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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number 001-41906

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**Grayscale Bitcoin Trust (BTC)**

SPONSORED BY GRAYSCALE INVESTMENTS, LLC  
(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**46-7019388**  
(I.R.S. Employer  
Identification No.)

c/o Grayscale Investments, LLC  
290 Harbor Drive, 4<sup>th</sup> Floor  
Stamford, Connecticut 06902  
(Address of Principal Executive Offices) (Zip Code)

**(212) 668-1427**  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

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Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Grayscale Bitcoin Trust (BTC) Shares	GBTC	NYSE Arca, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of Shares of the registrant outstanding as of April 30, 2024: 333,300,100

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**GRAYSCALE® BITCOIN TRUST (BTC)**  
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## **FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains “forward-looking statements” with respect to the financial conditions, results of operations, plans, objectives, future performance and business of Grayscale Bitcoin Trust (BTC) (the “Trust”). 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 Quarterly 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, 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. 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, but not limited to, those described in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K and in “Part II, Item 1A. Risk Factors” herein. 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. Investors are therefore cautioned against relying on forward-looking statements.

Unless otherwise stated or the context otherwise requires, the terms “we,” “our” and “us” in this Quarterly Report refer to the Sponsor acting on behalf of the Trust.

A glossary of industry and other defined terms is included in this Quarterly Report, beginning on page 25.

## **INDUSTRY AND MARKET DATA**

Although we are responsible for all disclosure contained in this Quarterly Report on Form 10-Q, in some cases we have relied on certain market and industry data obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications in conjunction with our assumptions regarding the Bitcoin industry and market. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings “Forward-Looking Statements,” “Part I, Item 1A. Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the “SEC”) on February 23, 2024 (the “Annual Report”), and “Part II, Item 1A. Risk Factors” in this Quarterly Report on Form 10-Q.

**PART I – FINANCIAL INFORMATION:**

**Item 1. Financial Statements (Unaudited)**

**GRAYSCALE BITCOIN TRUST (BTC)**  
**STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED)**  
(Amounts in thousands, except Share and per Share amounts)

	March 31, 2024	December 31, 2023
<b>Assets:</b>		
Investment in Bitcoin, at fair value (cost \$4,001,652 and \$7,016,906 as of March 31, 2024 and December 31, 2023, respectively)	\$ 23,860,071	\$ 26,350,470
<b>Total assets</b>	<u>\$ 23,860,071</u>	<u>\$ 26,350,470</u>
<b>Liabilities:</b>		
Sponsor’s Fee payable, related party	\$ —	\$ —
Bitcoin payable, at fair value	58,253	—
<b>Total liabilities</b>	<u>58,253</u>	<u>—</u>
<b>Net Assets</b>	<u>\$ 23,801,818</u>	<u>\$ 26,350,470</u>
Shares issued and outstanding, no par value (unlimited Shares authorized)	<u>375,970,100</u>	<u>692,370,100</u>
Principal market net asset value per Share	<u>\$ 63.31</u>	<u>\$ 38.06</u>

*See accompanying notes to the unaudited financial statements.*

**GRAYSCALE BITCOIN TRUST (BTC)**  
**SCHEDULES OF INVESTMENT (UNAUDITED)**  
(Amounts in thousands, except quantity of Bitcoin and percentages)

<u>March 31, 2024</u>	<u>Quantity of Bitcoin</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
Investment in Bitcoin	335,932.8104680	\$4,001,652	\$23,860,071	100%
Total Investment		\$4,001,652	\$23,860,071	100%
Liabilities		\$ (8,951)	\$ (58,253)	0%
<b>Net Assets</b>		<u>\$3,992,701</u>	<u>\$23,801,818</u>	<u>100%</u>
<u>December 31, 2023</u>	<u>Quantity of Bitcoin</u>	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>
Investment in Bitcoin	619,525.9291702	\$7,016,906	\$26,350,470	100%
<b>Net Assets</b>		<u>\$7,016,906</u>	<u>\$26,350,470</u>	<u>100%</u>

*See accompanying notes to the unaudited financial statements.*

**GRAYSCALE BITCOIN TRUST (BTC)**  
**STATEMENTS OF OPERATIONS (UNAUDITED)**  
(Amounts in thousands)

	Three Months Ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
<b>Investment income:</b>		
Investment income	\$ —	\$ —
<b>Expenses:</b>		
Sponsor's Fee, related party	94,878	71,085
<b>Net investment loss</b>	<u>(94,878)</u>	<u>(71,085)</u>
<b>Net realized and unrealized gain from:</b>		
Net realized gain on investment in Bitcoin sold to pay expenses	73,632	35,868
Net realized gain on investment in Bitcoin sold for redemption of shares	11,695,719	—
Net change in unrealized appreciation on investment in Bitcoin	475,553	7,475,264
<b>Net realized and unrealized gain on investment</b>	<u>12,244,904</u>	<u>7,511,132</u>
<b>Net increase in net assets resulting from operations</b>	<u>\$12,150,026</u>	<u>\$7,440,047</u>

*See accompanying notes to the unaudited financial statements.*

**GRAYSCALE BITCOIN TRUST (BTC)**  
**STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)**  
(Amounts in thousands, except change in Shares outstanding)

	Three Months Ended	
	March 31,	
	2024	2023
<b>Increase in net assets from operations:</b>		
Net investment loss	\$ (94,878)	\$ (71,085)
Net realized gain on investment in Bitcoin sold to pay expenses	73,632	35,868
Net realized gain on investment in Bitcoin sold for redemption of shares	11,695,719	—
Net change in unrealized appreciation on investment in Bitcoin	475,553	7,475,264
Net increase in net assets resulting from operations	<u>12,150,026</u>	<u>7,440,047</u>
<b>Increase (decrease) in net assets from capital share transactions:</b>		
Shares issued	79,244	—
Shares redeemed	(14,777,922)	—
Net decrease in net assets resulting from capital share transactions	(14,698,678)	—
Total increase (decrease) in net assets from operations and capital share transactions	<u>(2,548,652)</u>	<u>7,440,047</u>
<b>Net assets:</b>		
Beginning of period	26,350,470	10,464,263
End of period	<u>\$ 23,801,818</u>	<u>\$ 17,904,310</u>
<b>Changes in Shares outstanding</b>		
Shares outstanding at beginning of period	692,370,100	692,370,100
Shares issued	1,540,000	—
Shares redeemed	(317,940,000)	—
Net decrease in Shares	<u>(316,400,000)</u>	<u>—</u>
Shares outstanding at end of period	<u>375,970,100</u>	<u>692,370,100</u>

*See accompanying notes to the unaudited financial statements.*



**GRAYSCALE BITCOIN TRUST (BTC)**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**1. Organization**

Grayscale Bitcoin Trust (BTC) (the “Trust”) is a Delaware Statutory Trust that was formed on September 13, 2013 and commenced operations on September 25, 2013. In general, the Trust holds Bitcoin (“Bitcoin”) and, from time to time, issues common units of fractional undivided beneficial interest (“Shares”) in exchange for Bitcoin. Prior to January 11, 2024, the redemption of Shares was not contemplated and the Trust did not operate a redemption program. On January 10, 2024, the Securities and Exchange Commission (the “SEC”) approved an application under Rule 19b-4 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) by NYSE Arca, Inc. (“NYSE Arca”) to list the Shares of the Trust, which began trading on NYSE Arca on January 11, 2024 (the “Uplisting Date”). As if the date of this Quarterly Report, the Trust is an SEC reporting company with its Shares registered pursuant to Section 12(b) of the Exchange Act. On January 10, 2024, in connection with the approval of the 19b-4 Application, the Sponsor authorized the commencement of a redemption program. Effective January 11, 2024, the Trust creates and redeems Shares at such times and for such periods as determined by the Sponsor, but only in one or more whole Baskets. A Basket equals 10,000 Shares. The creation of a Basket requires the delivery to the Trust of the number of Bitcoins represented by one Share immediately prior to such creation multiplied by 10,000. The redemption of a Basket requires distribution by the Trust of the number of Bitcoins represented by one Share immediately prior to such redemption multiplied by 10,000. The Trust may from time to time halt creations and redemptions for a variety of reasons, including in connection with forks, airdrops and other similar occurrences.

The Trust’s investment objective is for the value of the Shares (based on Bitcoin per Share) to reflect the value of Bitcoin held by the Trust, less the Trust’s expenses and other liabilities. The Trust may also receive Incidental Rights and/or IR Virtual Currency as a result of the Trust’s investment in Bitcoin, 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 Bitcoin 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. On May 2, 2018 and July 29, 2019, the Sponsor delivered to the former custodian and the current Custodian (as defined below), respectively, on behalf of the Trust, a 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, all Incidental Rights and IR Virtual Currency to which it would otherwise be entitled as of such time. On January 5, 2024, the Trust delivered a supplemental notice to the Prime Broker, the Custodian and Coinbase Credit, Inc. providing that the Trust also will abandon irrevocably for no direct or indirect consideration, effective immediately prior to each time at which the Trust redeems Shares, all Incidental Rights or IR Virtual Currency to which it would otherwise be entitled as of such time. The Sponsor has committed to cause the Trust not to take any Affirmative Action to acquire any Incidental Rights or IR Virtual Currency, thereby irrevocably abandoning any Incidental Rights and IR Virtual Currency to which the Trust may become entitled in the future. Because the Sponsor has now committed to causing the Trust to irrevocably abandon all Incidental Rights and IR Virtual Currency to which the Trust otherwise would become entitled in the future, and causing the Trust not to take any Affirmative Actions, the Trust will 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. In addition, in the event the Sponsor seeks to change the Trust’s policy with respect to Incidental Rights or IR Virtual Currency, an application would need to be filed with the SEC by NYSE Arca seeking approval to amend its listing rules to permit the Trust to distribute the Incidental Rights or IR Virtual Currency in-kind to an agent of the shareholders for resale by such agent.

