

**“SEC”** means the Securities and Exchange Commission.

**“Secondary Market”** means any marketplace or other alternative trading system, as determined by the Sponsor, on which the Shares may then be listed, quoted or traded, including but not limited to, the OTCQX tier of the OTC Markets Group Inc. and NYSE Arca, Inc.

**“Securities Act”** means the Securities Act of 1933, as amended.

**“Settlement Balance”** means the one or more omnibus accounts maintained by the Custodian and in which a portion of the Trust’s STX may be stored from time to time.

**“Shareholder”** means any Person that owns Shares.

**“Shares”** means the common units of fractional undivided beneficial interest in the profits, losses, distributions, capital and assets of, and ownership of, the Trust.

“**Sponsor**” means Grayscale Investments Sponsors, LLC, or any substitute therefor as provided herein, or any successor thereto by merger or operation of law.

“**Sponsor-paid Expense**” and “**Sponsor-paid Expenses**” have the meaning set forth in Section 6.8(a)(v).

“**Sponsor’s Fee**” has the meaning set forth in Section 6.8(a)(i).

“**Sponsor’s Staking Fee**” has the meaning set forth in Section 6.8(a)(vii).

“**Staking**” means (i) using, or permitting to be used, in any manner, directly or indirectly, through an agent or otherwise (including, for the avoidance of doubt, through a delegation of rights to any third party (each, a “**Staking Provider**”) with respect to any portion of the Trust Estate, by making any portion of the Trust Estate available to any third party or by entering into any similar arrangement with a third party), any portion of the Trust Estate in a staking protocol, (ii) accepting any Staking Consideration, (iii) holding any Other Staking Consideration accepted by the Trust pursuant to clause (ii), for not more than 30 days after the Trust’s receipt thereof, pending the use of such Other Staking Consideration for payment of Additional Trust Expenses or distribution to the Shareholders, and (iv) any financing arrangement or other mechanism utilized by the Sponsor, on behalf of the Trust, in connection with Redemption Orders to manage STX liquidity constraints arising from activities described in the preceding clauses (each, a “**Liquidity Management Solution**”). For the avoidance of doubt, (i) the mere act of transferring units of virtual currency on a peer-to-peer virtual currency network that utilizes a staking protocol shall not be considered to be “Staking” and (ii) “Staking” shall include any related activity contemplated by a Tax Ruling, an opinion or Tax Guidance, in each case, described in the definition of Staking Condition (and, in the case of a Tax Ruling, that is described in the private letter ruling request (as supplemented from time to time) submitted to the U.S. Internal Revenue Service in connection therewith).

“**Staking Condition**” means, with respect to a particular form of Staking, the condition that (i) (x) engaging in such form of Staking should not cause the Trust to be treated as other than a grantor trust for U.S. federal income tax purposes and (y) the Trust shall have received (1) a written opinion from a Tax Advisor or (2) a Tax Ruling, in each case, to that effect or (ii) such form of Staking is confirmed in Tax Guidance to be a permissible undertaking by a grantor trust.

“**Staking Consideration**” means any consideration of any kind whatsoever, including, but not limited to, any staking reward paid in fiat currency or paid in kind, in exchange for using, or permitting to be used, any portion of the Trust Estate as described in clause (i) of the definition of “Staking.”

“**Stacks Network**” means the online, end-user-to-end-user network hosting a public transaction ledger, known as a blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing the Stacks Network.

“**STX**” means STX, a type of virtual currency based on an open source cryptographic protocol existing on the Stacks Network as determined by the Sponsor in accordance with Section 6.2(o), and the assets underlying the Trust’s Shares.

“**STX Account**” means collectively, the Vault Balance, the Settlement Balance and any subaccounts associated therewith.

“**Tax Advisor**” means an independent law firm that is recognized as being an expert in tax matters.

“**Tax Guidance**” means any tax guidance that is issued by the U.S. Internal Revenue Service or the U.S. Department of the Treasury and on which taxpayers may rely.

“**Tax Ruling**” means a binding ruling issued by the U.S. Internal Revenue Service.

“**Total Basket Amount**” means, with respect to any Creation Order or Redemption Order, the applicable Basket Amount multiplied by the number of Creation Baskets or Redemption Baskets, as specified in the applicable Creation Order or Redemption Order.

“**Trade Date**” means, for any Creation Order or Redemption Order, the Business Day on which the Total Basket Amount with respect to such Creation Order or Redemption Order is determined in accordance with the APA Procedures.

“**Transfer Agent**” means any Person or Persons from time to time engaged to provide transfer agent services or related services to the Trust pursuant to authority delegated by the Sponsor.

“**Treasury Regulations**” means regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

“**Trust**” means Grayscale Stacks Trust (STX), a Delaware statutory trust formed pursuant to the Certificate of Trust, the affairs of which are governed by this Trust Agreement.

“**Trust Agreement**” means this Third Amended and Restated Declaration of Trust and Trust Agreement, as it may at any time or from time-to-time be amended.

“**Trust Counsel**” has the meaning set forth in Section 13.3.

“**Trustee**” means CSC Delaware Trust Company, its successors and assigns, or any substitute therefor as provided herein, acting not in its individual capacity but solely as trustee of the Trust.

“**Trust Estate**” means, without duplication, (i) all the STX in the Trust’s accounts, including the STX Account, (ii) all Incidental Rights held by the Trust, (iii) all IR Virtual Currency in the Trust’s accounts, (iv) all Other Staking Consideration held by the Trust,

(v) all proceeds from the sale of STX, Incidental Rights, IR Virtual Currency and Other Staking Consideration pending use of such cash for payment of Additional Trust Expenses or distribution to the Shareholders and (vi) any rights of the Trust pursuant to any agreements, other than this Trust Agreement, to which the Trust is a party.

“**Trust Expense**” has the meaning set forth in Section 2.3.

“**U.S.**” means United States.

“**U.S. Dollar**” means United States dollars.

“**Vault Balance**” means one or more segregated custody accounts of the Trust maintained by the Custodian to store private keys, which allow for the transfer of ownership or control of the Trust’s STX on the Trust’s behalf.

SECTION 1.2     *Name.* The name of the Trust is “Grayscale Stacks Trust (STX)” in which name the Trustee and the Sponsor shall cause the Trust to carry out its purposes as set forth in Section 1.5, make and execute contracts and other instruments in the name and on behalf of the Trust and sue and be sued in the name and on behalf of the Trust.

SECTION 1.3     *Delaware Trustee; Offices.*

(a)     The sole Trustee of the Trust is CSC Delaware Trust Company, which is located at the Corporate Trust Office or at such other address in the State of Delaware as the Trustee may designate in writing to the Shareholders. The Trustee shall receive service of process on the Trust in the State of Delaware at the foregoing address. In the event CSC Delaware Trust Company resigns or is removed as the Trustee, the trustee of the Trust in the State of Delaware shall be the successor Trustee, subject to Section 2.1.

(b)     The principal office of the Trust, and such additional offices as the Sponsor may establish, shall be located at such place or places inside or outside the State of Delaware as the Sponsor may designate from time to time in writing to the Trustee and the Shareholders. Initially, the principal office of the Trust shall be at c/o Grayscale Investments Sponsors, LLC, 290 Harbor Drive, 4<sup>th</sup> Floor, Stamford, Connecticut 06902.

SECTION 1.4     *Declaration of Trust.* The Trust Estate shall be held in trust for the Shareholders. It is the intention of the parties hereto that the Trust shall be a statutory trust, under the Delaware Trust Statute and that this Trust Agreement shall constitute the governing instrument of the Trust. It is not the intention of the parties hereto to create a general partnership, limited partnership, limited liability company, joint stock association, corporation, bailment or any form of legal relationship other than a Delaware statutory trust that is treated as a grantor trust for U.S. federal income tax purposes and for purposes of applicable state and local tax laws. Nothing in this Trust Agreement shall be construed to make the Shareholders partners or members of a joint stock association. Effective as of the date hereof, the Trustee and the Sponsor shall have all of the rights, powers and duties set forth herein and in the Delaware Trust Statute with respect to accomplishing the purposes of the Trust. The Trustee has filed the certificate of trust required by Section 3810 of the

Delaware Trust Statute in connection with the formation of the Trust under the Delaware Trust Statute.

SECTION 1.5 *Purposes and Powers.* The purposes of the Trust shall be to (i) accept STX for subscriptions of Shares in accordance with Article III hereof or accept cash (to be used to purchase STX) for subscriptions of Shares in accordance with Section 13.13 hereof, to hold STX, Incidental Rights, IR Virtual Currency and Other Staking Consideration, to distribute STX (or cash from the sale of STX) upon redemptions of Shares in accordance with Article V hereof (if authorized in accordance with Section 5.1 hereof) (it being understood that the Trust shall not create or redeem Shares at any time that it holds Incidental Rights, IR Virtual Currency, Other Staking Consideration or cash from the sale of STX, Incidental Rights, IR Virtual Currency or Other Staking Consideration), (ii) engage in any form of Staking, but only if (and, then, only to the extent that) the Staking Condition has been satisfied with respect thereto, and (iii) to enter into any lawful transaction and engage in any lawful activities in furtherance of or incidental to the foregoing. For the avoidance of doubt, such activities include any lawful action necessary or desirable in connection with Staking (provided that the Staking Condition has been met with respect thereto) or the Trust's ownership of Incidental Rights, including the acquisition of IR Virtual Currency, except if such action would be prohibited by Section 1.5(c) or any other provision of this Trust Agreement. The Trust shall not engage in any business activity and shall not acquire or own any assets other than (i) STX, (ii) Incidental Rights, (iii) if permissible under Section 1.5(c) and Section 6.4(m), (x) IR Virtual Currency or (y) assets incident to Staking (including Other Staking Consideration), and (iv) cash from the sale of any of the foregoing or take any of the actions set forth in Section 6.4. The Trust shall have all of the powers specified in Section 3.1 hereof as powers which may be exercised by a Sponsor on behalf of the Trust under this Trust Agreement.

(b) If the Staking Condition has been satisfied with respect to a particular form of Staking and the Trust engages in such form of Staking, the Trust shall engage in Staking with respect to all of the Trust's STX at all times, except (i) as necessary to pay the Sponsor's Fee, (ii) as necessary to pay any additional Trust expenses, (iii) as necessary to satisfy existing and reasonably foreseen potential redemption requests (assuming the Trust is then permitted to operate an ongoing redemption program) as determined by the Sponsor, (iv) as necessary to reduce the Staking Consideration obtained by the Trust to cash for distribution at regular intervals, (v) if the Sponsor determines that Staking raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, (vi) if the Sponsor determines there exists vulnerabilities in the source code or cryptography underlying the Stacks Network, (vii) if the Custodian or Staking Provider discontinues their arrangements with the Trust, (viii) if the Sponsor otherwise determines that continued Staking of such portion of the Trust's assets would be inconsistent with the Trust's purpose of protecting and preserving the value of the Trust Estate, or (ix) in accordance with any other exception that is expressly contemplated by an opinion, a ruling or Tax Guidance that satisfies the Staking Condition.

(c) Subject to the provisions of this Section 1.5(c), the Trust shall not take any action that could cause the Trust to be treated other than as a grantor trust for U.S. federal income tax purposes. Without limiting the generality of the foregoing, no

other provision in this Trust Agreement (including, for the avoidance of doubt, Section 1.5(a)) shall be construed to give the Trustee or the Sponsor the power to vary the investment of the Shareholders within the meaning of Section 301.7701-4(c) or similar provisions of the Treasury Regulations, nor shall the Trustee or the Sponsor take any action that would vary the investment of the Shareholders. Notwithstanding the foregoing, by the purchase and acceptance or other lawful delivery, acceptance or holding of the Shares, the Shareholders shall be deemed to have acknowledged and agreed that any form of Staking for which the Staking Condition has been satisfied shall be permitted under this Section 1.5 and Section 6.4(m).

**SECTION 1.6**      *Tax Treatment.* Each of the parties hereto, by entering into this Trust Agreement, (i) expresses its intention that the Shares will qualify under applicable tax law as interests in a grantor trust which holds the Trust Estate, (ii) agrees that it will file its own U.S. federal, state and local income, franchise and other tax returns in a manner that is consistent with clause (i) of this Section 1.6 and with the classification of the Trust as a grantor trust, unless required otherwise by a final “determination” within the meaning of Section 1313(a) of the Code, and (iii) agrees to use reasonable efforts to notify the Sponsor promptly upon a receipt of any notice from any taxing authority having jurisdiction over such holders of Shares with respect to the treatment of the Shares as anything other than interests in a grantor trust.

**SECTION 1.7**      *Legal Title.* Legal title to all of the Trust Estate shall be vested in the Trust as a separate legal entity; *provided, however*, that if applicable law in any jurisdiction requires legal title to any portion of the Trust Estate to be vested otherwise, the Sponsor may cause legal title to such portion of the Trust Estate to be held by or in the name of the Sponsor or any other Person (other than a Shareholder) as nominee.

