

January 13, 2023

**VIA HAND DELIVERY**

Grayscale Bitcoin Trust (BTC)  
290 Harbor Drive, 4th Floor  
Stamford, CT 06902

Re: Demand for Information Pursuant to the Fifth Amended and Restated Declaration of Trust and Trust Agreement and Section 3819 of the Delaware Statutory Trust Act.

To Whom It May Concern:

I write on behalf of 210K Capital, LP (“Stockholder”), a fund managed by UTXO Management GP, LLC. Stockholder is the beneficial owner of shares of the Grayscale Bitcoin Trust (BTC) (the “Trust”). Stockholder’s Power of Attorney and proof of ownership of Trust securities is attached hereto.

This letter is a demand for books and records pursuant to Sections 7.2(a) and 8.1 of the Fifth Amended and Restated Declaration of Trust and Trust Agreement of Bitcoin Investment Trust, dated September 12, 2018, as amended (the “Fifth Trust Agreement”) and Section 3819 of the Delaware Statutory Trust Act, 12 Del. C. § 3819.

**I. PURPOSE FOR DEMAND**

The purpose of this demand is to investigate Grayscale Investment, LLC’s (“Grayscale”) possible mismanagement of the Trust and breaches of the Fifth Trust Agreement, including but not limited to:

1. Investigating Grayscale’s self-interested restrictions on all stockholder redemptions;
2. Investigating Grayscale’s campaign to convert the Trust into an ETF at stockholders’ expense;
3. Investigating Grayscale’s reliance on conflicted entities that prioritize their interests over stockholders’;
4. Investigating Grayscale’s and its affiliates’ issuance of under-collateralized loans;
5. Obtaining information regarding the Trust’s or Grayscale’s amendments to the Trust’s governing documents;
6. Evaluating the Trust’s exposure to under-collateralized loans and other high-risk transactions involving the Trust’s affiliates; and

7. Allowing Stockholder to engage with other stockholders regarding potential litigation or other measures in response to its investigation.

## II. BASIS FOR DEMAND

### A. Grayscale's Wholesale Restrictions on Stockholder Redemptions

The Trust is a private investment vehicle formed in 2013 to grant institutional and accredited investors exposure to Bitcoin without the risk of buying, selling, or holding Bitcoin themselves. The Trust issued shares to stockholders in exchange for deposits of cash or Bitcoin and, in its early years, distributed Bitcoin to stockholders who sought to redeem their shares.<sup>1</sup> Its investment objective was “for the Shares to reflect the performance of the market price of Bitcoin, less the Trust’s expenses.”<sup>2</sup>

Grayscale has served as the Trust’s sponsor since its formation, managing the Trust’s day-to-day business. In the Trust’s first two years, the Trust created and redeemed shares in “baskets” of 100. In September 2014, however, the Trust suspended its redemption program on the theory that it violated the SEC’s Regulation M, 17 C.F.R. § 242.100, *et seq.* (“Regulation M”), because the Trust’s program allowed for the simultaneous creation and redemption of shares. Notwithstanding the suspension of the Trust’s then-existing redemption program, stockholders retained the unrestricted right to redeem baskets of shares. Under the Third Amended and Restated Declaration of Trust and Trust Agreement of Bitcoin Investment Trust, dated January 1, 2016, as amended (the “Third Trust Agreement”), a “purpose” of the Trust was “to distribute Bitcoin upon redemptions of Units.” The Third Trust Agreement further provided that “[o]n any Business Day, a Participant may submit an order to redeem Basket (a ‘Redemption Order’) for Redemption Baskets from the Trust that the Participant wishes to redeem.”<sup>3</sup> Any amendment of the Third Trust Agreement could “occur only upon the written approval or affirmative vote of Limited Owners holding Units equal to at least a majority (over 50%) of the Shares” if the amendment would “adversely affect” the rights of stockholders or constituted “material changes in the Trust’s purpose or structure.”<sup>4</sup>

Grayscale moved quickly to eliminate stockholders’ redemption rights. First, on October 4, 2017, Grayscale sent a notice to stockholders proposing amendments to the Third Trust Agreement that would (1) authorize Grayscale to “suspend or refuse creation orders and redemption orders for any reason,” and (2) limit stockholder’s “ability to remove the Sponsor

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<sup>1</sup> See Financial Statements of the Bitcoin Investment Trust for the period ending December 31, 2013 at 9.