Grayscale Investments, LLC (“Grayscale” or the “Sponsor”) acts as the Sponsor of the Trust and is a wholly owned 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. Grayscale 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 Grayscale a Sponsor’s Fee as discussed in Note 6. The Sponsor also acts as the sponsor and manager of other investment products including Grayscale Basic Attention Token Trust (BAT) (OTCQB: GBAT), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Chainlink Trust (LINK) (OTCQX: GLNK), Grayscale Decentraland Trust (MANA) (OTCQX: MANA), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), Grayscale Filecoin Trust (FIL) (OTCQB: FILG), Grayscale Horizen Trust (ZEN) (OTCQX: HZEN), Grayscale Litecoin Trust (LTC) (OTCQX: LTCN), Grayscale Livepeer Trust (LPT) (OTCQX: GLIV), Grayscale Solana Trust (SOL) (OTCQX: GSOL), Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM), Grayscale Zcash Trust (ZEC) (OTCQX: ZCSH), Grayscale Decentralized Finance (DeFi) Fund LLC (OTCQB: DEFG), Grayscale Digital Large Cap Fund LLC (OTCQX: GDLC), and Grayscale Smart Contract Platform Ex Ethereum (ETH) Fund LLC, each of which is an affiliate of the Trust. The following investment products sponsored or managed by the Sponsor are also SEC reporting companies with their shares registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): Grayscale Bitcoin Cash Trust (BCH), Grayscale Ethereum Trust (ETH), Grayscale Ethereum Classic Trust (ETC), Grayscale Horizen Trust (ZEN), Grayscale Litecoin Trust (LTC), Grayscale Stellar Lumens Trust (XLM), Grayscale Zcash Trust (ZEC), and Grayscale Digital Large Cap Fund LLC. Grayscale Advisors, LLC, a Registered Investment Advisor and an affiliate of the Sponsor, is the advisor to the Grayscale Future of Finance (NYSE Arca: GFOF) product.

Authorized Participants of the Trust are the only entities who may place orders to create or redeem Baskets. Grayscale Securities, LLC (“Grayscale Securities” or, in such capacity, an “Authorized Participant”), a registered broker-dealer and wholly owned subsidiary

of the Sponsor, was the only Authorized Participant from October 3, 2022 through January 10, 2024. On or after January 10, 2024, the Sponsor, on behalf of the Trust, and the Transfer Agent entered into Participant Agreements with a number of unaffiliated Authorized Participants in connection with the approval of NYSE Arca's application under Rule 19b-4 of the Exchange Act. In connection with the entry into the Participant Agreements, as of January 10, 2024, the Sponsor amended, solely, with respect to the Trust, the Participant Agreement, dated as of October 3, 2022, between the Sponsor and Grayscale Securities, to remove the Trust as an entity covered by the Agreement. Effective January 10, 2024, Grayscale Securities no longer serves as Authorized Participant of the Trust. Additional Authorized Participants may be added at any time, subject to the discretion of the Sponsor.

Liquidity Providers facilitate the purchase and sale of Bitcoins in connection with cash orders for creations or redemptions of Baskets. The Liquidity Providers with which Grayscale Investments, LLC, acting in its capacity as the "Liquidity Engager," will engage in Bitcoin transactions are third parties that are not affiliated with the Sponsor or the Trust and are not acting as agents of the Trust, the Sponsor, or any Authorized Participant, and all transactions will be done on an arms-length basis. Except for the contractual relationships between each Liquidity Provider and Grayscale Investments, LLC in its capacity as the Liquidity Engager, there is no contractual relationship between each Liquidity Provider and the Trust, the Sponsor, or any Authorized Participant. The Liquidity Engager may engage additional Liquidity Providers who are unaffiliated with the Trust in the future.

Effective January 11, 2024, the Trust, the Sponsor and Coinbase, Inc., the prime broker of the Trust ("Coinbase" or the "Prime Broker"), on behalf of itself and as agent for Coinbase Custody Trust Company, LLC ("Coinbase Custody" or the "Custodian") and Coinbase Credit, Inc. ("Coinbase Credit" and, collectively with Coinbase and Coinbase Custody, the "Coinbase Entities"), entered into the Coinbase Prime Broker Agreement governing the Trust's and the Sponsor's use of the custodial and prime broker services provided by the Custodian and the Prime Broker. The Prime Broker Agreement establishes the rights and responsibilities of the Custodian, the Prime Broker, the Sponsor and the Trust with respect to the Trust's Bitcoin which is held in accounts maintained and operated by the Custodian, as a fiduciary with respect to the Trust's assets, and the Prime Broker (together with the Custodian, the "Custodial Entities") on behalf of the Trust. The Custodian is responsible for safeguarding the Bitcoin held by the Trust, and holding the private key(s) that provide access to the Trust's digital wallets and vaults.

Effective January 11, 2024, the transfer agent for the Trust (the "Transfer Agent") is The Bank of New York Mellon. The responsibilities of the Transfer Agent are to (1) facilitate the issuance and redemption of shares of the Trust; (2) respond to correspondence by Trust shareholders and others relating to its duties; (3) maintain shareholder accounts; and (4) make periodic reports to the Trust. Effective January 11, 2024, the co-transfer agent for the Trust (the "Co-Transfer Agent") is Continental Stock Transfer & Trust Company.

The administrator for the Trust (the "Administrator") is BNY Mellon Asset Servicing, a division of The Bank of New York Mellon. BNY Mellon Asset Servicing provides administration and accounting services to the Trust. The Administrator's fees are paid on behalf of the Trust by the Sponsor.

The marketing agent for the Trust (the "Marketing Agent") is Foreside Fund Services, LLC. Effective January 10, 2024, the Marketing Agent provides the following services to the Sponsor: (i) assist the Sponsor in facilitating Participation Agreements between and among Authorized Participants, the Sponsor, on behalf of the Trust, and the Transfer Agent; (ii) provide prospectuses to Authorized Participants; (iii) work with the Transfer Agent to review and approve orders placed by the Authorized Participants and transmitted to the Transfer Agent; (iv) review and file applicable marketing materials with FINRA and (v) maintain, reproduce and store applicable books and records.

On March 25, 2015, the Trust received notice that its Shares were qualified for public trading on the OTCQX U.S. Marketplace of the OTC Markets Group Inc. ("OTCQX"). Until January 10, 2024, the Trust's trading symbol on OTCQX was "GBTC". On January 10, 2024, the SEC approved an application under Rule 19b-4 of the Exchange Act by NYSE Arca to list the Shares of the Trust. Shares of the Trust began trading on NYSE Arca on January 11, 2024. The Trust's trading symbol on NYSE Arca is "GBTC" and the CUSIP number for its Shares is 389637109.

## 2. Summary of Significant Accounting Policies

In the opinion of management of the Sponsor of the Trust, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position as of March 31, 2024 and December 31, 2023 and results of operations for the three months ended March 31, 2024 and 2023 have been made. The results of operations for the periods presented are not necessarily indicative of the results of operations expected for the full year. These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2023 included in the Trust's Annual Report on Form 10-K.

Certain prior period information has been updated to conform to the current period financial statement presentation without a material change to the Statements of Assets and Liabilities. The presentation update has no effect on the Trust's financial position as previously reported.

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 ("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 Bitcoin 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. 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 Bitcoin, including receiving Bitcoin for the creation of Shares and delivering Bitcoin for the redemption of Shares and for the payment of the Sponsor's Fee. Since its inception, the Trust has not held cash or cash equivalents.

### **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 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for Bitcoin 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 Bitcoin 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 Bitcoin 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 Quarterly 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 Bitcoin 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 Bitcoin received in connection with a creation order is recorded by the Trust at the fair value of Bitcoin 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 Bitcoin for Share creations and the delivery of Bitcoin for Share redemptions or for payment of expenses in Bitcoin. 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 Bitcoin.

### **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.

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.