## **ARTICLE II**

### **THE TRUSTEE**

**SECTION 2.1**      *Term; Resignation; Removal.*

(a)      CSC Delaware Trust Company has been appointed and hereby agrees to serve as the Trustee of the Trust. The Trust shall have only one Trustee unless otherwise determined by the Sponsor. The Trustee shall serve until such time as the Trust is terminated or if the Sponsor removes the Trustee or the Trustee resigns. The Trustee is appointed to serve as the trustee of the Trust in the State of Delaware and shall at all times satisfy the requirements of Section 3807(a) of the Delaware Trust Statute and be authorized to exercise corporate trust powers under the laws of Delaware, having a combined capital, surplus and undivided profits of at least \$50,000,000 and subject to supervision or examination by federal or state authorities. If the Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Article II the combined capital, surplus and undivided profits of the Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible to serve as trustee of the Trust in accordance with the

provisions of this Section 2.1, the Trustee shall resign promptly in the manner and with the effect specified in this Article II. The Trustee may have normal banking and trust relationships with the Sponsor and their respective Affiliates; *provided* that none of (i) the Sponsor, (ii) any Person involved in the organization or operation of the Sponsor or the Trust or (iii) any Affiliate of any of them may be the Trustee hereunder. The Trust shall have at least one trustee with a principal place of business in Delaware. It is understood and agreed by the parties hereto that the Trustee shall have none of the duties or liabilities of the Sponsor and shall have no obligation to supervise or monitor the Sponsor or otherwise manage the Trust.

(b) The Trustee is permitted to resign upon at least one hundred and eighty (180) days' notice to the Sponsor upon which date such resignation shall be effective.

(c) If at any time the Trustee shall cease to be eligible to serve as trustee of the Trust in accordance with the provisions of this Trust Agreement, or if at any time the Trustee shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Sponsor may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, which instrument shall be delivered to the Trustee so removed and the successor trustee. The Sponsor may at any time, upon sixty (60) days' prior notice to the Trustee, remove the Trustee and appoint a successor trustee by written instrument or instruments, in triplicate, signed by the Sponsor or its attorney-in-fact duly authorized, one complete set of which instruments shall be delivered to the Trustee so removed and one complete set to the successor so appointed.

**SECTION 2.2** *Powers.* Except to the extent expressly set forth in Section 1.3 and this ARTICLE II, the duty and authority to manage the affairs of the Trust is vested in the Sponsor, which duty and authority the Sponsor may further delegate as provided herein, all pursuant to Section 3806(b)(7) of the Delaware Trust Statute. The duties of the Trustee shall be limited to (i) accepting legal process served on the Trust in the State of Delaware, (ii) the execution of any certificates required to be filed with the Secretary of State of the State of Delaware which the Trustee is required to execute under Section 3811 of the Delaware Trust Statute, and (iii) any other duties specifically allocated to the Trustee in this Trust Agreement. For the avoidance of doubt, the duties of the Trustee will in no event be deemed to include any duties related to Staking or the making of investment or discretionary decisions. The Trustee shall provide prompt notice to the Sponsor of its performance of any of the foregoing. The Sponsor shall reasonably keep the Trustee informed of any actions taken by the Sponsor with respect to the Trust that would reasonably be expected to affect the rights, obligations or liabilities of the Trustee hereunder or under the Delaware Trust Statute.

**SECTION 2.3** *Compensation and Expenses of the Trustee.* The Trustee shall be entitled to receive from the Sponsor, as a Sponsor-paid Expense, reasonable compensation for its services hereunder as set forth in a separate fee agreement and shall be entitled to be reimbursed by the Sponsor on behalf of the Trust for reasonable out-of-pocket expenses

incurred by it in the performance of its duties hereunder, including without limitation, the reasonable compensation, out-of-pocket expenses and disbursements of counsel, any experts and such other agents as the Trustee may employ in connection with the exercise and performance of its rights and duties hereunder (together, the “**Trust Expenses**”). To the extent that the Sponsor fails to pay the Trust Expenses, the Trust will be responsible for such Trust Expenses. Though it is not intended that the Trustee will receive or handle Trust funds in the ordinary course, to the extent that the Trustee does receive such funds the following shall provide notice and authorization that the Trustee may earn compensation in the form of short-term interest (“float”) on items like uncashed distribution checks (from the date issued until the date cashed), funds that the Trustee is directed not to invest, deposits awaiting investment direction or received too late to be invested overnight in previously directed investments.

#### SECTION 2.4      *Indemnification.*

(a)      The Trust hereby agrees to be primary obligor and shall indemnify, defend and hold harmless the Trustee and any of the officers, directors, employees and agents of the Trustee (the “**Indemnified Persons**”) from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel and fees and expenses incurred in connection with enforcement of its indemnification rights hereunder), taxes and penalties of any kind and nature whatsoever (collectively, “**Expenses**”), to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Indemnified Persons with respect to the performance of this Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated hereby; *provided, however*, that the Trust shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of an Indemnified Person. If the Trust shall have insufficient assets or improperly refuses to pay an Indemnified Person within sixty (60) days of a request for payment owed hereunder, the Sponsor shall, as secondary obligor, compensate or reimburse the Trustee or indemnify, defend and hold harmless an Indemnified Person as if it were the primary obligor hereunder; *provided, however*, that the Sponsor shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of an Indemnified Person. To the fullest extent permitted by law and by the requirement for treatment of the Trust as a grantor trust for tax purposes, Expenses to be incurred by an Indemnified Person shall, from time to time, be advanced by, or on behalf of, the Sponsor prior to the final disposition of any matter upon receipt by the Sponsor of an undertaking by, or on behalf of, such Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified under this Trust Agreement.

(b)      As security for any amounts owing to the Trustee hereunder, the Trustee shall have a lien against the Trust property, which lien shall be prior to the rights of the Sponsor or any other Shareholder. The obligations of the Sponsor and the Trust to indemnify the Indemnified Persons under this Section 2.4 shall survive the termination of this Trust Agreement.

SECTION 2.5 *Successor Trustee.* Upon the resignation or removal of the Trustee, the Sponsor shall appoint a successor Trustee by delivering a written instrument to the outgoing Trustee. Any successor Trustee must satisfy the requirements of Section 3807 of the Delaware Trust Statute. The successor Trustee shall become fully vested with all of the rights, powers, duties and obligations of the outgoing Trustee under this Trust Agreement, with like effect as if originally named as Trustee, and the outgoing Trustee shall be discharged of its duties and obligations under this Trust Agreement. Any business entity into which the Trustee may be merged or converted or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, to the fullest extent permitted by law without the execution or filing of any paper or any further act on the part of any of the parties hereto.

SECTION 2.6 *Liability of Trustee.* Except as otherwise provided in this Article II, in accepting the trust created hereby, CSC Delaware Trust Company acts solely as Trustee hereunder and not in its individual capacity, and all Persons having any claim against CSC Delaware Trust Company by reason of the transactions contemplated by this Trust Agreement and any other agreement to which the Trust is a party shall look only to the Trust Estate for payment or satisfaction thereof. The Trustee shall not be liable or accountable hereunder to the Trust or to any other Person or under any other agreement to which the Trust is a party, except for the Trustee's own fraud, gross negligence, bad faith or willful misconduct. In particular, but not by way of limitation:

- (a) The Trustee shall have no liability or responsibility for the validity or sufficiency of this Trust Agreement or for the form, character, genuineness, sufficiency, enforceability, collectability, location, existence, value or validity of the Trust Estate;
- (b) The Trustee has not prepared or verified, and shall not be responsible or liable for, any information, disclosure or other statement or in any document issued or delivered in connection with the sale or transfer of the Shares;
- (c) The Trustee shall not be liable for any actions taken or omitted to be taken by it in accordance with the instructions of the Sponsor or the Liquidating Trustee;
- (d) The Trustee shall not have any liability for the acts or omissions of the Sponsor, the Custodian or their respective delegates;
- (e) The Trustee shall have no duty or obligation to supervise the performance of any obligations of the Sponsor, the Custodian or their respective delegates or any Authorized Participant;
- (f) No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its rights or powers hereunder;
- (g) Under no circumstances shall the Trustee be liable for any

obligations of the Trust arising under this Trust Agreement or any other agreements to which the Trust is a party;

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement, or to institute, conduct or defend any litigation under this Trust Agreement or any other agreements to which the Trust is a party, at the request, order or direction of the Sponsor unless the Sponsor has offered to CSC Delaware Trust Company (in its capacity as Trustee and individually) security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred by CSC Delaware Trust Company (including, without limitation, the reasonable fees and expenses of its counsel) therein or thereby;

(i) Notwithstanding anything contained herein to the contrary, the Trustee shall not be required to take any action in any jurisdiction other than in the State of Delaware if the taking of such action will (i) require the consent or approval or authorization or order of, or the giving of notice to, or the registration with or taking of any action in respect of, any state or other governmental authority or agency of any jurisdiction other than the State of Delaware, (ii) result in any fee, tax or other governmental charge becoming payable by the Trustee under the laws of any jurisdiction or any political subdivision thereof other than the State of Delaware or (iii) subject the Trustee to personal jurisdiction, other than in the State of Delaware, for causes of action arising from personal acts unrelated to the consummation of the actions of the Trustee contemplated by this Trust Agreement;

(j) To the extent that, at law or in equity, the Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust, the Shareholders or any other Person, the Trustee, acting under this Trust Agreement, shall not be liable to the Trust, the Shareholders or any other Person for its good faith reliance on the provisions of this Trust Agreement, and the provisions of this Trust Agreement, to the extent that they restrict or eliminate the duties and liabilities of the Trustee otherwise existing at law or in equity are agreed by the parties hereto to replace such other duties and liabilities of the Trustee; and

(k) The Trustee shall not be liable for punitive, exemplary, consequential or similar damages for a breach of the Trust Agreement under any circumstances.

#### SECTION 2.7 *Reliance; Advice of Counsel.*

(a) In the absence of bad faith, the Trustee may conclusively rely upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement in determining the truth of the statements and the correctness of the opinions contained therein, and shall incur no liability to anyone in acting or not acting on any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties and need not investigate any fact or matter pertaining to, or contained in, any such document; *provided, however*, that the Trustee shall

have examined any certificates and opinions so as to reasonably determine compliance of such certificates and opinions with the requirements of this Trust Agreement. The Trustee may accept a certified copy of a resolution of the board of directors or other governing body of any corporate party as conclusive evidence that such resolution has been duly adopted by such body and that such resolution is in full force and effect. As to any fact or matter the method of the determination of which is not specifically prescribed in this Trust Agreement, the Trustee may for all purposes hereof rely on a certificate, signed by the president, any vice president, the treasurer or any other authorized officers of the relevant party, as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

(b) In the exercise or administration of the Trust hereunder and in the performance of its duties and obligations under this Trust Agreement, the Trustee, at the expense of the Trust (i) may act directly or through its agents, attorneys, custodians or nominees pursuant to agreements entered into with any of them, and the Trustee shall not be liable for the conduct or misconduct of such agents, attorneys, custodians or nominees if such agents, attorneys, custodians or nominees shall have been selected by the Trustee with reasonable care and (ii) may consult with counsel, accountants and other skilled professionals to be selected with reasonable care by it. The Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the opinion or advice of any such counsel, accountant or other such Persons.

SECTION 2.8 *Payments to the Trustee.* Any amounts paid to the Trustee pursuant to this Article II shall be deemed not to be a part of the Trust Estate immediately after such payment. Any amounts owing to the Trustee under this Trust Agreement shall constitute a claim against the Trust Estate. Notwithstanding any other provision of this Trust Agreement, all payments to the Trustee, including fees, expenses and any amounts paid in connection with indemnification of the Trustee in accordance with the terms of this Trust Agreement will be payable only in U.S. Dollars.

### **ARTICLE III**

#### **SHARES; CREATIONS AND ISSUANCE OF CREATION BASKETS**

SECTION 3.1 *General.* The Sponsor shall have the power and authority, without action or approval by the Shareholders, to cause the Trust to issue Shares from time to time as it deems necessary or desirable. The number of Shares authorized shall be unlimited, and the Shares so authorized may be represented in part by fractional Shares, calculated to one one-hundred-millionth of one STX (i.e., carried to the eighth decimal place). From time to time, the Sponsor may cause the Trust to divide or combine the Shares into a greater or lesser number without thereby changing the proportionate beneficial interests in the Trust Estate, or in any way affecting the rights, of the Shareholders, without action or approval by the Shareholders. The Trust shall issue Shares solely in exchange for contributions of STX (or for no consideration if pursuant to a Share distribution or split-up). All Shares when so issued shall be fully paid and non-assessable. Subject to the limitations upon, and requirements for, the issuance of Creation Baskets stated herein and in the APA Procedures (as defined below), the number of Creation Baskets that may be

issued by the Trust is unlimited. Every Shareholder, by virtue of having purchased or otherwise acquired a Share, shall be deemed to have expressly consented and agreed to be bound by the terms of this Trust Agreement.

**SECTION 3.2**     *Offer of Shares; Procedures for Creation and Issuance of Creation Baskets to Persons Other than Authorized Participants.*

On any Business Day, the Trust may create and issue Creation Baskets to any Person that has signed a Purchase Agreement with the Trust upon a transfer of the Total Basket Amount into the Trust's STX Account; *provided* that the Trust shall create and issue Creation Baskets only if the Sponsor has determined in good faith that such creation and issuance does not conflict with the other terms of this Trust Agreement or with applicable law.