<sup>2</sup> Financial Statements for the period ending December 31, 2013, Bitcoin Investment Trust.

<sup>3</sup> Third Trust Agreement §§ 1.5 & 6.1

<sup>4</sup> *Id.* § 10.1.

except in connection with” a few enumerated events. Contrary to the express terms of the Third Trust Agreement, Grayscale declared that it could adopt these amendments without the approval of a majority of stockholders. On October 24, 2017, Grayscale purported to adopt the Fourth Amended and Restated Declaration of Trust and Trust Agreement of Bitcoin Investment Trust (the “Fourth Trust Agreement”), which included the proposed amendments.<sup>5</sup>

Second, on September 12, 2018, Grayscale announced another amendment to the Trust Agreement that entirely restricted stockholders from redeeming their shares. This amendment would “prohibit the Trust from operating a redemption program for the Shares unless otherwise determined by the Sponsor following receipt of regulatory approval therefor, which the Trust may, but shall not be required to, seek[.]”<sup>6</sup> The newly-adopted Fifth Trust Agreement provided that “the Trust shall not offer a redemption program for the Shares” unless “otherwise determined by the Sponsor in its sole discretion following the Trust’s receipt of regulatory approval therefor[.]”<sup>7</sup> Grayscale thus completely barred stockholder redemptions. Grayscale never requested the SEC’s approval of a redemption program and wrote in the Trust’s periodic filings that it “has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program” because “the Trust does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program.”<sup>8</sup>

Grayscale’s justification for restricting redemptions defies logic. To administer a redemption program that complies with Regulation M, Grayscale need only ensure that it is not creating and redeeming shares simultaneously. Nor would Grayscale need regulatory approval to administer such a program. Further, the Trust’s filings state that it has not reported sales of shares under Regulation D since February 2021, yet Grayscale still insists that the Trust may be in a period of distribution that would prohibit implementation of a redemption program.<sup>9</sup>

Confronted with this hypocrisy, Grayscale has in recent public filings stopped citing its purported belief that the SEC would deny approval for a redemption program as an excuse for its failure to resume redemptions.<sup>10</sup> As noted, Grayscale does not need SEC approval in order to operate a compliant redemption program. Grayscale nonetheless maintains that “[t]he

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<sup>5</sup> 2017 Annual Report of Bitcoin Investment Trust at 162.

<sup>6</sup> 2019 Annual Report of Bitcoin Investment Trust at 21-22.

<sup>7</sup> Fifth Trust Agreement § 5.1.

<sup>8</sup> See, e.g., Form 10-K at 21, Grayscale Bitcoin Trust (BTC) (2020).

<sup>9</sup> Form 8-K, Item 3.02 (Feb. 23, 2021) (“Because Shares have been, and continue to be, created and issued on a periodic basis, a ‘distribution,’ as such term is used in the Securities Act, may be occurring from time to time.”).

<sup>10</sup> See, e.g., Form 10-K at F-9, Grayscale Bitcoin Trust (BTC) (2021); Form 10-Q at 6, Grayscale Bitcoin Trust (BTC) (June 30, 2022).

redemption of Shares is not currently contemplated and the Trust does not currently operate a redemption program.”<sup>11</sup>