(Amounts in thousands)	Amount at Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
<b>March 31, 2024</b>				
<b>Assets</b>				
Investment in Bitcoin	\$23,860,071	\$23,860,071	\$ —	\$ —
(Amounts in thousands)	Amount at Fair Value	Fair Value Measurement Using		
December 31, 2023		Level 1	Level 2	Level 3
<b>Assets</b>				
Investment in Bitcoin	\$26,350,470	\$26,350,470	\$ —	\$ —

### Recently Issued Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* (“ASU 2023-08”). ASU 2023-08 is intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity’s crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period. ASU 2023-08 is effective for annual and interim reporting periods beginning after December 15, 2024. Early adoption is permitted for both interim and annual financial statements that have not yet been issued. The Trust adopted this new guidance on January 1, 2024, with no material impact on its financial statements and disclosures as the Trust historically used fair value as its method of accounting for Bitcoin in accordance with its classification as an investment company for accounting purposes.

### 3. Fair Value of Bitcoin

Bitcoin is held by the Custodian on behalf of the Trust and is carried at fair value. As of March 31, 2024 and December 31, 2023 the Trust held 335,932.8104680 and 619,525.9291702 Bitcoin, respectively. As of March 31, 2024, the Trust recorded a payable of \$58,252,673 representing the redemption of 820.1561472 Bitcoin covered by contractually binding orders for the redemption of Shares where the Bitcoin has not yet been transferred out of the Trust’s account. The redemption of 820.1561472 Bitcoin was subsequently settled in April 2024.

The Trust determined the fair value per Bitcoin to be \$71,026.32 and \$42,533.28 on March 31, 2024 and December 31, 2023, 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 Bitcoin and the respective fair value:

(Amounts in thousands, except Bitcoin amounts)	<u>Bitcoin</u>	<u>Fair Value</u>
<b>Beginning balance as of January 1, 2023</b>	632,041.52945742	\$10,464,263
Bitcoin contributed	—	—
Bitcoin distributed for Sponsor's Fee, related party	(12,515.60028722)	(360,561)
Net change in unrealized appreciation on investment in Bitcoin	—	16,027,962
Net realized gain on investment in Bitcoin	—	218,806
<b>Ending balance as of December 31, 2023</b>	<u>619,525.9291702</u>	<u>\$26,350,470</u>

(Amounts in thousands, except Bitcoin amounts)	<u>Bitcoin</u>	<u>Fair Value</u>
<b>Beginning balance as of January 1, 2024</b>	619,525.9291702	\$ 26,350,470
Bitcoin contributed	1,374.74002839	79,244
Bitcoin redeemed	(283,124.05477443)	(14,719,669)
Bitcoin distributed for Sponsor's Fee, related party	(1,843.80395620)	(94,878)
Net change in unrealized appreciation on investment in Bitcoin	—	475,553
Net realized gain on investment in Bitcoin sold to pay expenses	—	73,632
Net realized gain on investment in Bitcoin sold for redemption of shares	—	11,695,719
<b>Ending balance as of March 31, 2024</b>	<u>335,932.8104680</u>	<u>\$ 23,860,071</u>

#### 4. Creations and Redemptions of Shares

At March 31, 2024 and December 31, 2023, there were an unlimited number of Shares authorized by the Trust. The Trust creates and 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 Bitcoin to the Trust or the distribution of Bitcoin by the Trust. The number of Bitcoin required for each creation Basket or redemption Basket is determined by dividing (x) the number of Bitcoin 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 number of Bitcoin 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 10,000. Each Share represented approximately 0.0009 of one Bitcoin at both March 31, 2024 and December 31, 2023. The decrease in the number of Bitcoin represented by each Share since inception is primarily a result of the periodic withdrawal of Bitcoin to pay the Sponsor's Fee.

The cost basis of investments in Bitcoin recorded by the Trust is the fair value of Bitcoin, 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 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 Bitcoin.

Effective October 28, 2014, the Trust suspended its redemption program, in which shareholders were permitted to request the redemption of their Shares through Genesis, the sole Authorized Participant at the time out of concern that the redemption program was in violation of Regulation M under the Exchange Act, resulting in a settlement reached with the SEC. On October 19, 2021, NYSE Arca filed an application with the SEC pursuant to Rule 19b-4 under the Exchange Act to list the Shares of the Trust on NYSE Arca. On June 29, 2022, the SEC denied NYSE Arca's 19b-4 application and the Sponsor subsequently petitioned the United States Court of Appeals for the District of Columbia for review of the SEC's June 29, 2022 final order denying approval to list shares of the Trust on NYSE Arca as an exchange-traded product. On August 29, 2023, the D.C. Circuit Court of Appeals granted the Sponsor's petition and vacated the SEC's order, finding that the denial of the Sponsor's proposal was arbitrary and capricious. The SEC determined not to seek panel rehearing or rehearing en banc. On October 23, 2023, the D.C. Circuit Court of Appeals issued a formal mandate. Ultimately, on January 10, 2024, the SEC approved NYSE Arca's 19b-4 application to list the Shares of the Trust on NYSE Arca as an exchange-traded product and in connection with the approval of the 19b-4 Application, the Sponsor authorized the commencement of a redemption program.

	<u>Three Months Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
<b>Activity in Number of Shares Issued and Redeemed:</b>		
Shares issued	1,540,000	—
Shares redeemed	(317,940,000)	—
Net Change in Number of Shares Issued and Redeemed	<u>(316,400,000)</u>	<u>—</u>

(Amounts in thousands)	<u>Three Months Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
<b>Activity in Value of Shares Issued and Redeemed:</b>		
Shares issued	\$ 79,244	\$ —
Shares redeemed	(14,777,922)	—
Net Change in Number of Shares Issued and Redeemed	<u>\$ (14,698,678)</u>	<u>\$ —</u>





Bitcoin receivable represents the quantity of bitcoin covered by contractually binding orders for the creation of Shares where the bitcoin has not yet been transferred to the Trust’s account. Generally, ownership of the bitcoin is transferred within two business days of the trade date.

<u>(Amounts in thousands)</u>	<u>Three Months Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Bitcoin receivable	\$ —	\$ —

Bitcoin payable represents the quantity of bitcoin covered by contractually binding orders for the redemption of Shares where the bitcoin has not yet been transferred out of the Trust’s account. Generally, ownership of the bitcoin is transferred within two business days of the trade date.

<u>(Amounts in thousands)</u>	<u>Three Months Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Bitcoin payable	\$ 58,253	\$ —

## 5. Income Taxes

As of January 1, 2016, an amendment to the Trust Agreement was made to ensure that the Trust Agreement was consistent with the treatment of the Trust as a grantor trust. On February 9, 2017, the Court of Chancery of the State of Delaware ordered that the Original Trust Agreement be reformed so that the amendments made are retroactive to the original date of execution of the Trust Agreement. On September 11, 2017, the Trust received a private letter ruling from the IRS in which the IRS concluded, based on the facts at that time, that the Trust qualified as a grantor trust for U.S. federal income tax purposes as of the date of the private letter ruling.

Accordingly, 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, gain, 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 GAAP, the Trust has defined the threshold for recognizing the benefits of tax return 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 not deemed to meet the “more-likely-than-not” threshold are recorded as a tax benefit or expense in the current period. As of, and during the periods ended March 31, 2024 and December 31, 2023, 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 March 31, 2024 or December 31, 2023.

## **6. Related Parties**

The Trust considered the following entities, their directors, and certain employees to be related parties of the Trust as of March 31, 2024: DCG, Genesis, Grayscale and Grayscale Securities. As of March 31, 2024 and December 31, 2023, 133,009 and 131,794 Shares of the Trust were held by related parties of the Trust, respectively.

The Sponsor's parent, an affiliate of the Trust, holds a minority interest in Coinbase, Inc., the parent company of the Custodian, that represents less than 1.0% of Coinbase, Inc.'s ownership.

On January 9, 2024, the Sponsor and the Trustee entered into Amendment No. 1 to the Sixth A&R Trust Agreement in order to reduce the Sponsor's Fee to 1.5%, effective as of the Uplisting Date. As a result, effective January 11, 2024, the Sponsor's Fee was lowered from 2.0% to 1.5%. In accordance with the Trust Agreement governing the Trust, the Trust pays a fee to the Sponsor, calculated as 1.5% 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 Bitcoin, monthly in arrears. The amount of Bitcoin payable in respect of each daily U.S. dollar accrual will be determined by reference to the same U.S. dollar value of Bitcoin used to determine such accrual. For purposes of these financial statements, the U.S. dollar value of Bitcoin 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 March 31, 2024 and December 31, 2023. No Incidental Rights or IR Virtual Currencies have been distributed in payment of the Sponsor's Fee during the three months ended March 31, 2024 and 2023.

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, 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 Expenses"). In such circumstances, the Sponsor or its delegate (i) will instruct the Custodian to withdraw from the Vault Balance Bitcoins 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 Bitcoins 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 Bitcoins 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 three months ended March 31, 2024 and 2023, the Trust incurred Sponsor's Fees of \$94,877,619 and \$71,084,974, respectively. As of March 31, 2024 and December 31, 2023, 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 three months ended March 31, 2024 and 2023 the Sponsor did not pay any Additional Trust Expenses on behalf of the Trust.