**SECTION 3.3**     *Offer of Shares; Procedures for Creation and Issuance of Creation Baskets to Authorized Participants.*

(a)     General. The following procedures, as supplemented by the more detailed procedures specified in the exhibits, annexes, attachments and procedures, as applicable, to each Authorized Participant Agreement (the “**APA Procedures**”), which may be amended from time to time in accordance with the provisions of the relevant Authorized Participant Agreement (*provided* that any such amendment shall not constitute an amendment of this Trust Agreement), shall govern the Trust with respect to the creation and issuance of Creation Baskets to Authorized Participants, subject to Section 3.3(b).

(i)     On any Business Day, an Authorized Participant may place an order for one or more Creation Baskets (each, a “**Creation Order**”) in the manner provided in the APA Procedures.

(ii)     The Sponsor or its delegate shall process Creation Orders only from Authorized Participants with respect to which an Authorized Participant Agreement is in full force and effect and only in accordance with the APA Procedures. The Sponsor or its delegate shall maintain and make available at the Trust's principal offices during normal business hours a current list of the Authorized Participants with respect to which an Authorized Participant Agreement is in full force and effect.

(iii)     The Trust shall create and issue Creation Baskets only upon deposit with the Custodian on the applicable Creation Settlement Date of the applicable Total Basket Amount by the relevant Authorized Participant or Liquidity Provider, as applicable.

(iv)     The Sponsor or its delegate has final determination of all questions as to the calculation of the Total Basket Amount at any time.

(v)     Deposits of STX other than those received from an Authorized Participant Self-Administered Account or a Liquidity Provider Account shall be rejected. The expense and risk of delivery, ownership and safekeeping of

STX, until such STX have been received and not rejected by the Trust, shall be borne solely by the Authorized Participant or a Liquidity Provider, as applicable.

(vi) Upon the Custodian's receipt of the Total Basket Amount, the Sponsor or its delegate shall (A) if the Total Basket Amount is received into the Settlement Balance, direct the Custodian to transfer the Total Basket Amount to the Vault Balance, (B) direct the Transfer Agent to credit to the Authorized Participant's account the number of Creation Baskets ordered by the Authorized Participant and (C) compensate the Liquidity Provider pursuant to the APA Procedures.

(vii) The Custodian may accept delivery of STX by such other means as the Sponsor, from time to time, may determine to be acceptable for the Trust.

(b) Rejection or Suspension. The Sponsor or its delegate shall reject a Creation Order if the Creation Order is not in proper form as described in the relevant Authorized Participant Agreement or if the fulfillment of the Creation Order, in the opinion of its counsel, might be unlawful. The issuance of Creation Baskets may be suspended by the Sponsor generally, or refused with respect to a particular Creation Order, during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Sponsor or its delegate make it for all practicable purposes not feasible to process Creation Orders or for any other reason at any time or from time to time. None of the Sponsor, its delegates or the Custodian shall be liable for the suspension or rejection of any Creation Order.

(c) Conflict. In the event of any conflict between the procedures described in this Section 3.3 and the APA Procedures, the APA Procedures shall control.

(d) Successor Custodian. If a successor to the Custodian shall be employed, the Trust and the Sponsor shall establish procedures acceptable to such successor with respect to the matters addressed in this Section 3.3.

#### SECTION 3.4 *Book-Entry System.*

(a) Shares shall be held in book-entry form by the Transfer Agent. The Sponsor or its delegate shall direct the Transfer Agent to (i) credit or debit the number of Creation Baskets or Redemption Baskets to the account of the applicable Shareholder and (ii) issue or cancel Creation Baskets or Redemption Baskets, as applicable, at the direction of the Sponsor or its delegate.

(b) The Sponsor or its delegate may cause the Trust to issue Shares in certificated form in its sole discretion.

SECTION 3.5 *Assets of the Trust.* The Trust Estate shall irrevocably belong to the Trust for all purposes, subject only to the rights of creditors of the Trust and shall be so recorded upon the books of account of the Trust.

SECTION 3.6 *Liabilities of the Trust.* The Trust Estate shall be charged with the liabilities of the Trust and with all expenses, costs, charges and reserves attributable to the Trust. The Sponsor shall have full discretion, to the extent not inconsistent with applicable law, to determine which items shall be treated as income and which items as capital, and each such determination and allocation shall be conclusive and binding upon the Shareholders.

SECTION 3.7 *Distributions.*

(a) The Trust may make distributions on Shares in cash or pursuant to Section 7.5.

(b) Distributions on Shares, if any, may be made with such frequency as the Sponsor may determine, which may be daily or otherwise, to the Shareholders, from the Trust Estate, after providing for actual and accrued liabilities. All distributions on Shares shall be made *pro rata* to the Shareholders in proportion to their respective Percentage Interests at the date and time of record established for such distribution.

(c) If the Trust sells STX, Incidental Rights, IR Virtual Currency and/or Other Staking Consideration in order to pay Additional Trust Expenses, then any cash remaining from these sales after the payment of any Additional Trust Expenses shall promptly be distributed to the Shareholders.

SECTION 3.8 *Voting Rights.* Notwithstanding any other provision hereof, on each matter submitted to a vote of the Shareholders, each Shareholder shall be entitled to a proportionate vote based upon its Percentage Interest at such time.

SECTION 3.9 *Equality.* All Shares shall represent an equal proportionate beneficial interest in the Trust Estate subject to the liabilities of the Trust, and each Share's interest in the Trust Estate shall be equal to each other Share.

## **ARTICLE IV**

### **TRANSFERS OF SHARES**

SECTION 4.1 *General Prohibition.* A Shareholder may not sell, assign, transfer or otherwise dispose of, or pledge, hypothecate or in any manner encumber any or all of its Shares or any part of its right, title and interest in the Trust Estate except as permitted in this Article IV and any act in violation of this Article IV shall not be binding upon or recognized by the Trust (regardless of whether the Sponsor shall have knowledge thereof), unless approved in writing by the Sponsor.

SECTION 4.2 *Restricted Securities.*

Except for Shares transferred in a transaction registered under the Securities Act, the Shares are "restricted securities" that cannot be resold, pledged or otherwise transferred without registration under the Securities Act and state securities laws or exemption therefrom and may not be resold, pledged or otherwise transferred without the prior written

consent of the Sponsor, which it may withhold in its sole discretion for any reason or for no reason. The Sponsor may provide any such written consent in the Memorandum or any document issued or delivered in connection with the sale or transfer of Shares, including any filings with the SEC.

#### SECTION 4.3      *Transfer of Shares Generally.*

Shares shall be transferable on the books of account for the Trust only by the record holder thereof or by his or her duly authorized agent upon delivery to the Sponsor or the Transfer Agent or similar agent of a duly executed instrument of transfer, and such evidence of the genuineness of each such execution and authorization and of such other matters as may be required by the Sponsor. Upon such delivery, and subject to any further requirements specified by the Sponsor, the transfer shall be recorded on the books of account for the Trust. Until a transfer is so recorded, the Shareholder of record of Shares shall be deemed to be the Shareholder with respect to such Shares for all purposes hereunder and neither the Sponsor nor the Trust, nor the Transfer Agent or any similar agent or registrar or any officer, employee or agent of the Trust, shall be affected by any notice of a proposed transfer.

### ARTICLE V

#### REDEMPTIONS

SECTION 5.1      *Unavailability of Redemption Program.* Unless otherwise determined by the Sponsor in its sole discretion following the Trust's receipt of regulatory approval therefor, the Trust shall not offer a redemption program for the Shares. The Trust may, but shall not be required to, seek regulatory approval to operate a redemption program. If any redemption program is approved, then any redemption authorized by the Sponsor shall be subject to the provisions of this Article V.

#### SECTION 5.2      *Redemption of Redemption Baskets.*

(a)      General. During any time at which the Sponsor has authorized a redemption program, the following procedures, as supplemented by the APA Procedures, which may be amended from time to time in accordance with the provisions of the Authorized Participant Agreement (*provided* that any such amendment shall not constitute an amendment of this Trust Agreement), shall govern the Trust with respect to the redemption of Redemption Baskets, subject to Section 5.2(b).

(i)      On any Business Day, an Authorized Participant may place an order to redeem Redemption Baskets (each, a “**Redemption Order**”) in the manner provided in the APA Procedures.

(ii)      The Sponsor or its delegates shall process Redemption Orders only from Authorized Participants with respect to which an Authorized Participant Agreement is in full force and effect.

(iii) The Trust shall redeem Redemption Baskets only upon deposit with the Transfer Agent on the Redemption Settlement Date of the total number of Baskets indicated in the Authorized Participant's Redemption Order.

(iv) Upon receipt of the total number of Baskets indicated in the Authorized Participant's Redemption Order, the Sponsor or its delegate shall instruct the Transfer Agent to cancel the Shares in the Baskets so redeemed. The Sponsor or its delegate shall also instruct the Custodian to deposit into the Authorized Participant Self-Administered Account or the Liquidity Provider Account, as applicable, a number of STX equal to the Total Basket Amount.

(v) The Sponsor or its delegate has final determination of all questions as to the determination of the Total Basket Amount at any time.

(vi) The Total Basket Amount shall be delivered only to an Authorized Participant Self-Administered Account or a Liquidity Provider Account.

(vii) The Total Basket Amount shall be subject to the deduction of any applicable tax or other governmental charges that may be due.

(b) Rejection or Suspension. The Sponsor or its delegate shall reject a Redemption Order if the Redemption Order is not in proper form as described in the relevant Authorized Participant Agreement or if the fulfillment of the Redemption Order, in the opinion of its counsel, might be unlawful. The redemption of Baskets may be suspended by the Sponsor generally, or refused with respect to a particular Redemption Order, during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Sponsor or its delegate make it for all practicable purposes not feasible to process Redemption Orders or for any other reason at any time or from time to time. None of the Sponsor, its delegates or the Custodian shall be liable for the suspension or rejection of any Redemption Order.

(c) Conflict. In the event of any conflict between the procedures described in this Section 5.2 and the APA Procedures, the APA Procedures shall control.

SECTION 5.3 *Other Redemption Procedures.* The Sponsor or its delegates from time to time may, but shall have no obligation to, establish procedures with respect to redemption of Shares in lot sizes smaller than the Redemption Basket and permitting the redemption distribution to be delivered in a manner other than that specified in Section 5.2.

## ARTICLE VI

### THE SPONSOR

SECTION 6.1 *Management of the Trust.* Pursuant to Section 3806(b)(7) of the Delaware Trust Statute, the Trust shall be managed by the Sponsor in accordance with this Trust Agreement. The Sponsor may delegate, as provided herein, the duty and authority to

manage the affairs of the Trust. Any determination as to what is in the interests of the Trust made by the Sponsor in good faith shall be conclusive. In construing the provisions of this Trust Agreement, the presumption shall be in favor of a grant of power to the Sponsor, but subject, for the avoidance of doubt, to the restrictions, prohibitions and limitations expressly set forth in Section 1.5, Section 6.4(m) and otherwise in this Trust Agreement. The enumeration of any specific power in this Trust Agreement shall not be construed as limiting the aforesaid power.

**SECTION 6.2**     *Authority of Sponsor.* In addition to, and not in limitation of, any rights and powers conferred by law or other provisions of this Trust Agreement, and except as limited, restricted or prohibited by the express provisions of this Trust Agreement or the Delaware Trust Statute, the Sponsor shall have and may exercise on behalf of the Trust, all powers and rights necessary, proper, convenient or advisable to effectuate and carry out the purposes of the Trust, which powers and rights shall include, without limitation, the following:

(a) To enter into, execute, accept, deliver and maintain, and to cause the Trust to perform its obligations under, contracts, agreements and any or all other documents and instruments incidental to the Trust's purposes, and to do and perform all such acts as may be in furtherance of the Trust's purposes, or necessary or appropriate for the offer and sale of the Shares, including, but not limited to, causing the Trust to enter into (i) contracts or agreements with the Sponsor or an Affiliate, *provided* that any such contract or agreement does not conflict with the provisions of Section 1.5(c) of this Trust Agreement, Section 6.4 of this Trust Agreement or clause (ii) of this Section 6.2(a) and (ii) contracts with third parties for various services, it being understood that any document or instrument executed or accepted by the Sponsor in the Sponsor's name shall be deemed executed and accepted on behalf of the Trust by the Sponsor, *provided, however*, that such services may be performed by an Affiliate or Affiliates of the Sponsor so long as the Sponsor has made a good faith determination that (A) the Affiliate that it proposes to engage to perform such services is qualified to do so (considering the prior experience of the Affiliate or the individuals employed by the Affiliate); (B) the terms and conditions of the agreement pursuant to which such Affiliate is to perform services for the Trust are no less favorable to the Trust than could be obtained from equally-qualified unaffiliated third parties; and (C) the maximum period covered by the agreement pursuant to which such Affiliate is to perform services for the Trust shall not exceed one year, and such agreement shall be terminable without penalty upon one hundred twenty (120) days' prior written notice by the Trust;

(b) To establish, maintain, deposit into, and sign checks and/or otherwise draw upon, accounts on behalf of the Trust with appropriate banking and savings institutions;