### **B. Grayscale’s Doomed Attempt to Convert the Trust to an ETF, Contrary to Stockholders’ Interests**

Another justification Grayscale has offered for the lack of a redemption program is its campaign to convert the Trust to an exchange-traded fund (“ETF”). This campaign is contrary to the Trust’s very purpose, harmful to stockholders, and motivated solely by the self-interest of Grayscale and its affiliates. When the Trust was first formed, Grayscale founder Barry E. Silbert described investing in Bitcoin as “a highly risky endeavor,” while another Grayscale executive, Mark Murphy, stated that the Trust would only be available for institutional and accredited individual investors.<sup>12</sup> Silbert added that “because of the risky nature of bitcoins, they should not be sold to ordinary retail investors who could buy E.T.F.’s” and warned that “[i]t’s premature for this kind of product to be in the public market” and it “should not be available to unsophisticated investors.”<sup>13</sup>

Grayscale has since reversed course and begun to push shares toward retail investors, including by seeking to convert the Trust to an ETF. Grayscale first applied to the SEC to convert the Trust to a spot Bitcoin ETF in 2016, but withdrew the application. On April 5, 2021, Grayscale published a blog post that it attached to an SEC filing that included the shocking statement that its “intention has always been to convert these products into an ETF when permissible.”<sup>14</sup> The blog post claimed that Grayscale was “100% committed to converting GBTC into an ETF” and that it had only withdrawn its 2016 application because it “believed the regulatory environment for digital assets had not advanced to the point where such a product could successfully be brought to market.”<sup>15</sup> Despite having repeatedly acknowledged that shares of the Trust were too risky for retail investors, Grayscale has since pursued a strategy of engaging as many individual investors as possible. A series of advertising campaigns have inappropriately targeted potential individual stockholders. In the “How Dad Got Into Bitcoin” TV advertising campaign, a self-described “forward thinking

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<sup>11</sup> Form 10-Q at 6, Grayscale Bitcoin Trust (BTC) (June 30, 2022).

<sup>12</sup> SecondMarket launches Bitcoin Investment Trust, invests \$2 Million (Sept. 25, 2013), <https://www.coindesk.com/markets/2013/09/26/secondmarket-launches-bitcoin-investment-trust-invests-2-million/>.

<sup>13</sup> Fund to Let Investors Bet on Price of Bitcoins, N.Y. Times (Sept. 25, 2013), available at <https://archive.nytimes.com/dealbook.nytimes.com/2013/09/25/fund-to-let-investors-bet-on-price-of-bitcoins/>.

<sup>14</sup> Form 8-K (Apr. 5, 2021).

<sup>15</sup> *Id.*

investor” fights for Bitcoin in a post-apocalyptic landscape.<sup>16</sup> In the “Sunset” campaign, a tearful daughter tries to convince her elderly mother to accept her gift of Grayscale funds because she “deserve[s] the best.”<sup>17</sup> In early 2022, Grayscale posted advertisements at major train stations with signs that encouraged crypto investors to contact the SEC and advocate for Grayscale’s ETF efforts.<sup>18</sup> And, just last June, Grayscale CEO Michael Sonnenshein conducted an interview with the suggestive title “Making Crypto Accessible to the Masses” in which he stated that Grayscale had “allowed a lot of people to invest in these assets for the long term for retirement.”<sup>19</sup>

Unsurprisingly, the SEC was not persuaded that Grayscale should be allowed to convert the Trust to an ETF, formally rejecting the effort on June 29, 2022.<sup>20</sup> In response, Grayscale sued the SEC. The time and resources Grayscale has invested into its doomed ETF campaign stand in stark contrast to its failure to take any steps toward achieving a compliant redemption program.

### C. Grayscale’s Conflicts of Interest

The true reason why Grayscale refuses to redeem shares and seeks to convert the Trust to an ETF is obvious: both strategies allow Grayscale and its affiliates to plunder the Trust at the expense of stockholders.