On March 10, 2021, the Board of the Sponsor (the "Board") approved the purchase by DCG, the parent company of the Sponsor, of up to \$250 million worth of Shares of the Trust. Subsequently, DCG authorized such purchase. On April 30, 2021, the Board approved the purchase by DCG of up to \$750 million worth of Shares of the Trust. This increased DCG's prior authorization to purchase up to \$250 million worth of Shares by \$500 million. On October 20, 2021, the Board of the Sponsor approved the purchase by DCG, the parent company of the Sponsor, of up to \$1 billion worth of Shares of the Trust. Subsequently, DCG authorized such purchase. This increased DCG's prior authorization to purchase up to \$750 million worth of Shares by \$250 million. On March 2, 2022, the Board approved the purchase by DCG of up to an aggregate total of \$200 million worth of Shares of the Trust and shares of any of the following five investment products the Sponsor also acts as the sponsor and manager of, including Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Digital Large Cap Fund LLC (OTCQX: GDLC), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). This increased DCG's prior authorization to purchase up to \$1 billion worth of Shares by up to a maximum of \$200 million. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded, extended, modified, or discontinued at any time. From March 10, 2021 through March 31, 2023, DCG purchased a total of \$771.8 million worth of Shares of the Trust under this authorization. From April 1, 2023 through March 31, 2024, DCG did not purchase any Shares of the Trust under this authorization.

## **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, Bitcoin. Investing in Bitcoin 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 Bitcoin held by the Trust, and fluctuations in the price of Bitcoin could materially and adversely affect an investment in the Shares of the Trust. The price of Bitcoin has a limited history. During such history, Bitcoin prices have been volatile and subject to influence by many factors, including the levels of liquidity. If the Digital Asset Markets continue to experience significant price fluctuations, the Trust may experience losses. Several factors may affect the price of Bitcoin, including, but not limited to, global Bitcoin supply and demand, theft of Bitcoin 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 Bitcoin held by the Trust are commingled, and the Trust's shareholders have no specific rights to any specific Bitcoin. 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 Bitcoin, nor is there a central or major depository for the custody of Bitcoin. There is a risk that some or all of the Trust's Bitcoin 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 Bitcoin. Further, transactions in Bitcoin are irrevocable. Stolen or incorrectly transferred Bitcoin may be irretrievable. As a result, any incorrectly executed Bitcoin transactions could adversely affect an investment in the Shares.

The SEC 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. Public, though non-binding, statements by senior officials at the SEC have indicated that the SEC did not consider Bitcoin or Ethereum to be securities, and does not currently consider Bitcoin to be a security. The SEC staff has also provided informal assurances via no-action letter to a handful of promoters that their digital assets are not securities. On the other hand, 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.

If Bitcoin 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 Bitcoin. For example, it may become more difficult for Bitcoin 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 Bitcoin and cause users to migrate to other digital assets. As such, any determination that Bitcoin is a security under federal or state securities laws may adversely affect the value of Bitcoin and, as a result, an investment in the Shares.

In addition, if Bitcoin 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 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 required to access a Bitcoin address is lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Trust may be unable to access the Bitcoin controlled by the private key and the private key will not be capable of being restored by the Bitcoin Network. The processes by which Bitcoin transactions are settled are dependent on the Bitcoin 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 Bitcoin.

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.

## 8. Financial Highlights Per Share Performance

	Three Months Ended	
	March 31,	
	2024	2023
<b>Per Share Data</b>		
Principal market net asset value, beginning of period	\$38.06	\$15.11
Net increase (decrease) in net assets from investment operations:		
Net investment loss	(0.18)	(0.10)
Net realized and unrealized gain (loss)	<u>25.43</u>	<u>10.85</u>
Net increase in net assets resulting from operations	<u>25.25</u>	<u>10.75</u>
Principal market net asset value, end of period	<u>\$63.31</u>	<u>\$25.86</u>
Total return	66.34%	71.14%
<i>Ratios to average net assets:</i>		
Net investment loss	(1.56)%	(2.00)%
Expenses	(1.56)%	(2.00)%

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.

#### **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.

#### **10. Subsequent Events**

As of the close of business on April 30, 2024, the fair value of Bitcoin determined in accordance with the Trust's accounting policy was \$59,098.16 per Bitcoin.

There are no known events that have occurred that require disclosure other than that which has already been disclosed in these notes to the financial statements.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*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 unaudited financial statements and related notes included elsewhere in this Quarterly 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 assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those set forth under "Part II, Item 1A. Risk Factors" in this Quarterly Report or in "Part I, Item 1A. Risk Factors" and "Forward-Looking Statements" or other sections of our Annual Report on Form 10-K for the year ended December 31, 2023.*

### **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 Bitcoins and, from time to time on a periodic basis, issues Creation Baskets in exchange for deposits of Bitcoins. On January 10, 2024, in connection with the approval of application under Rule 19b-4 of the Securities Exchange Act of 1934, as amended, the Sponsor authorized the commencement of a redemption program. Shares of the Trust began trading on NYSE Arca on January 11, 2024. The Trust issues Shares only in one or more blocks of 10,000 Shares (a block of 10,000 Shares is called a "Basket") to certain Authorized Participants from time to time. Baskets are offered in exchange for Bitcoins. Through its redemption program, the Trust redeems Shares from Authorized Participants on an ongoing basis. As a passive investment vehicle, the Trust's investment objective is for the value of the Shares (based on Bitcoin per Share) to reflect the value of Bitcoins held by the Trust, determined by reference to the Index Price, less the Trust's expenses and other liabilities. While an investment in the Shares is not a direct investment in Bitcoin, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to Bitcoin. There can be no assurance that the Trust will be able to achieve its investment objective.

Historically, the Trust has not met its investment objective and, prior to their uplisting to NYSE Arca on January 11, 2024, the Shares quoted on OTCQX have not reflected the value of Bitcoin held by the Trust, less the Trust's expenses and other liabilities, but instead have traded at both premiums and discounts to such value, which at times have been substantial, although the Sponsor has observed that the Trust has begun to meet its investment objective more closely following the uplisting of the Shares to NYSE Arca. The Trust is not managed like a business corporation or an active investment vehicle.

### **Recent Developments**

#### ***The BTC Trust Distribution***

On March 12, 2024 the Sponsor announced the formation of Grayscale Bitcoin Mini Trust (the "BTC Trust") and its intention to effectuate the initial creation of shares of the BTC Trust through the contribution by the Trust of a certain amount of Bitcoin to the BTC Trust as consideration and in exchange for newly created shares of the BTC Trust ("BTC Shares").

The BTC Trust has filed a registration statement on Form S-1 (Registration No. 333-277837) (as amended, the "BTC Trust Form S-1") relating to the proposed issuance of baskets of BTC Shares to certain authorized participants on an ongoing basis, commencing following consummation of the BTC Trust Distribution (as defined below). Prior to effectiveness of the BTC Trust Form S-1, the BTC Trust will file a registration statement on Form 8-A (the "BTC Trust Form 8-A") to register the BTC Shares under the Exchange Act, which is expected to become effective concurrently with the effectiveness of the BTC Trust Form S-1. Following the effectiveness of the BTC Trust Form S-1 and the BTC Trust Form 8-A, and approval of the BTC Trust 19b-4 Application (as defined below), the newly created BTC Shares will then be distributed to shareholders of the Trust as of a date to be determined by the Sponsor (the "Record Date"), pro rata based on a 1:1 ratio, such that for each one Share held by each shareholder on the Record Date, such shareholder will be entitled to receive one BTC Share on a subsequent date to be determined by the Sponsor (the "Distribution Date") (such transactions collectively, the "BTC Trust Distribution").

In connection with the BTC Trust Distribution, the Sponsor anticipates that NYSE Arca will file an application with the SEC pursuant to Rule 19b-4 under the Exchange Act, to list the Shares of the BTC Trust on NYSE Arca (the "BTC Trust 19b-4 Application"). In addition, the BTC Trust intends to rely on an exemption or other relief from the SEC under 17 CFR §§ 242.101 and 102 ("Regulation M") to operate its redemption program.

As of the date of this filing, the BTC Trust 19b-4 Application has not been approved by the SEC and an exemption or other relief from Regulation M is not available for the BTC Trust. The Sponsor makes no representation as to when or if such approval will be obtained and when such an exemption or relief will be available. The BTC Trust will not seek effectiveness of its registration statement and no offering of BTC Shares will take place unless and until such approval is obtained and such an exemption or relief is available.

As a result of the contemplated BTC Trust Distribution, following the Distribution Date, the Trust will hold a portion of the Bitcoin that was held by the Trust as of the Record Date and the BTC Trust would hold the remaining portion of the Bitcoin that was held by the Trust as of the Record Date, in each case, reduced by the portion of the sponsor's fee attributable to such Bitcoin accrued and paid between the Record Date and the Distribution Date. Neither the number of outstanding Shares nor the exposure of shareholders of the Trust to Bitcoin underlying their aggregate shareholdings (including Shares and BTC Shares) are expected to change as a result of the contemplated BTC Trust Distribution. No consent, authorization, approval or proxy is being sought from shareholders in connection with the BTC Trust Distribution, and shareholders will not need to pay any consideration, exchange or surrender existing Shares or take any other action to receive BTC Shares on the Distribution Date. Following the BTC Trust Distribution, the Trust and the BTC Trust will operate as independent NYSE Arca listed exchanged-traded commodity products, and neither will have any share



ownership, beneficial or otherwise, in the other.