(c) To deposit, withdraw, pay, retain and distribute the Trust Estate or any portion thereof in any manner consistent with the provisions of this Trust Agreement;

(d) To supervise the preparation of any confidential private placement memoranda, prospectuses, registration statements and supplements and amendments thereto and any filings of the Trust with the SEC;

(e) To make or authorize the making of distributions to the Shareholders and expenses of the Trust out of the Trust Estate;

(f) To cause the Trust to appoint an agent to act on behalf of the Shareholders pursuant to Section 7.5;

(g) To prepare, or cause to be prepared, and file, or cause to be filed, an application to register any Shares under the Securities Act and/or the Exchange Act and to take any other action and execute and deliver any certificates or documents that may be necessary to effectuate such registration;

(h) To prepare, or cause to be prepared, and file, or cause to be filed, an application to enable the Shares to be listed, quoted or traded on any Secondary Market and to take any other action and execute and deliver any certificates or documents that may be necessary to effectuate such listing, quotation or trading;

(i) To appoint one or more Custodians or other security vendors, including itself or an Affiliate, to provide for custodial or non-custodial security services, or to determine not to appoint any Custodian or other security vendors, and to otherwise take any action with respect to the Custodian or other security vendors to safeguard the Trust Estate;

(j) In the sole and absolute discretion of the Sponsor, to admit an Affiliate or Affiliates of the Sponsor as additional Sponsors;

(k) To delegate those of its duties hereunder as it shall determine from time to time to one or more Distributors, and add any additional service providers, if needed and as applicable;

(l) To engage in Staking, but only if (and, then, only to the extent that) the Staking Condition has been satisfied;

(m) If the Staking Condition has been satisfied with respect to such activity, to execute any Liquidity Management Solutions;

(n) To perform such other services as the Sponsor believes that the Trust may from time to time require;

(o) To determine, in good faith, which peer-to-peer network, among a group of incompatible forks of the Stacks Network, is generally accepted as STX and should therefore be considered “STX” for the Trust’s purposes, which the Sponsor will determine based on a variety of then relevant factors, including (but not limited to) the following: (i) the Sponsor’s beliefs regarding expectations of the core developers of the Stacks Network, users, services businesses, miners and other constituencies and (ii) the

actual, continued development, acceptance, mining power and community engagement; *provided* that the Sponsor shall not make a determination that would conflict with Section 1.5(c) or Section 6.4(m) of this Trust Agreement; and

(p) In general, but subject to SECTION 1.5Section 1.5 and Section 6.4 of this Trust Agreement, to do everything necessary, suitable or proper for the accomplishment of any purpose or the furtherance of any power herein set forth, either alone or in association with others, and to do every other act or thing incidental or appurtenant to, or growing out of or connected with, the aforesaid purposes or powers.

SECTION 6.3 *Obligations of the Sponsor.* In addition to the obligations expressly provided by the Delaware Trust Statute or this Trust Agreement, the Sponsor shall:

(a) Devote such of its time to the affairs of the Trust as it shall, in its discretion exercised in good faith, determine to be necessary to carry out the purposes of the Trust, as set forth in Section 1.5, for the benefit of the Shareholders;

(b) Execute, file, record and/or publish all certificates, statements and other documents and do any and all other things as may be appropriate for the formation, qualification and operation of the Trust and for the conduct of its affairs in all appropriate jurisdictions;

(c) Retain independent public accountants to audit the accounts of the Trust;

(d) Employ attorneys to represent the Sponsor and, as necessary, the Trust;

(e) Select and enter into agreements with the Trustee and any other service provider to the Trust;

(f) Use its best efforts to maintain the status of the Trust as a grantor trust for U.S. federal income tax purposes under Subpart E, Part I of Subchapter J of the Code;

(g) Monitor all fees charged to the Trust, and the services rendered by the service providers to the Trust, to determine whether the fees paid by, and the services rendered to, the Trust are at competitive rates and are the best price and services available under the circumstances, and if necessary, renegotiate the fee structure to obtain such rates and services for the Trust;

(h) Have fiduciary responsibility for the safekeeping and use of the Trust Estate, whether or not in the Sponsor's immediate possession or control;

(i) Not employ or permit others to employ the Trust Estate in any manner except for the benefit of the Trust, including, among other things, the utilization of

any portion of the Trust Estate as compensating balances for the exclusive benefit of the Sponsor;

(j) At all times act with integrity and good faith and exercise due diligence in all activities relating to the Trust and in resolving conflicts of interest;

(k) Enter into an Authorized Participant Agreement with each Authorized Participant and discharge the duties and responsibilities of the Trust and the Sponsor thereunder;

(l) Receive directly or through its delegates from Authorized Participants and process properly submitted Creation Orders, as described in SECTION 3.3(a);

(m) Receive directly or through its delegates from Authorized Participants and process properly submitted Redemption Orders (if authorized), as described in SECTION 5.2(a), or as may from time to time be permitted by SECTION 5.3;

(n) Interact with the Custodian and any other party as required;

(o) If the Shares are listed, quoted or traded on any Secondary Market, cause the Trust to comply with all rules, orders and regulations of such Secondary Market to which the Trust is subject as a result of the listing, quotation or trading of the Shares on such Secondary Market, and take all such other actions that may reasonably be taken and are necessary for the Shares to remain listed, quoted or traded on such Secondary Market until the Trust is terminated or the Shares are no longer listed, quoted or traded on such Secondary Market;

(p) If the Shares are transferred in a transaction registered under the Securities Act or registered under the Exchange Act, cause the Trust to comply with all rules, orders and regulations of the SEC and take all such other actions as may reasonably be taken and are necessary for the Shares to remain registered under the Exchange Act until the Trust is terminated or the Shares are no longer registered under the Exchange Act; and

(q) Take all actions to prepare and, to the extent required by this Trust Agreement or by law, mail to Shareholders any reports, press releases or statements, financial or otherwise, that the Sponsor determines are required to be provided to Shareholders by applicable law or governmental regulation or the requirements of any Secondary Market on which the Shares are listed, quoted or traded or, if any Shares are transferred in a transaction registered under the Securities Act or registered under the Exchange Act, the SEC, as applicable.

The foregoing clauses of SECTION 6.2 and SECTION 6.2(o) shall be construed as powers, and the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the Sponsor. Any action by the Sponsor hereunder shall be deemed an action on behalf of the Trust, and not an action in an individual capacity.

SECTION 6.4      *General Prohibitions.* The Trust shall not, and the Sponsor shall not have the power to cause the Trust to:

- (a) Receive any property other than STX upon the issuance of Shares;
- (b) Hold any property other than (i) STX, Incidental Rights, IR Virtual Currency and (for a period not exceeding thirty (30) Business Days from its receipt) Other Staking Consideration, or (ii) cash from the sale of STX, Incidental Rights, IR Virtual Currency or Other Staking Consideration;
- (c) Hold any cash (i) from the sale of STX, Incidental Rights, IR Virtual Currency or Other Staking Consideration or (ii) received as Other Staking Consideration, in each case, for more than thirty (30) Business Days prior to using such cash to pay Additional Trust Expenses, or to fund the redemption of Redemption Baskets, and distributing any remaining cash to the Shareholders;
- (d) If the redemption of Shares is not authorized pursuant to Section 5.1, redeem any Shares other than upon the dissolution of the Trust;
- (e) If the redemption of Shares is authorized pursuant to Section 5.1, redeem the Shares other than (i) to satisfy a Redemption Order from an Authorized Participant, (ii) as provided in Section 5.2 or Section 5.3 or (iii) upon the dissolution of the Trust;
- (f) Borrow money from, or loan money to, any Shareholder, the Sponsor, or any other Person; *provided* that, for the avoidance of doubt, the Trust shall not be prohibited from entering into any Liquidity Management Solutions for which the Staking Condition has been satisfied;
- (g) Create, incur, assume or suffer to exist any lien, mortgage, pledge conditional sales or other title retention agreement, charge, security interest or encumbrance on or with respect to the Trust Estate, except for (i) liens for taxes not delinquent or being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established and (ii) liens by the Trustee against the Trust property as security for any amounts owing to the Trustee hereunder;
- (h) Commingle the Trust Estate with the assets of any other Person; *provided* that, for the avoidance of doubt, a portion of the Trust Estate may be held in the Settlement Balance from time to time in order to facilitate the creation and redemption of Shares;
- (i) Permit rebates to be received by the Sponsor or any Affiliate of the Sponsor, or permit the Sponsor or any Affiliate of the Sponsor to engage in any reciprocal business arrangements which would circumvent the foregoing prohibition;
- (j) Enter into any contract with the Sponsor or an Affiliate of the Sponsor (A) that, except for selling agreements for the sale of Shares, has a term of more than one year and that does not provide that it may be canceled by the Trust without

penalty on one hundred twenty (120) days prior written notice or (B) for the provision of services, except at rates and terms at least as favorable as those that may be obtained from third parties in arm's length negotiations;

(k) Enter into any exclusive brokerage contract;

(l) Elect to be treated as an association taxable as a corporation for U.S. federal income tax purposes;

(m) Subject to Section 1.5(c), but notwithstanding any other provision of this Trust Agreement, including Section 6.4(b), take any action that could cause the Trust to be treated other than as a grantor trust for U.S. federal income tax purposes; or

(n) Engage in any form of Staking, except to the extent the Staking Condition has been satisfied with respect thereto.

**SECTION 6.5**     *Liability of Covered Persons.* A Covered Person shall have no liability to the Trust or to any Shareholder or other Covered Person for any loss suffered by the Trust which arises out of any action or inaction of such Covered Person if such Covered Person, in good faith, determined that such course of conduct was in the best interest of the Trust and such course of conduct did not constitute fraud, gross negligence, bad faith or willful misconduct of such Covered Person. Subject to the foregoing, neither the Sponsor nor any other Covered Person shall be personally liable for the return or repayment of all or any portion of the STX transferred, or the purchase price otherwise paid, by a Shareholder for its Shares, it being expressly agreed that any such return made pursuant to this Trust Agreement shall be made solely from the assets of the Trust without any rights of contribution from the Sponsor or any other Covered Person. A Covered Person shall not be liable for the conduct or misconduct of any delegate selected by the Sponsor with reasonable care.

**SECTION 6.6**     *Fiduciary Duty.*

(a) To the extent that, at law or in equity, the Sponsor has duties (including fiduciary duties) and liabilities relating thereto to the Trust, the Shareholders or any other Person, the Sponsor acting under this Trust Agreement shall not be liable to the Trust, the Shareholders or any other Person for its good faith reliance on the provisions of this Trust Agreement subject to the standard of care set forth in Section 6.5 herein. The provisions of this Trust Agreement, to the extent that they restrict or eliminate the duties and liabilities of the Sponsor otherwise existing at law or in equity are agreed by the parties hereto to replace such other duties and liabilities of the Sponsor. To the fullest extent permitted by law, no Person other than the Sponsor and the Trustee shall have any duties (including fiduciary duties) or liabilities at law or in equity to the Trust, the Shareholders or any other Person.

(b) Unless otherwise expressly provided herein, (i) whenever a conflict of interest exists or arises between the Sponsor or any of its Affiliates, on the one hand, and the Trust, any Shareholder or any other Person, on the other hand; or (ii) whenever this

Trust Agreement or any other agreement contemplated herein provides that the Sponsor shall act in a manner that is, or provides terms that are, fair and reasonable to the Trust, any Shareholder or any other Person, the Sponsor shall resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Sponsor, the resolution, action or terms so made, taken or provided by the Sponsor shall not constitute a breach of this Trust Agreement or any other agreement contemplated herein or of any duty or obligation of the Sponsor at law or in equity or otherwise.

(c) The Sponsor and any Affiliate of the Sponsor may engage in or possess an interest in profit-seeking or business ventures of any nature or description, independently or with others, whether or not such ventures are competitive with the Trust and the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to the Sponsor. If the Sponsor acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Trust, it shall have no duty to communicate or offer such opportunity to the Trust, and the Sponsor shall not be liable to the Trust or to the Shareholders for breach of any fiduciary or other duty by reason of the fact that the Sponsor pursues or acquires for, or directs such opportunity to, another Person or does not communicate such opportunity or information to the Trust. Neither the Trust nor any Shareholder shall have any rights or obligations by virtue of this Trust Agreement or the trust relationship created hereby in or to such independent ventures or the income or profits or losses derived therefrom, and the pursuit of such ventures, even if competitive with the purposes of the Trust, shall not be deemed wrongful or improper. Except to the extent expressly provided herein, the Sponsor may engage or be interested in any financial or other transaction with the Trust, the Shareholders or any Affiliate of the Trust or the Shareholders.

(d) To the fullest extent permitted by law and notwithstanding any other provision of this Trust Agreement or in any agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Trust Agreement a Person is permitted or required to make a decision (a) in its “sole discretion” or “discretion” or under a grant of similar authority or latitude, the Person shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Trust, the Shareholders or any other Person, or (b) in its “good faith” or under another express standard, the Person shall act under such express standard and shall not be subject to any other or different standard. The term “good faith” as used in this Trust Agreement shall mean subjective good faith as such term is understood and interpreted under Delaware law.