Grayscale charges the Trust an exorbitant management fee that accrues daily at a 2.00% annual rate. While higher than the fees charged by other sponsors, the fee’s most nefarious characteristic is that Grayscale calculates it based on the value of the Bitcoin held by the trust, not the market value of the Trust’s shares.<sup>21</sup> This creates the perverse incentive for Grayscale to increase the number of investors in the Trust, horde the Bitcoin they deposit, and restrict redemptions—the precise strategy Grayscale employs. This scheme has facilitated the rise in Grayscale’s management fee from \$28.5 million in 2018 to a staggering \$615.42 million in 2021.<sup>22</sup> At the same time, the value of the Trust’s shares dropped dramatically. The shares originally sold at a premium

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<sup>16</sup> “How Dad Got Into Bitcoin,” Grayscale Investments LLC, iSpot.tv (Aug. 14, 2021), available at <https://www.ispot.tv/ad/OPoC/grayscale-investments-how-dad-got-into-bitcoin>.

<sup>17</sup> “Sunset,” Grayscale Investments LLC, YouTube.com (May 4, 2022), available at <https://www.youtube.com/watch?v=ya87Y4Zmvls>.

<sup>18</sup> Grayscale launches ad campaign ahead of SEC’s Bitcoin Trust ETF decision, Axios (May 21, 2022), <https://www.axios.com/2022/05/21/grayscale-ad-campaign-sec-bitcoin-trust-etf-gbtc>.

<sup>19</sup> Making Crypto Accessible to the Masses with Michael Sonnenshein of Grayscale Investments, YouTube.com (June 23, 2022), [https://www.youtube.com/watch?v=3pe-zg\\_gnOw](https://www.youtube.com/watch?v=3pe-zg_gnOw).

<sup>20</sup> Order Disapproving a Proposed Rule Change, as Modified by Amendment No. 1, to List and Trade Shares of Grayscale Bitcoin Trust under NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares), Release No. 34-95180 (June 29, 2022).

<sup>21</sup> See Form 10-K at 25 (2021).

<sup>22</sup> See Form 10-K at 64 (2019); Form 10-K at 71 (2021).

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to net asset value (“NAV”), but, because Grayscale began flooding the market with shares, they have traded at a discount since March 2021. The shares most recently traded at a 39% discount to NAV.<sup>23</sup>

Grayscale restricts redemptions to enrich not only itself, but the entire suite of cryptocurrency interests under the control of the Trust’s creator, Barry Silbert. Grayscale is a wholly owned subsidiary of Digital Currency Group, Inc. (“DCG”), Silbert’s crypto empire. Silbert controls DCG, Grayscale, and the Trust. Grayscale’s board of directors is composed entirely of insiders: Sonnenshein, Silbert, and Murphy. Grayscale’s audit committee is likewise entirely beholden to and controlled by DCG and Grayscale management. Grayscale has implemented no controls to insulate stockholders from the risks posed by these conflicts of interest. The Trust does not have an independent board of directors, and the Delaware trustee has been stripped of all responsibilities and oversight.

Against this backdrop, it is no surprise that Grayscale has relied on other affiliates to execute its self-serving plans for the Trust. The Trust has entered into service agreements with a number of DCG entities, including (1) Genesis Global Trading, Inc. (“Genesis”), a broker-dealer and wholly owned subsidiary of DCG that until recently was the only entity that could accept orders to create or redeem shares, (2) Grayscale Securities, a wholly owned subsidiary of Grayscale that is now the only entity that can accept orders to create or redeem shares, and (3) CoinDesk Indices, Inc. (“CoinDesk”), an indirect subsidiary of DCG that publishes the Bitcoin index and index price that the Trust uses to calculate its Bitcoin holdings (and therefore Grayscale’s fee). Grayscale also manages the Trust with the assistance of entities DCG has substantial control over, but may not own outright. For example, DCG is a minority investor in Coinbase Global, Inc. (“Coinbase”), which is the custodian for the Trust’s Bitcoin holdings and holds its insurance policies, among other responsibilities.