The Sponsor does not expect the BTC Trust Distribution to be a taxable event for the Trust or its shareholders.

The Trust has filed a preliminary information statement on Schedule 14C (Registration No. 001-41906), describing the terms and conditions of the BTC Trust Distribution. For the avoidance of doubt, the Trust will not execute the BTC Trust Distribution as described herein or therein unless and until (i) the BTC Trust 19b-4 Application has been approved and (ii) the BTC Trust Form S-1 and BTC Trust Form 8-A have become effective. There can be no assurance as to whether or when such approvals will be obtained or whether or when the BTC Trust Distribution will be effected.

## **Critical Accounting Policies and Estimates**

### ***Investment Transactions and Revenue Recognition***

The Trust considers investment transactions to be the receipt of Bitcoin for Share creations and the delivery of Bitcoin for Share redemptions or for payment of expenses in Bitcoin. 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 Bitcoin.

### ***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") 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for Bitcoin 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 Bitcoin 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 Bitcoin 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 Quarterly 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 Bitcoin 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 Bitcoin received in connection with a creation order is recorded by the Trust at the fair value of Bitcoin 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 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 Bitcoin 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. 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 Three Months Ended March 31, 2024 and 2023*

**(All amounts in the following table and the subsequent paragraphs, except Share, per Share, Bitcoin and price of Bitcoin amounts, are in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net realized and unrealized gain on investment in Bitcoin	<u>\$12,244,904</u>	<u>\$ 7,511,132</u>
Net increase in net assets resulting from operations	<u>\$12,150,026</u>	<u>\$ 7,440,047</u>
Net assets <sup>(1)</sup>	<u>\$23,801,818</u>	<u>\$17,904,310</u>

(1) Net assets in the above table and subsequent paragraphs are calculated in accordance with U.S. GAAP based 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 gain on investment in Bitcoin for the three months ended March 31, 2024 was \$12,244,904, which includes a realized gain of \$73,632 on the transfer of Bitcoins to pay the Sponsor's Fee, a realized gain of \$11,695,719 on the sale of Bitcoins to meet redemptions and net change in unrealized appreciation on investment in Bitcoin of \$475,553. Net realized and unrealized gain on investment in Bitcoin for the period was driven by Bitcoin price appreciation from \$42,533.28 per Bitcoin as of December 31, 2023, to \$71,026.32 per Bitcoin as of March 31, 2024. Net increase in net assets resulting from operations was \$12,150,026 for the three months ended March 31, 2024, which consisted of the net realized and unrealized gain on investment in Bitcoin, less the Sponsor's Fee of \$94,878. Net assets decreased to \$23,801,818 at March 31, 2024, a (10)% decrease for the three-month period. The decrease in net assets resulted from the aforementioned Bitcoin price appreciation, offset by the withdrawal of approximately 1,844 Bitcoin to pay the foregoing Sponsor's Fee and the redemption of approximately 283,124 Bitcoin.

Net realized and unrealized gain on investment in Bitcoin for the three months ended March 31, 2023 was \$7,511,132, which includes a realized gain of \$35,868 on the transfer of Bitcoins to pay the Sponsor's Fee and net change in unrealized appreciation on investment in Bitcoin of \$7,475,264. Net realized and unrealized gain on investment in Bitcoin for the period was driven by Bitcoin price appreciation from \$16,556.29 per Bitcoin as of December 31, 2022, to \$28,467.79 per Bitcoin as of March 31, 2023. Net increase in net assets resulting from operations was \$7,440,047 for the three months ended March 31, 2023, which consisted of the net realized and unrealized gain on investment in Bitcoin, less the Sponsor's Fee of \$71,085. Net assets increased to \$17,904,310 at March 31, 2023, a 71% increase for the three-month period. The increase in net assets resulted from the aforementioned Bitcoin price appreciation and the withdrawal of approximately 3,110 Bitcoin 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 Bitcoins in the Digital Asset Market to pay Additional Trust Expenses on behalf of the Trust, the Sponsor endeavors to sell the exact number of Bitcoins needed to pay expenses in order to minimize the Trust's holdings of assets other than Bitcoin. 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 Quarterly 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.

### Selected Operating Data

	Three Months Ended March 31,	
	2024	2023
<b>(All Bitcoin balances are rounded to the nearest whole Bitcoin)</b>		
<b>Bitcoins:</b>		
Opening Balance	619,526	632,042
Creations	1,375	—
Redemptions	(283,124)	—
Sponsor's Fee, related party	(1,844)	(3,110)
Closing balance	335,933	628,932
Accrued but unpaid Sponsor's Fee, related party	—	—
Net closing balance	<u>335,933</u>	<u>628,932</u>
<b>Number of Shares:</b>		
Opening balance	692,370,100	692,370,100
Creations	1,540,000	—
Redemptions	(317,940,000)	—
Closing Balance	<u>375,970,100</u>	<u>692,370,100</u>

	As of March 31,	
	2024	2023
Price of Bitcoin on principal market (1)	\$71,026.32	\$28,467.79
Principal Market NAV per Share (2)	\$ 63.31	\$ 25.86
Index Price	\$71,023.65	\$28,464.50
NAV per Share (3)	\$ 63.31	\$ 25.86

- (1) The Trust performed an assessment of the principal market at March 31, 2024 and 2023, and identified the principal market as Coinbase.
- (2) As of March 31, 2024 and 2023, the Principal Market NAV per Share was calculated using the fair value of Bitcoin based on the price provided by Coinbase, 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. Prior to December 26, 2023, Principal Market NAV was referred to as NAV and Principal Market NAV per Share was referred to as NAV per Share.
- (3) The Trust's NAV per Share is derived from the Index Price as represented by the Index 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. Prior to December 26, 2023, NAV was referred to as Digital Asset Holdings and NAV per Share was referred to as Digital Asset Holdings per Share. See "Item 1. Business—Overview of the Bitcoin Industry and Market—The Index and the Index Price" for a description of the Index and the Index Price. The Digital Asset Trading Platforms included in the Index as of March 31, 2024 were Coinbase, Bitstamp, Kraken, LMAX Digital, and Crypto.com. The Digital Asset Trading Platforms included in the Index as of March 31, 2023 were Coinbase, Binance.US, Kraken, and LMAX Digital.

For accounting purposes as of March 31, 2024, the Trust reflects creations and the Bitcoins receivable for proceeds with respect to such creations on the date of receipt of a notification of a creation but does not issue Shares until the requisite number of Bitcoins for proceeds is received. On January 10, 2024, in connection with the approval of application under Rule 19b-4 of the Securities Exchange Act of 1934, as amended, the Sponsor authorized the commencement of a redemption program. Effective January 11, 2024, the date on which the Shares of the Trust began trading on NYSE Arca, the Trust reflects creations and redemptions and the Bitcoins for proceeds receivable or payable with respect to such creations and redemptions, respectively, on the business day following the receipt of a notification of a creation or redemption order by an Authorized Participant. Creation and redemption orders are settled on T+1 or T+2, as established at the time of order placement, and therefore the Bitcoins for proceeds receivable or payable with respect to such creations and redemptions, respectively, are recorded as a receivable or payable until the Bitcoins are delivered or removed from the Trust for settlement.



As of March 31, 2024, the Trust had a net closing balance of 335,112.6543208 Bitcoins (including the redemptions payable balance) with a value of \$23,800,923,871 based on the Index Price of \$71,023.65 on March 31, 2024 (non-GAAP methodology). As of March 31, 2024, the total market value of the Trust's Bitcoin was \$23,801,818,622 based on the price of a Bitcoin in the principal market (Coinbase) of \$71,026.32 on March 31, 2024.