#### SECTION 6.7 *Indemnification of the Sponsor.*

(a) The Sponsor shall be indemnified by the Trust against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with its activities for the Trust, provided that (i) the Sponsor was acting on

behalf of, or performing services for, the Trust and has determined, in good faith, that such course of conduct was in the best interests of the Trust and such liability or loss was not the result of fraud, gross negligence, bad faith, willful misconduct, or a material breach of this Trust Agreement on the part of the Sponsor and (ii) any such indemnification will be recoverable only from the Trust Estate. All rights to indemnification permitted herein and payment of associated expenses shall not be affected by the dissolution or other cessation of existence of the Sponsor, or the withdrawal, adjudication of bankruptcy or insolvency of the Sponsor, or the filing of a voluntary or involuntary petition in bankruptcy under Title 11 of the United States Code by or against the Sponsor.

(b) Notwithstanding the provisions of Section 6.7(a) above, the Sponsor, any Authorized Participant and any other Person acting as a broker-dealer for the Trust shall not be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of U.S. federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves the indemnification of such expenses (including, without limitation, litigation costs), (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves the indemnification of such expenses (including, without limitation, litigation costs) or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

(c) The Trust shall not incur the cost of that portion of any insurance that insures any party against any liability, the indemnification of which is herein prohibited.

(d) Expenses incurred in defending a threatened or pending civil, administrative or criminal action suit or proceeding against the Sponsor shall be paid by the Trust in advance of the final disposition of such action, suit or proceeding, if (i) the legal action relates to the performance of duties or services by the Sponsor on behalf of the Trust; (ii) the legal action is initiated by a third party who is not a Shareholder or the legal action is initiated by a Shareholder and a court of competent jurisdiction specifically approves such advance; and (iii) the Sponsor undertakes to repay the advanced funds with interest to the Trust in cases in which it is not entitled to indemnification under this Section SECTION 6.7.

(e) The term "Sponsor" as used only in this Section SECTION 6.7 shall include, in addition to the Sponsor, any other Covered Person performing services on behalf of the Trust and acting within the scope of the Sponsor's authority as set forth in this Trust Agreement.

(f) In the event the Trust is made a party to any claim, dispute, demand or litigation or otherwise incurs any loss, liability, damage, cost or expense as a result of or in connection with any Shareholder's (or assignee's) obligations or liabilities unrelated to Trust affairs, such Shareholder (or assignees cumulatively) shall indemnify, defend, hold

harmless, and reimburse the Trust for all such loss, liability, damage, cost and expense incurred, including attorneys' and accountants' fees.

SECTION 6.8 *Expenses and Limitations Thereon.*

(a) Sponsor's Fee.

(i) The Trust shall pay to the Sponsor a fee (the "**Sponsor's Fee**"), payable in STX (except as provided in Section 6.8(a)(iv)), which shall accrue daily in U.S. Dollars at an annual rate of 2.5% of the NAV Fee Basis Amount of the Trust as of 4:00 p.m., New York time, on each day; *provided* that for a day that is not a Business Day, the calculation shall be based on the NAV Fee Basis Amount from the most recent Business Day, reduced by the accrued and unpaid Sponsor's Fee for such most recent Business Day and for each day after such most recent Business Day and prior to the relevant calculation date. The amount of STX payable in respect of each daily U.S. Dollar accrual shall be determined by reference to the same Reference Rate Price used to determine such accrual. The Sponsor's Fee is payable to the Sponsor daily in arrears.

(ii) Except as provided in Section 6.8(a)(iv), to cause the Trust to pay the Sponsor's Fee, the Sponsor shall instruct the Custodian to withdraw from the STX Account the number of STX equal to the accrued but unpaid Sponsor's Fee and transfer such STX to the account designated by the Sponsor at such times as the Sponsor determines in its absolute discretion.

(iii) After the payment of the Sponsor's Fee to the Sponsor, the Sponsor may elect to convert the STX it receives into U.S. Dollars. The Shareholders acknowledge that the rate at which the Sponsor converts such STX to U.S. Dollars may differ from the rate at which the Sponsor's Fee was initially converted into STX. The Trust shall not be responsible for any fees and expenses incurred by the Sponsor to convert STX received in payment of the Sponsor's Fee into U.S. Dollars.

(iv) If the Trust holds any Incidental Rights, IR Virtual Currency and/or Other Staking Consideration at any time, the Trust may pay the Sponsor's Fee, in whole or in part, with such Incidental Rights, IR Virtual Currency and/or Other Staking Consideration by transferring such Incidental Rights, IR Virtual Currency and/or Other Staking Consideration to the Sponsor; *provided* that the Trust shall use Incidental Rights, IR Virtual Currency and/or Other Staking Consideration to pay the Sponsor's Fee only if such transfer does not otherwise conflict with the terms of this Trust Agreement. In the case of Incidental Rights, IR Virtual Currency or Other Staking Consideration other than cash, such Incidental Rights, IR Virtual Currency or Other Staking Consideration other than cash shall be transferred at a value to be determined in good faith by the Sponsor. If the Trust pays the Sponsor's Fee in Incidental Rights, IR Virtual Currency and/or Other Staking Consideration, in whole or in part, the amount of STX that would otherwise have been used to satisfy such payment shall be correspondingly reduced.

(v) The Sponsor may, from time to time, temporarily waive all or a portion of the Sponsor's Fee in its sole discretion.

(vi) As partial consideration for receipt of the Sponsor's Fee, the Sponsor shall assume and pay all fees and other expenses incurred by the Trust in the ordinary course of its affairs, excluding taxes, but including: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) the Custodian Fee, (iv) the Transfer Agent fee, (v) the Trustee fee, (vi) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given Fiscal Year, (vii) ordinary course legal fees and expenses, (viii) audit fees, (ix) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act, (x) printing and mailing costs, (xi) costs of maintaining the Trust's website and (xii) applicable license fees (each, a "**Sponsor-paid Expense**" and together, the "**Sponsor-paid Expenses**"), *provided* that any expense that qualifies as Additional Trust Expenses as set forth in Section SECTION 6.8(b) shall be deemed to be Additional Trust Expenses and not a Sponsor-paid Expense.

(vii) In addition to the Sponsor's Fee, and as partial consideration for the Sponsor's facilitation of Staking, but only if (and, then, only to the extent that) the Staking Condition has been satisfied with respect thereto, the Sponsor shall be entitled to receive a fee (the "**Sponsor's Staking Fee**"), payable in STX (or, if applicable, in the form of any Other Staking Consideration), which shall accrue daily in U.S. Dollars in an amount calculated as a per annum percentage of any Staking Consideration received by the Trust, as may be directed by the Sponsor in its sole discretion and disclosed in the Trust's Memorandum from time to time. The Sponsor's Staking Fee is payable to the Sponsor daily in arrears.

(viii) The Sponsor may, from time to time, temporarily waive all or a portion of the Sponsor's Staking Fee in its sole discretion.

(b) Additional Trust Expenses.

(i) The Trust shall pay any expenses incurred by the Trust in addition to the Sponsor's Fee that are not Sponsor-paid Expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of Shareholders (including in connection with any Incidental Rights, any IR Virtual Currency or any Other Staking Consideration), (iii) any indemnification of the Custodian, Administrator, or other agents, service providers or counterparties of the Trust, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given Fiscal Year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with

litigation, regulatory enforcement or investigation matters (collectively, “**Additional Trust Expenses**”).

(ii) To cause the Trust to pay the Additional Trust Expenses, if any, the Sponsor or its delegates (i) shall instruct the Custodian to withdraw STX from the STX Account in such quantity as may be necessary to permit payment of such Additional Trust Expenses and (ii) may either (x) cause the Trust (or its delegate) to convert such STX into U.S. Dollars or other fiat currencies at the Actual Exchange Rate or (y) cause the Trust (or its delegate) to deliver such STX in kind in satisfaction of such Additional Trust Expenses.

(iii) If the Trust holds any Incidental Rights, IR Virtual Currency and/or Other Staking Consideration at any time, the Trust may pay any Additional Trust Expenses, in whole or in part, with such Incidental Rights, IR Virtual Currency and/or Other Staking Consideration by entering into an agreement with the relevant payee and transferring such Incidental Rights, IR Virtual Currency and/or Other Staking Consideration to that payee at a value to be determined in good faith by the Sponsor; *provided* that the Trust shall use Incidental Rights, IR Virtual Currency and/or Other Staking Consideration to pay Additional Trust Expenses only if such transfer does not otherwise conflict with the terms of this Trust Agreement. In the case of Incidental Rights, IR Virtual Currency or Other Staking Consideration other than cash, such Incidental Rights, IR Virtual Currency or Other Staking Consideration other than cash shall be transferred at a value to be determined in good faith by the Sponsor. If the Trust pays the Additional Trust Expenses in Incidental Rights, IR Virtual Currency and/or Other Staking Consideration, in whole or in part, the amount of STX that would otherwise have been used to satisfy such payment shall be correspondingly reduced.

(c) The Sponsor or any Affiliate of the Sponsor may be reimbursed only for the actual cost to the Sponsor or such Affiliate of any expenses that it advances on behalf of the Trust for payment of which the Trust is responsible. In addition, payment to the Sponsor or such Affiliate for indirect expenses incurred in performing services for the Trust in its capacity as the Sponsor (or an Affiliate of the Sponsor) of the Trust, such as salaries and fringe benefits of officers and directors, rent or depreciation, utilities and other administrative items generally falling within the category of the Sponsor’s “overhead,” is prohibited.

**SECTION 6.9** *Voluntary Withdrawal of the Sponsor.* The Sponsor may withdraw voluntarily as the Sponsor of the Trust only upon one hundred and twenty (120) days’ prior written notice to all Shareholders and the Trustee. If the withdrawing Sponsor is the last remaining Sponsor, the Shareholders holding Shares equal to at least a majority (over 50%) of the Shares may vote to elect and appoint, effective as of a date on or prior to the withdrawal, a successor Sponsor who shall carry on the affairs of the Trust. If the Sponsor withdraws and a successor Sponsor is named, the withdrawing Sponsor shall pay all expenses as a result of its withdrawal.

SECTION 6.10 *Litigation.* The Sponsor is hereby authorized to prosecute, defend, settle or compromise actions or claims at law or in equity as may be necessary or proper to enforce or protect the Trust's interests. The Sponsor shall satisfy any judgment, decree or decision of any court, board or authority having jurisdiction or any settlement of any suit or claim prior to judgment or final decision thereon, first, out of any insurance proceeds available therefor, next, out of the Trust's assets and, thereafter, out of the assets (to the extent that it is permitted to do so under the various other provisions of this Trust Agreement) of the Sponsor.

SECTION 6.11 *Bankruptcy; Merger of the Sponsor.*

(a) The Sponsor shall not cease to be a Sponsor of the Trust merely upon the occurrence of its making an assignment for the benefit of creditors, filing a voluntary petition in bankruptcy, filing a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, filing an answer or other pleading admitting or failing to contest material allegations of a petition filed against it in any proceeding of this nature or seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator for itself or of all or any substantial part of its properties.

(b) To the fullest extent permitted by law, and on sixty (60) days' prior written notice to the Shareholders of their right to vote thereon, if any such transaction is other than with an affiliated entity, nothing in this Trust Agreement shall be deemed to prevent the merger of the Sponsor with another corporation or other entity, the reorganization of the Sponsor into or with any other corporation or other entity, the transfer of all the capital stock of the Sponsor or the assumption of the rights, duties and liabilities of the Sponsor by, in the case of a merger, reorganization or consolidation, the surviving corporation or other entity by operation of law. Without limiting the foregoing, none of the transactions referenced in the preceding sentence shall be deemed to be a voluntary withdrawal for purposes of Section 6.10 or an Event of Withdrawal for purposes of Section 12.1(a)(iv).

## ARTICLE VII

### THE SHAREHOLDERS

SECTION 7.1 *No Management or Control; Limited Liability; Exercise of Rights through an Authorized Participant.* The Shareholders shall not participate in the management or control of the Trust nor shall they enter into any transaction on behalf of the Trust or have the power to sign for or bind the Trust, said power being vested solely and exclusively in the Sponsor. Except as provided in section 7.3 hereof, no Shareholder shall be bound by, or be personally liable for, the expenses, liabilities or obligations of the Trust in excess of its Percentage Interest of the Trust Estate. Except as provided in section 7.3 hereof, each Share owned by a Shareholder shall be fully paid and no assessment shall be made against any Shareholder. No salary shall be paid to any Shareholder in its capacity as a Shareholder, nor shall any Shareholder have a drawing account or earn interest on its Percentage Interest of the Trust Estate. By the purchase and acceptance or other lawful

delivery and acceptance of Shares, each owner of such Shares shall be deemed to be a Shareholder and beneficiary of the Trust and vested with beneficial undivided interest in the Trust to the extent of the Shares owned beneficially by such Shareholder, subject to the terms and conditions of this Trust Agreement.

SECTION 7.2 *Rights and Duties.* The Shareholders shall have the following rights, powers, privileges, duties and liabilities:

(a) The Shareholders shall have the right to obtain from the Sponsor information on all things affecting the Trust, provided that such information is for a purpose reasonably related to the Shareholder's interest as a beneficial owner of the Trust.