The recent instability in the cryptocurrency market has affected Grayscale and DCG and may, in the absence of independent oversight, have a troubling downstream impact on the Trust’s stockholders. In recent years, Genesis has originated hundreds of billions of dollars of loans related to cryptocurrency markets.<sup>24</sup> For example, Three Arrows Capital (“3AC”) recently defaulted on approximately \$2.3 billion in loans to Genesis that were collateralized in part with Trust shares. Some of the loans included a 22% “loan fee” payable to Genesis, and an 80% collateral level. To meet the loan requirements, it appears that Genesis accepted shares of the Trust along with shares of other Grayscale cryptocurrency trusts. This occurred at the

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<sup>23</sup> See GBTC Discount or Premium to NAV, YCharts.com, [https://ycharts.com/companies/GBTC/discount\\_or\\_premium\\_to\\_nav](https://ycharts.com/companies/GBTC/discount_or_premium_to_nav) (last visited Jan. 12, 2023).

<sup>24</sup> See, e.g., Q4 2021 Market Observations Report at 3 - 22, Genesis, available at <https://info.genestrading.com/hubfs/quarterly-reports/2021/q4-2021-report.pdf> (reflecting \$130.6B in new loan originations).

same time that Genesis was the only entity authorized to place orders to distribute or redeem shares of the Trust. Thus, Genesis had issued the shares that 3AC pledged as collateral for billions of dollars in loans. Further, some of the encumbered shares may have been non-seasoned shares that cannot be encumbered under the express terms of the Fifth Trust Agreement.

It appears that Genesis did not act alone: Grayscale secretly authorized Genesis's loans to 3AC. On May 28, 2020, Grayscale entered into a Pledge Agreement with Genesis and 3AC in which it provided consent for 3AC to post Trust shares as collateral for Genesis's loans and authorized Genesis, its nominees, or any recipient of 3AC's collateral to become Trust stockholders. Grayscale thus directly facilitated Genesis's origination of risky loans, a profitable arrangement for DCG and its affiliates at the expense of Trust stockholders. DCG and Grayscale are able to enter into these risky arrangements in part because they have blocked Trust stockholders from redeeming their shares. With more shares outstanding, they have more collateral to secure loans like 3AC's. Grayscale has recently indicated in SEC filings that DCG assumed all liability for Genesis's remaining \$1.2 billion claim against 3AC's bankruptcy estate.<sup>25</sup> Stockholder is concerned about DCG and its affiliates' liquidity and how DCG's troubles may impact the Trust.

A recent WALL STREET JOURNAL article reporting that DCG was offering to investors an ownership stake in one of its subsidiaries or a minority stake in the holding company amplified these concerns.<sup>26</sup> It has since been reported that Genesis has \$2.8 billion in outstanding loans on its balance sheet, 30% of which are with related parties, and that it has retained a restructuring advisor. DCG, too, has over \$2 billion of debt outstanding, including \$575 million it owes to Genesis by May 2023.<sup>27</sup> It was also reported in November 2022 that securities regulators are "investigating Genesis Global Capital as part of a wide-ranging inquiry into the interconnectedness of crypto firms, Genesis's connection to retail investors, and whether it or other industry participants might have violated securities laws."<sup>28</sup> On January 12, 2023, the SEC sued Genesis Global Capital, LLC and Gemini Trust Company, LLC—both DCG subsidiaries—for engaging in the offer and sale of unregistered securities

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<sup>25</sup> Form 10-Q at 11 & 19 (Aug. 3, 2022).

<sup>26</sup> Crypto Lender Genesis Had Sought Emergency Loan of \$1 billion, Wall Street Journal (November 17th, 2022) <https://www.wsj.com/livecoverage/stock-market-news-today-11-17-2022/card/crypto-lender-genesis-sought-emergency-loan-of-1-billion-by-monday-573TThK17Ke15FYwJzLR>.

<sup>27</sup> See DCG's Barry Silbert reveals crypto firm has \$2 billion in debt as he tries to calm investors after FTX, <https://www.cnbc.com/2022/11/23/dcgs-barry-silbert-writes-letter-to-investors-after-ftx-collapse.html>.

<sup>28</sup> Crypto Lender Genesis Is Subject of Probe by Regulators, <https://www.barrons.com/articles/crypto-lender-genesis-probe-regulators-51669391920>.

in connection with an investment opportunity that came to the SEC's attention after the defendants stopped allowing retail investors to withdraw the crypto assets they deposited.<sup>29</sup> There is substantial evidence that Stockholder and other owners of Trust shares have been victims of misconduct by Grayscale, DCG, and their affiliates.