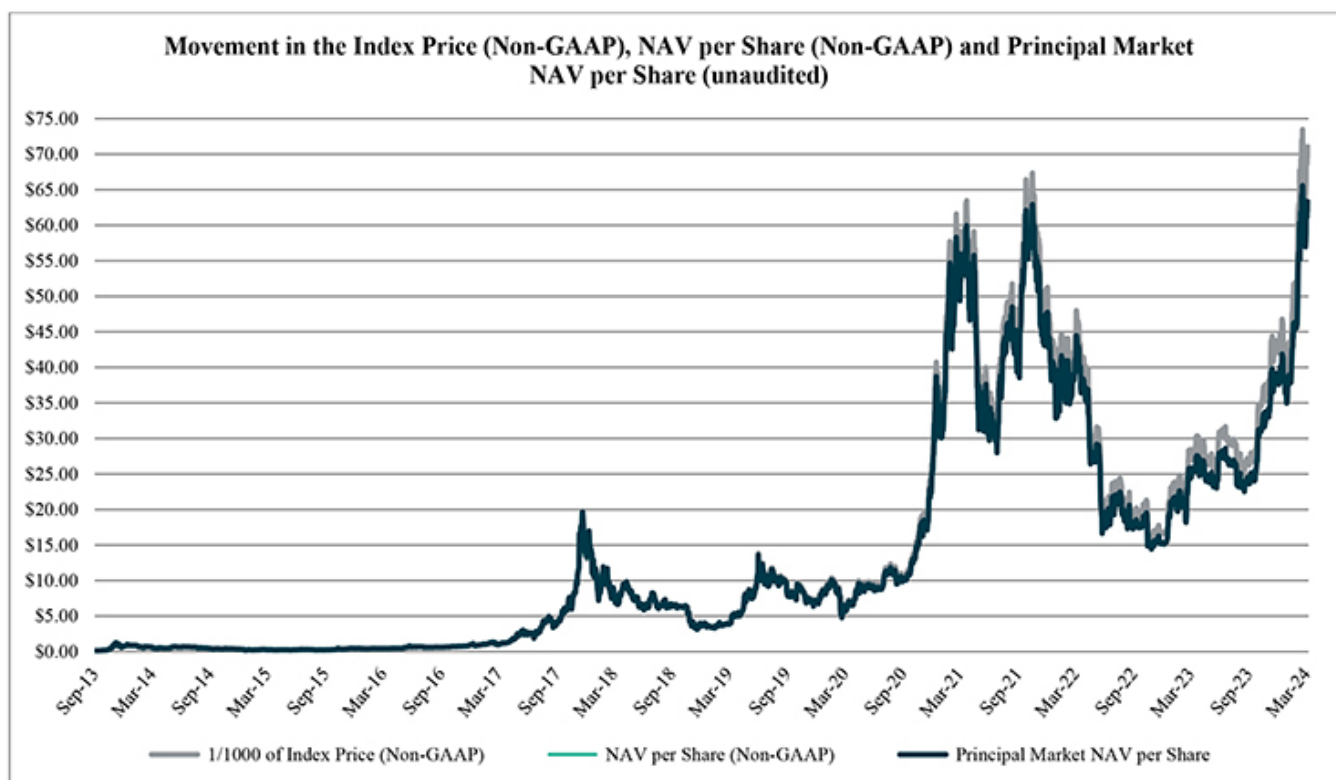
As of March 31, 2023, the Trust had a net closing balance of 628,932.20027878 Bitcoins with a value of \$17,902,240,615 based on the Index Price of \$28,464.50 on March 31, 2023 (non-GAAP methodology). As of March 31, 2023, the total market value of the Trust's Bitcoin was \$17,904,309,802, based on the price of a Bitcoin in the principal market (Coinbase) of \$28,467.79 on March 31, 2023.

### Historical NAV and Bitcoin Prices

As movements in the price of Bitcoin will directly affect the price of the Shares, investors should understand recent movements in the price of Bitcoin. Investors, however, should also be aware that past movements in the Bitcoin 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 Trust's performance prior to January 11, 2024 is based on market-determined prices on the OTCQX marketplace and on the Trust's performance without an ongoing share creation and redemption program. Prior to January 11, 2024, the Trust's Shares traded at both premiums and discounts to the value of the Trust's assets, less its expenses and other liabilities, which at times were substantial, in part due to the lack of an ongoing redemption program. Effective as of January 11, 2024, the Trust established an ongoing share creation and redemption program and the Shares of the Trust were listed to NYSE Arca. Hence, the Trust's performance for periods prior to January 11, 2024 is not directly comparable to, and should not be used to make conclusions in conjunction with, the Trust's performance for periods subsequent to January 11, 2024.

The following chart illustrates the movement in the Trust's NAV per Share (as adjusted for the Share Split for periods prior to January 26, 2018) versus the Index Price and the Trust's Principal Market NAV per Share (as adjusted for the Share Split for periods prior to January 26, 2018) from September 25, 2013 (date of the first Creation Basket of the Trust) to March 31, 2024. For more information on the determination of the Trust's NAV, see "Item 1. Business—Overview of the Bitcoin Industry and Market—Bitcoin Value—The Index and the Index Price" in the Trust's Annual Report on Form 10-K.



The following table illustrates the movements in the Index Price from April 1, 2019 to March 31, 2024. During such period, the Index Price has ranged from \$4,132.14 to \$73,462.59, with the straight average being \$27,042.91 through March 31, 2024. The Sponsor has not observed a material difference between the Index Price and average prices from the constituent Digital Asset Trading Platforms individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Index Price	Date	Index Price	Date		
Twelve months ended March 31, 2020	\$ 8,471.60	\$13,838.57	6/26/2019	\$ 4,132.14	4/1/2019	\$ 6,471.60	\$ 6,471.60
Twelve months ended March 31, 2021	\$20,225.08	\$61,593.93	3/13/2021	\$ 6,212.24	4/1/2020	\$58,592.37	\$58,592.37
Twelve months ended March 31, 2022	\$45,450.47	\$67,352.59	11/9/2021	\$29,789.20	7/20/2021	\$45,625.48	\$45,625.48
Twelve months ended March 31, 2023	\$23,647.24	\$46,425.74	4/3/2022	\$15,768.02	11/21/2022	\$28,464.50	\$28,464.50
Twelve months ended March 31, 2024	\$36,445.28	\$73,462.59	3/13/2024	\$25,005.87	9/11/2023	\$71,023.65	\$70,856.88
April 1, 2019 to March 31, 2024	\$27,042.91	\$73,462.59	3/13/2024	\$ 4,132.14	4/1/2019	\$71,023.65	\$70,856.88

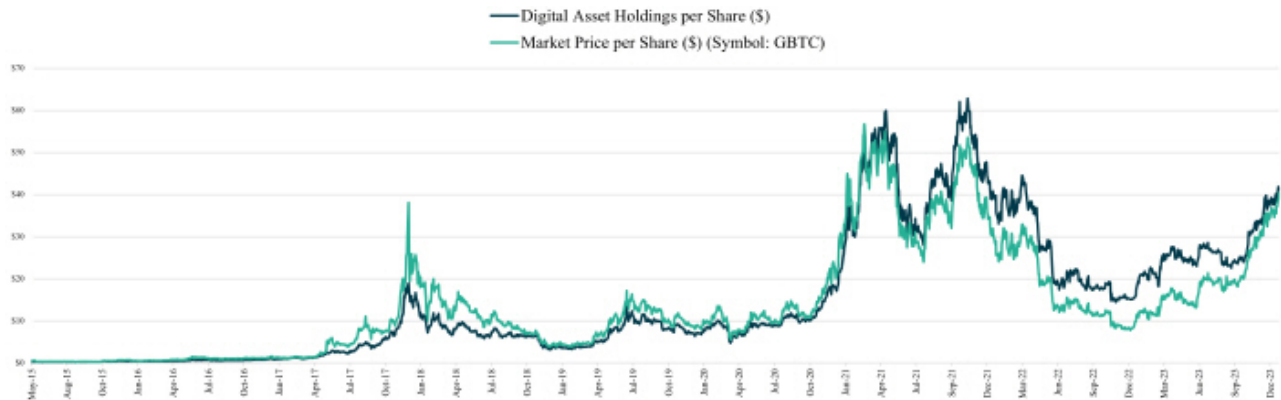
The following table illustrates the movements in the Digital Asset Market price of Bitcoin, as reported on the Trust's principal market, from April 1, 2019 to March 31, 2024. During such period, the price of Bitcoin has ranged from \$4,133.74 to \$73,517.19, with the straight average being \$27,043.19 through March 31, 2024.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended March 31, 2020	\$ 8,472.15	\$13,849.81	6/26/2019	\$ 4,133.74	4/1/2019	\$ 6,474.20	\$ 6,474.20
Twelve months ended March 31, 2021	\$20,226.28	\$61,607.76	3/13/2021	\$ 6,214.99	4/1/2020	\$58,601.27	\$58,601.27
Twelve months ended March 31, 2022	\$46,449.98	\$67,371.70	11/9/2021	\$29,785.71	7/20/2021	\$45,595.55	\$45,595.55
Twelve months ended March 31, 2023	\$23,647.43	\$46,423.42	4/3/2022	\$15,766.93	11/21/2022	\$28,467.79	\$28,467.79
Twelve months ended March 31, 2024	\$36,445.22	\$73,517.19	3/13/2024	\$25,013.25	9/11/2023	\$71,026.32	\$70,840.97
April 1, 2019 to March 31, 2024	\$27,043.19	\$73,517.19	3/13/2024	\$ 4,133.74	4/1/2019	\$71,026.32	\$70,840.97

The Trust's performance prior to January 11, 2024 is based on market-determined prices on the OTCQX marketplace and on the Trust's performance without an ongoing share creation and redemption program. Prior to January 11, 2024, the Trust's Shares traded at both premiums and discounts to the value of the Trust's assets, less its expenses and other liabilities, which at times were substantial, in part due to the lack of an ongoing redemption program. Effective as of January 11, 2024, the Trust established an ongoing share creation and redemption program and the Shares of the Trust were listed to NYSE Arca. Hence, the Trust's performance for periods prior to January 11, 2024 are not directly comparable to, and should not be used to make conclusions in conjunction with, the Trust's performance for periods subsequent to January 11, 2024.