(b) The Shareholders shall receive the share of the distributions provided for in this Trust Agreement in the manner and at the times provided for in this Trust Agreement.

(c) Except for the Shareholders' transfer rights set forth in Article IV and the Shareholders' redemption rights set forth in Article V hereof, Shareholders shall have the right to demand a redemption of their Shares only upon the dissolution and winding up of the Trust and only to the extent of funds available therefor, as provided in section 12.2. In no event shall a Shareholder be entitled to demand or receive property other than cash upon the dissolution and winding up of the Trust. No Shareholder shall have priority over any other Shareholder as to distributions. The Shareholder shall not have any right to bring an action for partition against the Trust.

(d) Shareholders holding Shares representing at least a majority (over 50%) of the Shares may vote to appoint a successor Sponsor as provided in Section 6.10 or to continue the Trust as provided in SECTION 12.1(a)(iv).

Except as set forth above, the Shareholders shall have no voting or other rights with respect to the Trust.

SECTION 7.3 *Limitation of Liability.*

(a) Except as provided in SECTION 6.7(f) hereof, and as otherwise provided under Delaware law, the Shareholders shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of Delaware and no Shareholder shall be liable for claims against, or debts of the Trust in excess of its Percentage Interest of the Trust Estate, except in the case of a Shareholder that is an Authorized Participant, in the event that the liability is founded upon misstatements or omissions contained in such Shareholder's Authorized Participant Agreement. In addition, and subject to the exceptions set forth in the immediately preceding sentence, the Trust shall not make a claim against a Shareholder with respect to amounts distributed to such Shareholder or amounts received by such Shareholder upon redemption of such Shareholder's Shares unless, under Delaware law, such Shareholder is liable to repay such amount.

(b) The Trust shall indemnify to the full extent permitted by law and the other provisions of this Trust Agreement, and to the extent of the Trust Estate, each Shareholder against any claims of liability asserted against such Shareholder solely because it is a beneficial owner of one or more Shares as a Shareholder.

(c) Every written note, bond, contract, instrument, certificate or undertaking made or issued by the Sponsor on behalf of the Trust shall give notice to the effect that the same was executed or made by or on behalf of the Trust and that the obligations of such instrument are not binding upon the Shareholders individually but are binding only upon the assets and property of the Trust, and no resort shall be had to the Shareholders' personal property for satisfaction of any obligation or claim thereunder, and appropriate references may be made to this Trust Agreement and may contain any further recital that the Sponsor deems appropriate, but the omission thereof shall not operate to bind the Shareholders individually or otherwise invalidate any such note, bond, contract, instrument, certificate or undertaking. Nothing contained in this SECTION 7.3 shall diminish the limitation on the liability of the Trust to the extent set forth in SECTION 3.6 hereof.

**SECTION 7.4** *Derivative Actions.* Subject to any other requirements of applicable law including Section 3816 of the Delaware Trust Statute, no Shareholder shall have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Trust unless two or more Shareholders who (i) are not Affiliates of one another and (ii) collectively hold at least 10% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding. This Section 7.4 shall not apply to any derivative claims brought under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the rules and regulations thereunder.

**SECTION 7.5** *Appointment of Agents.*

(a) By the purchase and acceptance or other lawful delivery, acceptance or holding of the Shares, the Shareholders shall be deemed to agree that the Sponsor may cause the Trust to appoint an agent to act on their behalf in connection with any distribution of Incidental Rights, IR Virtual Currency and/or Other Staking Consideration if the Sponsor has determined in good faith that such appointment is reasonably necessary or in the best interests of the Trust and the Shareholders in order to facilitate the distribution of any Incidental Rights, IR Virtual Currency and/or Other Staking Consideration. For the avoidance of doubt, the Sponsor may cause the Trust to appoint the Sponsor or any of its Affiliates to act in such capacity, subject to Section 6.2(a) of this Trust Agreement. Any Person appointed as agent of the Shareholders pursuant to this Section 7.5(a) (i) shall receive an in-kind distribution of Incidental Rights, IR Virtual Currency and/or Other Staking Consideration on behalf of the Shareholders of record with respect to such distribution and (ii) following receipt of any such distribution, shall determine, in such Person's sole discretion and without any direction from the Trust or the Sponsor (in its capacity as Sponsor of the Trust), whether and when to sell the distributed Incidental Rights, IR Virtual Currency and/or Other Staking Consideration on behalf of the record date Shareholders.

(b) Any agent appointed pursuant to Section 7.5(a) shall not receive any compensation in connection with its role as agent. The foregoing notwithstanding, any such agent shall be entitled to receive from any distribution of Incidental Rights, IR Virtual Currency and/or Other Staking Consideration, Incidental Rights, IR Virtual Currency and/or Other Staking Consideration with an aggregate fair market value equal to the amount of administrative and other reasonable expenses incurred by such agent in connection with such in-kind distribution of Incidental Rights, IR Virtual Currency and/or Other Staking Consideration, including expenses incurred by such agent in connection with any post-distribution sale of such Incidental Rights, IR Virtual Currency and/or Other Staking Consideration.

SECTION 7.6 *Business of Shareholders.* Except as otherwise specifically provided herein, any of the Shareholders and any shareholder, officer, director, employee or other Person holding a legal or beneficial interest in an entity that is a Shareholder, may engage in or possess an interest in business ventures of every nature and description, independently or with others, and the pursuit of such ventures, even if competitive with the affairs of the Trust, shall not be deemed wrongful or improper.

SECTION 7.7 *Authorization of Memorandum and Filings.* Each Shareholder (or any permitted assignee thereof) hereby agrees that the Trust, the Sponsor (and with respect to Section 7.7(iii) hereof the Trustee) are authorized to (i) prepare and file registration statements with the SEC and take such action as is necessary from time to time to qualify the Shares for offering and sale under the federal securities laws of the United States, (ii) prepare and file any current or periodic reports that may be required under the Exchange Act, and (iii) execute, deliver and perform the agreements, acts, transactions and matters contemplated hereby or described in, or contemplated by, the Memorandum or any such registration statements or such reports on behalf of the Trust without any further act, approval or vote of the Shareholders, notwithstanding any other provision of this Trust Agreement, the Delaware Trust Statute or any applicable law, rule or regulation.

## ARTICLE VIII

### BOOKS OF ACCOUNT AND REPORTS

SECTION 8.1 *Books of Account.* Proper books of account for the Trust shall be kept and shall be audited annually by an independent certified public accounting firm selected by the Sponsor in its sole discretion, and there shall be entered therein all transactions, matters and things relating to the Trust as are required by the applicable law and regulations and as are usually entered into books of account kept by trusts. The books of account shall be kept at the principal office of the Trust and each Shareholder (or any duly constituted designee of a Shareholder) shall have, at all times during normal business hours, free access to and the right to inspect and copy the same for any purpose reasonably related to the Shareholder's interest as a beneficial owner of the Trust. Such books of account shall be kept, and the Trust shall report its profits and losses on, the accrual method of accounting for financial accounting purposes on a Fiscal Year basis as described in Article IX.

SECTION 8.2 *Annual Updates, Quarterly Updates and Account Statements.* If the Shares are not then listed, quoted or traded on any Secondary Market or registered under the Securities Act or the Exchange Act, the Sponsor shall furnish each Shareholder with an annual report of the Trust within one hundred and eighty (180) calendar days after the Trust's fiscal year (or as soon as reasonably practicable thereafter) including, but not limited to, annual audited financial statements (including a statement of income and statement of financial condition), prepared in accordance with GAAP and accompanied by a report of the independent registered public accounting firm that audited such statements.

(b) If the Shares are then listed, quoted or traded on a Secondary Market or registered under the Securities Act or the Exchange Act, the Sponsor shall prepare and publish the Trust's Annual Reports and Quarterly Reports as required by the rules and regulations of such Secondary Market or the SEC, as applicable.

SECTION 8.3 *Tax Information.* Appropriate tax information (adequate to enable each Shareholder to complete and file its U.S. federal tax return) shall be delivered to each Shareholder following the end of each Fiscal Year but, to the extent possible, no later than April 1. All such information shall be prepared, and all of the Trust's tax returns shall be filed, in a manner consistent with the treatment of the Trust as a grantor trust. The Trust's taxable year shall be the calendar year. The Trust shall comply with all U.S. federal withholding requirements respecting distributions to, or receipts of amounts on behalf of, Shareholders that the Trust reasonably believes are applicable under the Code. The consent of Shareholders shall not be required for such withholding.

SECTION 8.4 *Calculation of NAV.* The Sponsor or its delegate shall calculate and publish the Trust's NAV on each Business Day as of 4:00 p.m., New York time, or as soon as practicable thereafter. In order to calculate the NAV, the Sponsor shall:

1. Determine the Reference Rate Price as of such Business Day;
2. Multiply the Reference Rate Price by the Trust's aggregate number of STX owned by the Trust as of 4:00 p.m., New York time, on the immediately preceding day, less the aggregate number of STX payable as (i) the accrued and unpaid Sponsor's Fee and (ii) the accrued and unpaid Sponsor's Staking Fee, in each case as of 4:00 p.m., New York time, on the immediately preceding day;
3. Add the U.S. Dollar value of STX, calculated using the Reference Rate Price, receivable under pending Creation Orders, if any, determined by multiplying the number of the Creation Baskets represented by such Creation Orders by the Basket Amount and then multiplying such product by the Reference Rate Price;
4. Subtract the U.S. Dollar amount of accrued and unpaid Additional Trust Expenses, if any;
5. Subtract the U.S. Dollar value of the STX, calculated using the Reference Rate Price, which are either (i) to be distributed under pending Redemption Orders, if any, determined by multiplying the number of Redemption Baskets

represented by such Redemption Orders by the Basket Amount and then multiplying such product by the Reference Rate Price, or (ii) to be distributed to Shareholders pursuant to a binding obligation of the Trust following the declaration of an in-kind dividend (including through interests in any liquidating trust or other vehicle formed to hold STX) (the amount derived from steps 1 through 5 above, the “NAV Fee Basis Amount”);

6. Subtract the U.S. Dollar amount of the Sponsor’s Fee that accrues for such Business Day, as calculated based on the NAV Fee Basis Amount for such Business Day; and
7. Subtract the U.S. Dollar amount of any STX or Other Staking Consideration payable as part of the Sponsor’s Staking Fee that accrues for such Business Day.

Notwithstanding the foregoing, (i) in the event that the Sponsor determines that the methodology used to determine the Reference Rate Price is not an appropriate basis for valuation of the Trust’s STX, the Sponsor shall use an alternative methodology as set forth in the Trust’s Memorandum and (ii) in the event that the Trust holds any Incidental Rights, IR Virtual Currency and/or Other Staking Consideration, the Sponsor may, at its discretion, include the value of such Incidental Rights, IR Virtual Currency and/or Other Staking Consideration in the determination of the Trust’s NAV, provided that the Sponsor has determined in good faith a method for assigning an objective value to such Incidental Rights, IR Virtual Currency and/or Other Staking Consideration.

**SECTION 8.5**     *Maintenance of Records.* The Sponsor shall maintain for a period of at least six Fiscal Years (a) all books of account required by SECTION 8.1 hereof; (b) a list of the names and last known address of, and number of Shares owned by, all Shareholders; (c) a copy of the Certificate of Trust and all certificates of amendment thereto; (d) executed copies of any powers of attorney pursuant to which any certificate has been executed; (e) copies of the Trust’s U.S. federal, state and local income tax returns and reports, if any; (f) copies of any effective written Trust Agreements, Authorized Participant Agreements, including any amendments thereto; and (g) any financial statements of the Trust. The Sponsor may keep and maintain the books and records of the Trust in paper, magnetic, electronic or other format as the Sponsor may determine in its sole discretion, *provided* that the Sponsor shall use reasonable care to prevent the loss or destruction of such records. If there is a conflict between this 1 and the rules and regulations of any Secondary Market on which the Shares are listed, quoted or traded or, if applicable, the SEC with respect to the maintenance of records, the records shall be maintained pursuant to the rules and regulations of such Secondary Market or the SEC.

## **ARTICLE IX**

### **FISCAL YEAR**

**SECTION 9.1**     *Fiscal Year.* The fiscal year of the Trust for financial accounting purposes (the “**Fiscal Year**”) shall begin on the 1<sup>st</sup> day of January and end on the 31<sup>st</sup> day

of December of each year. The Fiscal Year in which the Trust shall terminate shall end on the date of such termination.