### III. BOOKS AND RECORDS DEMANDED

Pursuant to the Fifth Trust Agreement, Stockholder is entitled "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." Fifth Trust Agreement § 7.2(a). Stockholder must also be permitted "at all times during normal business hours, free access to" the Trust's "books of account" 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." *Id.* § 8.1.

Under Section 3819 of the Delaware Statutory Trust Act, Stockholder also possesses the right to

[O]btain from the statutory trust from time to time upon reasonable demand for any purpose reasonably related to the beneficial owner's interest as a beneficial owner of the statutory trust:

- (1) A copy of the governing instrument and certificate of trust and all amendments thereto, together with copies of any written powers of attorney pursuant to which the governing instrument and any certificate and any amendments thereto have been executed;
- (2) A current list of the name and last known business, residence or mailing address of each beneficial owner and trustee;
- (3) Information regarding the business and financial condition of the statutory trust; and
- (4) Other information regarding the affairs of the statutory trust as is just and reasonable.

12 Del. C. § 3819(a).

Stockholder requests books and records for the proper purposes of (1) investigating Grayscale's mismanagement, wrongdoing, breaches of fiduciary duty, and breaches of contract in connection with the redemption of Trust shares, Grayscale's campaign to convert the Trust to an ETF, and

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<sup>29</sup> See *S.E.C. v. Genesis Global Capital LLC*, No. 23-cv-00287 (S.D.N.Y. Jan. 12, 2023), Compl. at ¶¶ 1-7, ECF No. 1.

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Grayscale's consent to Genesis's issuance of under-collateralized loans; (2) obtaining information regarding the Trust's or Grayscale's amendments to the Trust's governing documents; (3) evaluating the Trust's exposure to under-collateralized loans originated by Genesis and other high-risk transactions involving the Trust's affiliates; and (4) allowing Stockholder to engage with other stockholders regarding potential litigation or other measures in response to its investigation.

“It is well established that a stockholder's desire to investigate wrongdoing or mismanagement is a ‘proper purpose’” for a books and records demand. *Seinfeld v. Verizon Commc'ns, Inc.*, 909 A.2d 117, 121 (Del. 2006); *see also Grand Acquisition, LLC v. Passco Indian Springs DST*, 145 A.3d 990, 996 (Del. Ch. 2016), *as revised* (Sept. 7, 2016), *aff'd*, 158 A.3d 449 (Del. 2017). “To inspect books and records for the purpose of investigating waste, mismanagement, or wrongdoing, a stockholder must ‘present some evidence that establishe[s] a credible basis from which the Court of Chancery could infer there were legitimate issues of possible waste, mismanagement or wrongdoing that warrant[s] further investigation.’” *Kosinski v. GGP Inc.*, 214 A.3d 944, 952–53 (Del. Ch. 2019). Stockholder need only demonstrate “‘some evidence’ of *possible* mismanagement or wrongdoing to warrant further investigation.” *Id.* at 953.

This letter is replete with evidence of Grayscale's mismanagement and wrongdoing, including its blockade on stockholder redemptions, rampant conflicts of interest, and self-serving campaign to convert the Trust to an ETF. Accordingly, Stockholder demands the right to inspect and copy the following books and records of the Trust:

1. A current list of the name and last known business, residence, or mailing address of each beneficial and record owner of shares of the Trust.
2. All books and records referring to, relating to, or reflecting the Trust's or Grayscale's ratification of the Fourth Trust Agreement, including but not limited to all notices sent to, consents received from, and correspondence with, Trust stockholders concerning ratification or adoption of the of the Fourth Trust Agreement, as well as the name and last known business, residence, or mailing address of each beneficial and record owner of shares of the Trust to whom or which the Trust mailed or provided notice of the proposed Fourth Trust Agreement.
3. All books and records referring to, relating to, or reflecting the Trust's or Grayscale's ratification of the Fifth Trust Agreement, including but not limited to all notices sent to, consents received from, and correspondence with, Trust stockholders concerning ratification or adoption of the Fifth Trust Agreement, as well as the name and last known business, residence, or mailing address of each beneficial and record owner of shares of the Trust to whom or which the Trust mailed or provided notice of the proposed Fifth Trust Agreement.