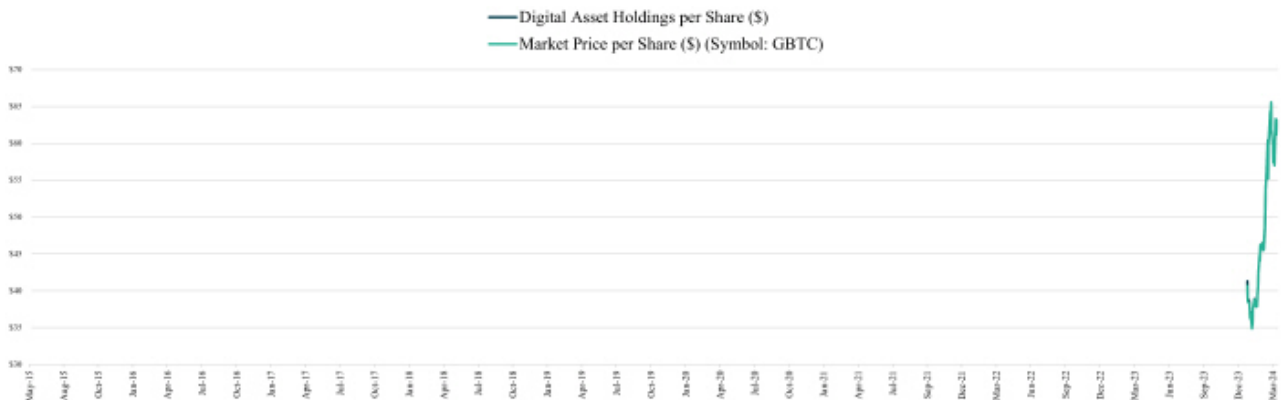
The following chart sets out the historical closing prices for the Shares as reported by OTCQX and the Trust's NAV per Share from May 4, 2015 to January 10, 2024.

**GBTC Premium/(Discount): GBTC Share Price vs. NAV per Share (\$)**



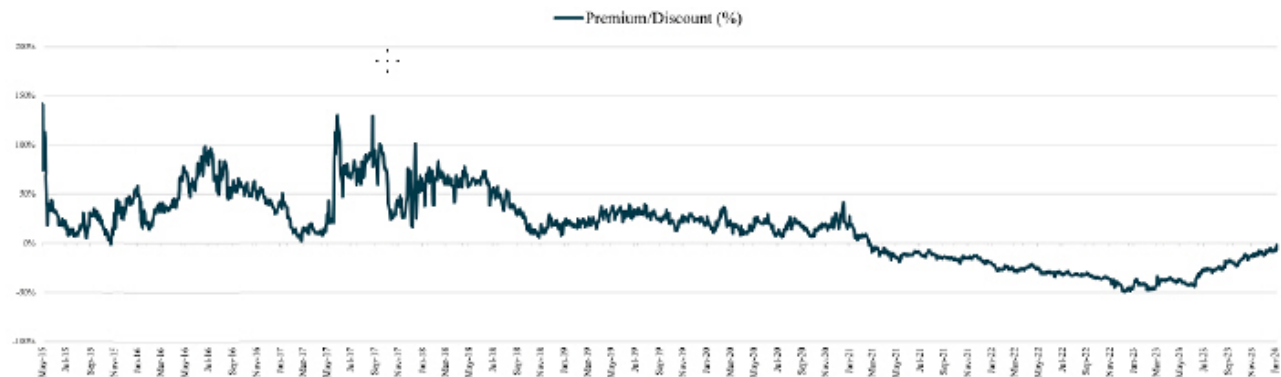
The following chart sets out the historical closing prices for the Shares as reported by NYSE Arca from January 11, 2024 to March 31, 2024 and the Trust's NAV per Share from January 11, 2024 to March 31, 2024.

**GBTC Premium/(Discount): GBTC Share Price vs. NAV per Share (\$)**



The following chart sets out the historical premium and discount for the Shares calculated as a percentage of the historical close prices for the Shares as reported by OTCQX and the Trust's NAV per Share from May 4, 2015 to January 10, 2024.

**GBTC Premium/(Discount): GBTC Share Price vs. NAV per Share (Non-GAAP) (%)**



The following chart sets out the historical premium and discount for the Shares calculated as a percentage of the historical closing prices for the



Shares as reported by NYSE Arca from January 11, 2024 to March 31, 2024 divided by the Trust's NAV per Share from January 11, 2024 to March 31, 2024.

**GBTC Premium/(Discount): GBTC Share Price vs. NAV per Share (Non-GAAP) (%)**



**Item 3. 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 derivative financial instruments and has no foreign operations or long-term debt instruments.

#### **Item 4. Controls and Procedures**

The Trust maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Principal Executive Officer and Principal Financial and Accounting Officer of the Sponsor, and to the audit committee of the board of directors of the Sponsor, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of the Principal Executive Officer and the Principal Financial and Accounting Officer of the Sponsor, the Sponsor conducted an evaluation of the Trust's disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e). Based on this evaluation, the Principal Executive Officer and the Principal Financial and Accounting Officer of the Sponsor concluded that the Trust's disclosure controls and procedures were effective as of the end of the period covered by this report.

#### **Changes in Internal Control Over Financial Reporting**

There was no change in the Trust's internal controls over financial reporting that occurred during the Trust's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, these internal controls.

## PART II – OTHER INFORMATION:

### Item 1. Legal Proceedings

On January 30, 2023, Osprey Funds, LLC (“Osprey”) filed a suit in Connecticut Superior Court against the Sponsor alleging that statements the Sponsor made in its advertising and promotion of the Trust violated the Connecticut Unfair Trade Practices Act, and seeking statutory damages and injunctive relief. On April 17, 2023, the Sponsor filed a motion to dismiss the complaint and, following briefing, a hearing on the motion to dismiss was held on June 26, 2023. On October 23, 2023, the Court denied the Sponsor’s motion to dismiss. On November 6, 2023, the Sponsor filed a motion for reargument of the Court’s order denying the Sponsor’s motion to dismiss. On November 16, 2023, Osprey filed an opposition to the Sponsor’s motion for reargument, and on November 30, 2023, the Sponsor filed a reply in further support of its motion for reargument. On March 11, 2024, the Court denied the Sponsor’s motion for reargument. On March 25, 2024, the Sponsor filed an application for interlocutory appeal. On March 28, 2024 Osprey filed an opposition to the Sponsor’s application for interlocutory appeal. On April 1, 2024, the Court denied the Sponsor’s application for interlocutory appeal. On April 10, 2024, Osprey filed a motion to amend the complaint. The Sponsor and the Trust believe this lawsuit is without merit and intend to vigorously defend against it.

In October 2021, NYSE Arca filed a proposal with the SEC pursuant to Rule 19b-4 under the Exchange Act for a rule change to list the Shares of the Trust on NYSE Arca as an exchange-traded product, and in June 2022, the SEC issued a final order disapproving NYSE Arca’s proposed rule change. In June 2022, the Sponsor filed a petition for review of the SEC’s final order in the United States Court of Appeals for the District of Columbia Circuit. In August 2023, the D.C. Circuit Court of Appeals granted the Sponsor’s petition and vacated the SEC’s order as arbitrary and capricious. The SEC did not seek panel rehearing or rehearing en banc. In October 2023, the D.C. Circuit Court of Appeals remanded the matter to the SEC. Ultimately, on January 10, 2024, the SEC approved NYSE Arca’s 19b-4 application to list the Shares of the Trust on NYSE Arca as an exchange-traded product.

On March 6, 2023, Alameda Research, Ltd. (“Alameda”) filed a suit against the Sponsor, DCG, Michael Sonnenshein and Barry Silbert, the Chief Executive Officer of DCG, in the Court of Chancery of the State of Delaware alleging various breach of contract and fiduciary duty claims, including that the defendants had breached the terms of the trust agreements for the Trust and Grayscale Ethereum Trust (ETH) for failing to reduce the Sponsor’s fees and operate a redemption program (the “Initial Complaint”). On April 4, 2023, the Sponsor, DCG, Michael Sonnenshein and Barry Silbert moved to dismiss the Initial Complaint. On May 19, 2023, the Sponsor filed a brief in support of its motion to dismiss. On September 15, 2023, Alameda filed an amended complaint (the “Amended Complaint”) alleging breach of contract and fiduciary duty claims concerning the Sponsor’s purported failure to operate a redemption program that are substantially similar to those alleged in the Initial Complaint. The Amended Complaint eliminated certain causes of action asserted in the Initial Complaint concerning the defendants’ purported breaches of the terms of the trust agreements and breaches of fiduciary duty based on the Sponsor’s fees for the Trust and Grayscale Ethereum Trust (ETH). On December 8, 2023, the Sponsor filed a motion to dismiss the Amended Complaint and its supporting brief. On January 19, 2024, Alameda voluntarily dismissed the action without prejudice, thereby terminating the action. No consideration of any kind was offered or exchanged in connection with Alameda’s voluntary dismissal.

As of the date of this Quarterly Report, the Sponsor does not expect the foregoing proceedings, either individually or in the aggregate, 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.