## ARTICLE X

### AMENDMENT OF TRUST AGREEMENT; MEETINGS

#### SECTION 10.1 *Amendments to the Trust Agreement.*

##### (a) *Amendment Generally.*

(i) Except as otherwise specifically provided in this Section 10.1, the Sponsor, in its sole discretion and without Shareholder consent, may amend or otherwise supplement this Trust Agreement by making an amendment, an agreement supplemental hereto, or an amended and restated declaration of trust and trust agreement. Any such restatement, amendment and/or supplement hereto shall be effective on such date as designated by the Sponsor in its sole discretion; *provided* that unless, (x) pursuant to a final “determination” within the meaning of Section 1313(a) of the Code, it shall have been established that the Trust is other than a grantor trust for U.S. federal income tax purposes, (y) (i) the proposed amendment should not cause the Trust to be treated as other than a grantor trust for U.S. federal income tax purposes and (ii) the Sponsor shall have received a written opinion of a Tax Advisor to that effect or (z) the proposed amendment is necessary or desirable, as determined by the Sponsor in its reasonable discretion, to conform to any Tax Guidance setting forth, or relating to, the conditions under which a trust may engage in one or more forms of Staking while continuing to be classified as a grantor trust for U.S. federal income tax purposes, the Sponsor shall not be permitted to make any such restatement, amendment, or otherwise supplement this Trust Agreement, if such restatement, amendment or supplement could permit the Sponsor, the Trustee or any other Person to vary the investment of the Shareholders (within the meaning of Treasury Regulations Section 301.7701-4(c)) or could otherwise adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes.

(ii) To the extent that a restatement, amendment or supplement to this Trust Agreement materially adversely affects the interests of the Shareholders as determined by the Sponsor in its sole discretion, such restatement, amendment or supplement shall not be effective any earlier than twenty (20) calendar days after receipt by the affected Shareholders of a notice provided by the Sponsor with respect to any such restatement, amendment or supplement of this Trust Agreement. Notice pursuant to this Section 10.1(a)(ii) may be given by the Sponsor to the Shareholder by email or other electronic transmission and shall be deemed given upon receipt without requirement of confirmation.

(iii) In lieu of restating, amending or supplementing this Trust Agreement pursuant to Section 10.1(a)(ii), the Sponsor may, in its sole discretion, condition any restatement, amendment and/or supplement to this Trust Agreement

upon the approval of Shareholders holding Shares equal to at least a majority (over 50%) of the Shares (not including Shares held by the Sponsor and its Affiliates). In the Sponsor's sole discretion, the Sponsor may, but is not obligated to, provide that a Shareholder shall be deemed to approve to a restatement, amendment or supplement of this Trust Agreement pursuant to this Section 10.1(a)(iii) if the Sponsor has notified such Shareholder in writing of the proposed restatement, amendment or supplement and the Shareholder has not, within twenty (20) calendar days of such notice, notified the Sponsor in writing that the Shareholder objects to such modification or amendment. Notice pursuant to this Section 10.1(a)(iii) may be given by the Sponsor to the Shareholder by email or other electronic transmission and shall be deemed given upon receipt without requirement of confirmation.

(b) Without limitation of the foregoing, the Sponsor may, without the approval of the Shareholders, amend the provisions of this Trust Agreement if the Trust is advised at any time by the Trust's accountants or legal counsel that the amendments made are necessary to ensure that the Trust's status as a grantor trust will be respected for U.S. federal income tax purposes.

(c) No amendment affecting the rights or duties of the Trustee shall be binding upon or effective against the Trustee unless consented to by the Trustee in writing. No amendment shall be made to this Trust Agreement without the consent of the Trustee if the Trustee reasonably believes that such amendment adversely affects any of its rights, duties or liabilities. The Trustee shall be under no obligation to execute any amendment to the Trust Agreement or to any agreement to which the Trust is a party until it has received an instruction letter from the Sponsor, in form and substance reasonably satisfactory to the Trustee (i) directing the Trustee to execute such amendment, (ii) representing and warranting to the Trustee that such execution is authorized and permitted by the terms of the Trust Agreement and (if applicable) such other agreement to which the Trust is a party and does not conflict with or violate any other agreement to which the Trust is a party and (iii) confirming that such execution and acts related thereto are covered by the indemnity provisions of the Trust Agreement in favor of the Trustee and do not adversely affect the Trustee.

(d) Upon amendment of this Trust Agreement, the Certificate of Trust shall also be amended, if required by the Delaware Trust Statute, to reflect such change. At the expense of the Sponsor, the Trustee shall execute and file any amendment to the Certificate of Trust if so directed by the Sponsor.

(e) To the fullest extent permitted by law, no provision of this Trust Agreement may be amended, waived or otherwise modified orally but only by a written instrument adopted in accordance with this SECTION 10.1.

**SECTION 10.2** *Meetings of the Trust.* Meetings of the Shareholders may be called by the Sponsor in its sole discretion. The Sponsor shall furnish written notice to all Shareholders thereof of the meeting and the purpose of the meeting, which shall be held on a date, not less than ten (10) nor more than sixty (60) days after the date of mailing of said

notice, at a reasonable time and place. Any notice of meeting shall be accompanied by a description of the action to be taken at the meeting. Shareholders may vote in person or by proxy at any such meeting.

**SECTION 10.3**     *Action Without a Meeting.* Any action required or permitted to be taken by Shareholders by vote may be taken without a meeting by written consent setting forth the actions so taken. Such written consents shall be treated for all purposes as votes at a meeting. If the vote or consent of any Shareholder to any action of the Trust or any Shareholder, as contemplated by this Trust Agreement, is solicited by the Sponsor, the solicitation shall be effected by notice to each Shareholder given in the manner provided in SECTION 13.6. The vote or consent of each Shareholder so solicited shall be deemed conclusively to have been cast or granted as requested in the notice of solicitation, whether or not the notice of solicitation is actually received by that Shareholder, unless the Shareholder expresses written objection to the vote or consent by notice given in the manner provided in SECTION 13.6 and actually received by the Trust within twenty (20) days after the notice of solicitation is sent. The Covered Persons dealing with the Trust shall be entitled to act in reliance on any vote or consent that is deemed cast or granted pursuant to this SECTION 10.3 and shall be fully indemnified by the Trust in so doing. Any action taken or omitted in reliance on any such deemed vote or consent of one or more Shareholders shall not be void or voidable by reason of any communication made by or on behalf of all or any of such Shareholders in any manner other than as expressly provided in SECTION 13.6.

## **ARTICLE XI**

### **TERM**

**SECTION 11.1**     *Term.* The term for which the Trust is to exist shall be perpetual, unless terminated pursuant to the provisions of Article XII hereof or as otherwise provided by law.

## **ARTICLE XII**

### **TERMINATION**

**SECTION 12.1**     *Events Requiring Dissolution of the Trust.*

(a)     The Trust shall dissolve at any time upon the happening of any of the following events:

(i)     a U.S. federal or state regulator requires the Trust to shut down or forces the Trust to liquidate its STX or seizes, impounds or otherwise restricts access to the Trust Estate;

(ii)     any ongoing event exists that either prevents the Trust from making or makes impractical the Trust's reasonable efforts to make a fair determination of the Reference Rate Price;

(iii) any ongoing event exists that either prevents the Trust from converting or makes impractical the Trust's reasonable efforts to convert STX to U.S. Dollars; or

(iv) a certificate of dissolution or revocation of the Sponsor's charter is filed (and ninety (90) days have passed after the date of notice to the Sponsor of revocation without a reinstatement of the Sponsor's charter) or the withdrawal, adjudication or admission of bankruptcy or insolvency of the Sponsor (each of the foregoing events an "**Event of Withdrawal**") has occurred unless (i) at the time there is at least one remaining Sponsor or (ii) within ninety (90) days of such Event of Withdrawal Shareholders holding at least a majority (over 50%) of the Shares agree in writing to continue the affairs of the Trust and to select, effective as of the date of such event, one or more successor Sponsors.

(b) The Sponsor may, in its sole discretion, dissolve the Trust if any of the following events occur:

(i) the SEC determines that the Trust is an investment company required to be registered under the Investment Company Act of 1940;

(ii) the CFTC determines that the Trust is a commodity pool under the Commodity Exchange Act;

(iii) the Trust is determined to be a "money service business" under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act and is required to comply with certain FinCEN regulations thereunder;

(iv) the Trust is required to obtain a license or make a registration under any state law regulating money transmitters, money services businesses, providers of prepaid or stored value or similar entities, or virtual currency businesses;

(v) the Trust becomes insolvent or bankrupt;

(vi) the Custodian resigns or is removed without replacement;

(vii) all of the Trust's STX are sold;

(viii) the Sponsor determines that the size of the Trust Estate in relation to the expenses of the Trust makes it unreasonable or imprudent to continue the affairs of the Trust;

(ix) the Sponsor receives notice from the IRS or from counsel for the Trust or the Sponsor that the Trust fails to qualify for treatment, or will not be treated, as a grantor trust under the Code;

(x) the Trustee notifies the Sponsor of the Trustee's election to resign and the Sponsor does not appoint a successor trustee within one hundred and eighty (180) days; or

(xi) the Sponsor determines, in its sole discretion, that it is desirable or advisable for any reason to discontinue the affairs of the Trust.

(c) The death, legal disability, bankruptcy, insolvency, dissolution, or withdrawal of any Shareholder (as long as such Shareholder is not the sole Shareholder of the Trust) shall not result in the termination of the Trust, and such Shareholder, his or her estate, custodian or personal representative shall have no right to a redemption of such Shareholder's Shares. Each Shareholder (and any assignee thereof) expressly agrees that in the event of his or her death, he or she waives on behalf of himself or herself and his or her estate, and he or she directs the legal representative of his or her estate and any person interested therein to waive the furnishing of any inventory, accounting or appraisal of the Trust Estate and any right to an audit or examination of the books of account for the Trust, except for such rights as are set forth in Article VIII hereof relating to the books of account and reports of the Trust.

SECTION 12.2 *Distributions on Dissolution.* Upon the dissolution of the Trust, the Sponsor (or in the event there is no Sponsor, such person (the "**Liquidating Trustee**") as the majority in interest of the Shareholders may propose and approve) shall take full charge of the Trust Estate. Any Liquidating Trustee so appointed shall have and may exercise, without further authorization or approval of any of the parties hereto, all of the powers conferred upon the Sponsor under the terms of this Trust Agreement, subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, and provided that the Liquidating Trustee shall not have general liability for the acts, omissions, obligations and expenses of the Trust. Thereafter, in accordance with Section 3808(e) of the Delaware Trust Statute, the affairs of the Trust shall be wound up and all assets owned by the Trust shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order of priority: (a) to the expenses of liquidation and termination and to creditors, including Shareholders who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Trust (whether by payment or the making of reasonable provision for payment thereof) other than liabilities for distributions to Shareholders, and (b) to the Shareholders *pro rata* in accordance with their respective Percentage Interests of the Trust Estate.

SECTION 12.3 *Termination; Certificate of Cancellation.* Following the dissolution and distribution of the assets of the Trust, the Trust shall terminate and the Sponsor or the Liquidating Trustee, as the case may be, shall instruct the Trustee to execute and cause such certificate of cancellation of the Certificate of Trust to be filed in accordance with the Delaware Trust Statute at the expense of the Sponsor or the Liquidating Trustee, as the case may be. Notwithstanding anything to the contrary contained in this Trust Agreement, the existence of the Trust as a separate legal entity shall continue until the filing of such certificate of cancellation.

## ARTICLE XIII

### MISCELLANEOUS

SECTION 13.1 *Governing Law.* The validity and construction of this Trust Agreement and all amendments hereto shall be governed by the laws of the State of Delaware, and the rights of all parties hereto and the effect of every provision hereof shall be subject to and construed according to the laws of the State of Delaware without regard to the conflict of laws provisions thereof; *provided, however*, that causes of action for violations of U.S. federal or state securities laws shall not be governed by this SECTION 13.1, and *provided, further*, that the parties hereto intend that the provisions hereof shall control over any contrary or limiting statutory or common law of the State of Delaware (other than the Delaware Trust Statute) and that, to the maximum extent permitted by applicable law, there shall not be applicable to the Trust, the Trustee, the Sponsor, the Shareholders or this Trust Agreement any provision of the laws (statutory or common) of the State of Delaware (other than the Delaware Trust Statute) pertaining to trusts that relate to or regulate in a manner inconsistent with the terms hereof: (a) the filing with any court or governmental body or agency of trustee accounts or schedules of trustee fees and charges, (b) affirmative requirements to post bonds for trustees, officers, agents, or employees of a trust, (c) the necessity for obtaining court or other governmental approval concerning the acquisition, holding or disposition of real or personal property, (d) fees or other sums payable to trustees, officers, agents or employees of a trust, (e) the allocation of receipts and expenditures to income or principal, (f) restrictions or limitations on the permissible nature, amount or concentration of trust investments or requirements relating to the titling, storage or other manner of holding of trust assets, or (g) the establishment of fiduciary or other standards or responsibilities or limitations on the acts or powers of trustees or managers that are inconsistent with the limitations on liability or authorities and powers of the Trustee or the Sponsor set forth or referenced in this Trust Agreement. Section 3540 of Title 12 of the Delaware Code shall not apply to the Trust. The Trust shall be of the type commonly called a “statutory trust,” and without limiting the provisions hereof, but subject to SECTION 1.5 and SECTION 1.6, the Trust may exercise all powers that are ordinarily exercised by such a statutory trust under Delaware law. Subject to SECTION 1.5 and SECTION 1.6, the Trust specifically reserves the right to exercise any of the powers or privileges afforded to statutory trusts and the absence of a specific reference herein to any such power, privilege or action shall not imply that the Trust may not exercise such power or privilege or take such actions.