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4. All books and records referring or relating to the Trust that were presented to, provided to, or prepared by the Board of Directors of Grayscale, including presentations, agendas, minutes, resolutions, and consents, dated from January 1, 2016, until the date of this request.
5. All books and records referring or relating to the Trust that were presented to, provided to, or prepared by the Audit Committee of Grayscale, including presentations, agendas, minutes, resolutions, and consents, dated from January 1, 2016, until the date of this request.
6. All books and records referring to, relating to, or reflecting agreements between the Trust and any related parties, including but not limited to Grayscale, DCG, Genesis, CoinDesk, and Coinbase.
7. All books and records referring to, relating to, or reflecting agreements related to the Trust between Grayscale and any related parties, including but not limited to DCG, Genesis, CoinDesk, and Coinbase.
8. All books and records referring to, relating to, or reflecting agreements related to the Trust between the Trust or Grayscale, on the one hand, and any third parties, on the other hand, dated from January 1, 2016, until the date of this request.
9. All books and records referring to, relating to, or reflecting Grayscale's decision to suspend, prohibit, or not permit stockholders to redeem baskets of Trust shares, dated from January 1, 2016, until the date of this request.
10. All books and records referring to, relating to, or reflecting communications between Grayscale, the Trust, or DCG and any federal or state regulator, including but not limited to state attorneys general, concerning the actual or potential redemption of Trust shares and the Trust's redemption program (or lack thereof).
11. All books and records referring to, relating to, or reflecting Grayscale's approval of DCG purchasing up to a maximum of \$1.2 billion of Trust shares, dated from January 1, 2016, until the date of this request.
12. All books and records referring to, relating to, or reflecting Grayscale's evaluation, assessment, and resolution of any conflicts of interest related to the Trust, including but not limited to actual or potential conflicts of interest with Grayscale, DCG, Genesis, CoinDesk, or Coinbase, dated from January 1, 2016, until the date of this request.
13. All books and records referring to, relating to, or reflecting Genesis' or its affiliates' entry into loan agreements with 3AC that were partly collateralized by Trust shares, including but not limited to the related pledge agreements, and dated from January 1, 2016, until the date of this request.

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14. All books and records referring to, relating to, or reflecting Genesis' entry into loan agreements with any counterparty other than 3AC that were partly collateralized by Trust shares, dated from January 1, 2016, until the date of this request.
15. All books and records referring to, relating to, or reflecting Grayscale's execution of the Pledge Agreement between Genesis Global Capital, LLC and Three Arrows Capital Ltd., dated May 28, 2020.

Stockholder hereby demands that (1) originals or attested copies of the foregoing documents and records be made available for inspection and copying by Stockholder, his designated representatives, or his attorneys or agents during usual business hours until the inspection is completed, or (2) the Trust deliver copies of such records, within five business days after receipt of this letter, to the attention of Stockholder's counsel, Jason M. Leviton, at the law firm of Block & Leviton LLP; 260 Franklin Street, Suite 1860, Boston, MA 02110; telephone: 617.398.5600, email [jason@blockleviton.com](mailto:jason@blockleviton.com).

Please advise me as soon as possible and, in any event, on or prior to the expiration of five business days after the date this demand is received by the Trust, when and where the items demanded above will be made available to Stockholder and his designated agents, or, in lieu thereof, when copies of such items will be delivered to the undersigned.

I hereby declare and affirm under the penalty of perjury, pursuant to the laws of the State of Delaware, that the foregoing is true and correct to the best of my knowledge.

Sincerely,

*/s/ Jason M. Leviton*

Jason M. Leviton

cc: Kurt M. Heyman