#### SECTION 13.2 *Provisions In Conflict With Law or Regulations.*

(a) The provisions of this Trust Agreement are severable, and if the Sponsor shall determine, with the advice of counsel, that any one or more of such provisions (the “**Conflicting Provisions**”) are in conflict with the Code, the Delaware Trust Statute, the Securities Act, if applicable, or other applicable U.S. federal or state laws or the rules and regulations of any Secondary Market, the Conflicting Provisions shall be deemed never to have constituted a part of this Trust Agreement, even without any amendment of this Trust Agreement pursuant to this Trust Agreement; *provided, however*, that such determination by the Sponsor shall not affect or impair any of the

remaining provisions of this Trust Agreement or render invalid or improper any action taken or omitted prior to such determination. No Sponsor or Trustee shall be liable for making or failing to make such a determination.

(b) If any provision of this Trust Agreement shall be held invalid or unenforceable in any jurisdiction, such holding shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Trust Agreement in any jurisdiction.

SECTION 13.3 *Counsel to the Trust.* Counsel to the Trust may also be counsel to the Sponsor and its Affiliates. The Sponsor may execute on behalf of the Trust and the Shareholders any consent to the representation of the Trust that counsel may request pursuant to the New York Rules of Professional Conduct or similar rules in any other jurisdiction (the “**Rules**”). The Shareholders acknowledge that the Trust has selected Davis Polk & Wardwell LLP as legal counsel to the Trust (“**Trust Counsel**”). Trust Counsel shall not represent any Shareholder in the absence of a clear and explicit agreement to such effect between the Shareholder and Trust Counsel (and that only to the extent specifically set forth in that agreement), and in the absence of any such agreement Trust Counsel shall owe no duties directly to a Shareholder. Each Shareholder agrees that, in the event any dispute or controversy arises between any Shareholder and the Trust, or between any Shareholder or the Trust, on the one hand, and the Sponsor (or an Affiliate thereof that Trust Counsel represents), on the other hand, that Trust Counsel may represent either the Trust or the Sponsor (or its Affiliate), or both, in any such dispute or controversy to the extent permitted by the Rules, and each Shareholder hereby consents to such representation. Each Shareholder further acknowledges that, regardless of whether Trust Counsel has in the past represented any Shareholder with respect to other matters, Trust Counsel has not represented the interests of any Shareholder in the preparation and negotiation of this Trust Agreement.

SECTION 13.4 *Merger and Consolidation.* Subject to the provisions of SECTION 1.5 and SECTION 1.6, the Sponsor may cause (i) the Trust to be merged into or consolidated with, converted to or to sell all or substantially all of its assets to, another trust or entity; (ii) the Shares of the Trust to be converted into beneficial interests in another statutory trust (or series thereof); or (iii) the Shares of the Trust to be exchanged for shares in another trust or company under or pursuant to any U.S. state or federal statute to the extent permitted by law. For the avoidance of doubt, subject to the provisions of SECTION 1.5, the Sponsor, with written notice to the Shareholders, may approve and effect any of the transactions contemplated under (i), (ii) and (iii) above without any vote or other action of the Shareholders.

SECTION 13.5 *Construction.* In this Trust Agreement, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of this Trust Agreement.

SECTION 13.6 *Notices.* All notices or communications under this Trust Agreement (other than notices of pledge or encumbrance of Shares, and reports and notices by the Sponsor to the Shareholders) shall be in writing and shall be effective upon personal delivery, or if sent by mail, postage prepaid, or if sent electronically, by email, or by overnight courier; and addressed, in each such case, to the address set forth in the books and records of the Trust or such other address as may be specified in writing, of the party to whom such notice is to be given, upon the deposit of such notice in the United States mail, upon transmission and electronic confirmation thereof or upon deposit with a representative of an overnight courier, as the case may be. Notices of pledge or encumbrance of Shares shall be effective upon timely receipt by the Sponsor in writing. Any reports or notices by the Sponsor to the Shareholders which are given electronically shall be sent to the addresses set forth in the books and records of the Trust and shall be effective upon receipt without requirement of confirmation. Any notice to be given to owners of beneficial interests in the Shares shall be duly given if mailed or delivered to participants of The Depository Trust Company for delivery to such owners.

All notices that are required to be provided to the Trustee shall be sent to:

CSC Delaware Trust Company  
Attention: Corporate Trust Administration  
251 Little Falls Drive  
Wilmington, DE 19808

All notices that the Trustee is required to provide shall be sent to:

if to the Trust, at

Grayscale Stacks Trust (STX)  
290 Harbor Drive, 4<sup>th</sup> Floor  
Stamford, CT 06902  
Attention: Grayscale Investments Sponsors, LLC

if to the Sponsor, at

Grayscale Investments Sponsors, LLC  
290 Harbor Drive, 4<sup>th</sup> Floor  
Stamford, CT 06902  
Attention: Edward McGee

SECTION 13.7 *Counterparts; Electronic Signatures.* This Trust Agreement may be executed in one or more counterparts (including those by facsimile or other electronic means), all of which shall constitute one and the same instrument binding on all of the parties hereto, notwithstanding that all parties are not signatory to the original or the same counterpart. This Trust Agreement, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

SECTION 13.8 *Binding Nature of Trust Agreement.* The terms and provisions of this Trust Agreement shall be binding upon and inure to the benefit of the heirs, custodians, executors, estates, administrators, personal representatives, successors and permitted assigns of the respective Shareholders. For purposes of determining the rights of any Shareholder or assignee hereunder, the Trust and the Sponsor may rely upon the Trust records as to who are Shareholders and permitted assignees, and all Shareholders and assignees agree that the Trust and the Sponsor, in determining such rights, shall rely on such records and that Shareholders and their assignees shall be bound by such determination.

SECTION 13.9 *No Legal Title to Trust Estate.* Subject to the provisions of SECTION 1.7 in the case of the Sponsor, the Shareholders shall not have legal title to any part of the Trust Estate.

SECTION 13.10 *Creditors.* No creditors of any Shareholders shall have any right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to the Trust Estate.

SECTION 13.11 *Integration.* This Trust Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

SECTION 13.12 *Goodwill; Use of Name.* No value shall be placed on the name or goodwill of the Trust, which shall belong exclusively to Grayscale Investments Sponsors, LLC.

SECTION 13.13 *Alternative Procedures for Creation and Redemption.*

(a) Notwithstanding Sections 3.1, 3.3, 6.4(a) and 6.4(b), the Trust may, and the Sponsor shall have the power to cause the Trust to, create and issue Baskets in exchange for the receipt of cash from an Authorized Participant, but only if such creation and issuance is made in compliance with all of the following requirements:

(i) On the date and by no later than the specified time established for the settlement of such creation and issuance, which date and time shall be fixed, under procedures to be adopted by the Sponsor, on the date a Cash Order for creation is placed and accepted, the Trust shall have received and be simultaneously in possession of (A) from the applicable Liquidity Provider, STX in an amount equal to the Total Basket Amount in respect of such Cash Order (the “**Required Creation STX**”) and (B) from such Authorized Participant, cash in an amount at least equal to the full purchase price to be paid by the Trust to such Liquidity Provider in exchange for the Required Creation STX (such purchase price, the “**Required Creation Cash**,” and such receipt and simultaneous possession of the Required Creation STX and the Required Creation Cash at or prior to such specified time, the “**Creation Settlement Condition**”); *provided*, that such cash shall be held by the Trust in a non-interest bearing account established

solely for the purpose of creating, issuing and redeeming Shares in accordance with the terms of this Section 13.13;

(ii) If the Creation Settlement Condition is met with respect to such Cash Order, the Sponsor shall cause the Trust to deliver, promptly and in full satisfaction of the Trust's obligations to the applicable Liquidity Provider and such Authorized Participant in respect of such Cash Order, (A) to the applicable Liquidity Provider, the Required Creation Cash, and (B) to such Authorized Participant, (x) the Shares comprising the Creation Baskets to be issued pursuant to such Cash Order and (y) to the extent that the amount of cash previously received by the Trust from such Authorized Participant in connection with such Cash Order exceeded the Required Creation Cash, the amount of such excess cash;

(iii) If, for any or no reason, the Creation Settlement Condition is not met with respect to such Cash Order, the Sponsor shall cause the Trust to return, promptly and in full satisfaction of the Trust's obligations to the applicable Liquidity Provider and Authorized Participant in respect of such Cash Order, any and all cash and STX previously received by the Trust in connection with such Cash Order to such Authorized Participant (in the case of cash) or Liquidity Provider (in the case of STX); and

(iv) The Sponsor, such Authorized Participant and the applicable Liquidity Provider shall have agreed, as a condition to the participation in the consummation of such Cash Order, (A) to fully (and without exception) exculpate the Trust with respect to, and to irrevocably waive any and all claims against the Trust or the Trust Estate arising from or in connection with, such Cash Order and (B) to fully indemnify and hold the Trust harmless against any failure by such person to perform its obligations in respect of such Cash Order.

(b) Notwithstanding Section 5.2, during any time at which the Sponsor has authorized a redemption program, the Trust may, and the Sponsor shall have the power to cause the Trust to, redeem Baskets in exchange for the delivery of cash to an Authorized Participant, but only if such redemption is made in compliance with all of the following requirements:

(i) On the date and by no later than the specified time established for the settlement of such redemption, which date and time shall be fixed, under procedures to be adopted by the Sponsor, on the date a Cash Order for redemption is placed and accepted, the Trust shall have received and be simultaneously in possession of (A) from the applicable Liquidity Provider, cash proceeds from the sale of STX in an amount equal to the Total Basket Amount in respect of such Cash Order (the "**Required Redemption Cash**"), provided, that such cash shall be held by the Trust in a non-interest bearing account established solely for the purpose of creating, issuing and redeeming Shares in accordance with the terms of this Section 13.13, and (B) from such Authorized Participant, the Shares comprising the Baskets to be redeemed pursuant to such Cash Order (such Shares, the "**Required Redemption Shares**," and such receipt and simultaneous

possession of the Required Redemption Cash and the Required Redemption Shares at or prior to such specified time, the “**Redemption Settlement Condition**”);

(ii) If the Redemption Settlement Condition is met with respect to such Cash Order, the Sponsor shall cause the Trust to deliver, promptly and in full satisfaction of the Trust’s obligations to the applicable Liquidity Provider and such Authorized Participant in respect of such Cash Order, (A) to the applicable Liquidity Provider, STX in an amount equal to the Total Basket Amount in respect of such Cash Order, and (B) to such Authorized Participant, the Required Redemption Cash;

(iii) If, for any or no reason, the Redemption Settlement Condition is not met with respect to such Cash Order, the Sponsor shall cause the Trust to return, promptly and in full satisfaction of the Trust’s obligations to the applicable Liquidity Provider and Authorized Participant in respect of such Cash Order, any and all cash and Shares previously received by the Trust in connection with such Cash Order to such Authorized Participant (in the case of Shares) or Liquidity Provider (in the case of cash); and

(iv) The Sponsor, such Authorized Participant and the applicable Liquidity Provider shall have agreed, as a condition to the participation in the consummation of such Cash Order, (A) to fully (and without exception) exculpate the Trust with respect to, and to irrevocably waive any and all claims against the Trust or the Trust Estate arising from or in connection with, such Cash Order and (B) to fully indemnify and hold the Trust harmless against any failure by such person to perform its obligations in respect of such Cash Order.

(c) The Sponsor from time to time may, but shall have no obligation to, modify or supplement the requirements set forth in Section 13.13(a) and Section 13.13(b), but only if the Sponsor, with advice of counsel, has determined that creating or redeeming Shares (as the case may be) pursuant to such modified or supplemented requirements should not cause the Trust to be treated other than as a grantor trust for U.S. federal income tax purposes.

(d) By the purchase and acceptance or other lawful delivery, acceptance or holding of the Shares, the Shareholders shall be deemed to have acknowledged and agreed that any action taken in the manner contemplated by this Section 13.13 shall be permitted under Section 1.5 and Section 6.4(m). For the avoidance of doubt, the definitions of any defined terms used in this Trust Agreement shall be deemed modified or supplemented to the extent necessary for the Sponsor and the Trust to effectuate any action taken in the manner contemplated by this Section 13.13; *provided, however*, that neither the Required Creation Cash nor the Required Redemption Cash shall be considered to be part of the Trust Estate.

#### SECTION 13.14 *Corporate Transparency Act.*

The Corporate Transparency Act (31 U.S.C. § 5336) and its implementing regulations (collectively, the “CTA”), may require the Trust to file reports with the U.S. Financial Crimes Enforcement Network. It shall be Sponsor’s duty, and not the Trustee’s duty, to prepare such filings, cause the Trust to make such filings, and to cause the Trust to comply with its obligations under the CTA, if any.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the undersigned have duly executed this Third Amended and Restated Declaration of Trust and Trust Agreement as of the day and year first above written.

**CSC DELAWARE TRUST COMPANY,**  
as Trustee

By: /s/ James Grier  
Name: James Grier  
Title: Vice President

**GRAYSCALE INVESTMENTS  
SPONSORS, LLC**, as Sponsor

By: /s/ Craig Salm  
Name: Craig Salm  
Title: Chief Legal Officer