### Item 1A. Risk Factors

There have been no material changes to the Risk Factors last reported under “Part I, Item 1A. Risk Factors” of the registrant’s Annual Report on Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of equity securities by the issuer and affiliated purchasers —The table below sets forth information regarding open market purchases of Shares of Grayscale Bitcoin Trust (BTC) (NYSE Arca: GBTC) by Digital Currency Group, Inc. (“DCG”), the parent company of the Sponsor, on a monthly basis during the three months ended March 31, 2024:

<u>Period</u>	<u>(a) Total Number of Shares of GBTC Purchased</u>	<u>(b) Average Price Paid per Share of GBTC</u>	<u>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs<sup>(1)</sup></u>	<u>(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs<sup>(1)</sup> (in millions)</u>
January 1, 2024 – January 31, 2024	—	\$ —	—	\$ 428.2
February 1, 2024 – February 29, 2024	—	—	—	428.2
March 1, 2024 – March 31, 2024	—	—	—	428.2
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ 428.2</b>

- (1) On March 10, 2021, the Board approved the purchase by DCG, the parent company of the Sponsor, of up to \$250 million worth of Shares of the Trust. Subsequently, DCG authorized such purchase. On April 30, 2021, the Board approved the purchase by DCG of up to \$750 million worth of Shares of the Trust. This increased DCG's prior authorization to purchase up to \$250 million worth of Shares by \$500 million. On October 20, 2021, the Board approved the purchase by DCG of up to \$1 billion worth of Shares of the Trust. This increased DCG's prior authorization to purchase up to \$750 million worth of Shares by \$250 million. On March 2, 2022, the Board approved the purchase by DCG, the parent company of the Sponsor, of up to an aggregate total of \$200 million worth of Shares of the Trust and shares of any of the following five investment products the Sponsor also acts as the sponsor and manager of, including Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Digital Large Cap Fund LLC (OTCQX: GDLC), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). This increased DCG's prior authorization to purchase up to \$1 billion worth of Shares by up to a maximum of \$200 million. Subsequently, DCG authorized such purchase. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded, extended modified, or discontinued at any time. From March 10, 2021 through June 30, 2022, DCG purchased a total of \$771.8 million worth of Shares of the Trust under this authorization. From July 1, 2022 through April 30, 2024, DCG had not purchased any Shares of the Trust under this authorization.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

## Item 6. Exhibits

Exhibit Number	Exhibit Description
4.1	<a href="#"><u>Seventh Amended and Restated Declaration of Trust and Trust Agreement (incorporated by reference to Exhibit 4.1 of the Form 8-K filed by the Registrant on March 18, 2024).</u></a>
4.2	<a href="#"><u>Amendment No. 1 to the Seventh Amended and Restated Declaration of Trust and Trust Agreement (incorporated by reference to Exhibit 4.2 of the Form 8-K filed by the Registrant on March 18, 2024).</u></a>
31.1	<a href="#"><u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, with respect to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.</u></a>
31.2	<a href="#"><u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, with respect to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.</u></a>
32.1	<a href="#"><u>Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.</u></a>
32.2	<a href="#"><u>Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Trust's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.</u></a>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File—The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

\* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

† Portions of this exhibit (indicated by asterisks) have been omitted as the Registrant has determined that (i) the omitted information is not material and (ii) the omitted information would likely cause competitive harm to the Registrant if publicly disclosed.

## GLOSSARY OF DEFINED TERMS

**“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, (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”**— The Bank of New York Mellon, a New York corporation authorized to do a banking business.

**“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.

**“AP Designee”**— An Authorized Participant’s designee in connection with In-Kind Orders (to the extent In-Kind Regulatory Approval is obtained).

**“Authorized Participant”**— Certain eligible financial institutions that have entered into an agreement with the Trust and the Sponsor concerning the creation or redemption of Shares. Each Authorized Participant (i) is a registered broker-dealer and (ii) has entered into a Participant Agreement with the Sponsor and the Transfer Agent. Subject to In-Kind Regulatory Approval, in the future any Authorized Participants creating and redeeming Shares through In-Kind Orders must also own, or their AP Designee (as defined above) must own, a Bitcoin wallet address that is known to the Custodian as belonging to the Authorized Participant or its AP Designee and maintain an account with the Custodian.

**“Basket”**— A block of 10,000 Shares.

**“Basket Amount”**— On any trade date, the number of Bitcoins required as of such trade date for each Creation Basket, as determined by dividing (x) the number of Bitcoins owned by the Trust at 4:00 p.m., New York time, on such trade date, after deducting the number of Bitcoins representing the U.S. dollar value of accrued but unpaid fees and expenses of the Trust (converted using the Index Price at such time, 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 Bitcoin (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100.

**“Basket NAV”**— The U.S. dollar value of a Basket calculated by multiplying the Basket Amount by the Index Price as of the trade date.

**“Bitcoin”**— A type of digital asset based on an open-source cryptographic protocol existing on the Bitcoin Network, comprising units that constitute the assets underlying the Trust’s Shares.

**“Bitcoin Network”**— The online, end-user-to-end-user network hosting the public transaction ledger, known as the Blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing the Bitcoin Network. See “Item 1. Business—Overview of the Bitcoin Industry and Market” in our Annual Report.

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

**“Cash Account”**— The account maintained by the Transfer Agent for purposes of receiving cash from, and distributing cash to, Authorized Participants in connection with creations and redemptions pursuant to Cash Orders. For the avoidance of doubt, the Trust shall have no interest (beneficial, equitable or otherwise) in the Cash Account or any cash held therein.

**“Cash Order”**— An order for the creation or redemption of Shares pursuant to procedures facilitated by the Transfer Agent and pursuant to which a Liquidity Provider is engaged to facilitate the purchase or sale of Bitcoin.

“**Coinbase Credit**”— Coinbase Credit, Inc.

“**Creation Basket**”— Basket of Shares issued by the Trust in exchange for deposits 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 and Prime Broker Services**”— The services of the Custodian and the Prime Broker that provide for: (i) holding of the Trust’s Bitcoin in the Vault Balance and the Settlement Balance; (ii) transfer of the Trust’s Bitcoin between the relevant Vault Balance and the Settlement Balance; (iii) the deposit of Bitcoin from a public blockchain address into the respective account or accounts in which the Vault Balance or the Settlement Balance are maintained; and (iv) the withdrawal of Bitcoin from the Vault Balance to a public blockchain address the Trust controls.

“**Custodian**”— Coinbase Custody Trust Company, LLC.

“**Custodian Fee**”— Fee payable to the Custodian and the Prime Broker for services they provide to the Trust, which the Sponsor shall pay to the Custodian as a Sponsor-paid Expense.

“**DCG**”— Digital Currency Group, Inc.

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

“**Digital Asset Trading Platform**”— An electronic marketplace where trading platform participants may trade, buy and sell Bitcoins 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 exchange market for the trading of Bitcoins, 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.

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

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

“**GAAP**”— United States generally accepted accounting principles.

“**Genesis**”— Genesis Global Trading, Inc., a wholly owned subsidiary of Digital Currency Group, Inc., which served as a Liquidity Provider from October 3, 2022 to September 12, 2023.

“**Grayscale Securities**”— Grayscale Securities, LLC, a wholly owned subsidiary of the Sponsor, which served as the Authorized Participant from October 3, 2022 through January 10, 2024.

“**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 Bitcoins and arise without any action of the Trust, or of the Sponsor or Trustee on behalf of the Trust.

“**Index**”— The CoinDesk Bitcoin Price Index (XBIX).

“**Index License Agreement**”— The license agreement, dated as of February 1, 2022, between the Index Provider and the Sponsor governing the Sponsor’s use of the Index for calculation of the Index Price, as amended by Amendment No. 1 thereto and as the same may be amended from time to time.

**“Index Price”**— The U.S. dollar value of a Bitcoin derived from the Digital Asset Trading Platforms that are reflected in the Index, calculated at 4:00 p.m., New York time, on each business day. See “Item 1. Business—Overview of the Bitcoin Industry and Market—Bitcoin Value—The Index and the Index Price” in our Annual Report for a description of how the Index Price is calculated. For purposes of the Trust Agreement, the term Bitcoin Index Price shall mean the Index Price as defined herein.

**“Index Provider”**— CoinDesk Indices, Inc., a Delaware corporation that publishes the Index. Prior to its sale to an unaffiliated third party on November 20, 2023, DCG was the indirect parent company of CoinDesk Indices, Inc. As a result, CoinDesk Indices, Inc. was an affiliate of the Sponsor and the Trust and was considered a related party 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.

**“In-Kind Order”**— An order for the creation or redemption of Shares pursuant to which the Authorized Participant (or its AP Designee) will deliver or receive Bitcoin directly from the Trust’s Vault Balance. Because In-Kind Regulatory Approval has not been obtained, at this time Shares will not be created or redeemed through In-Kind Orders.

**“In-Kind Regulatory Approval”**— The necessary regulatory approval to permit NYSE Arca to list the Shares of the Trust utilizing a structure that allows the Trust to create and redeem Shares via in-kind transactions with Authorized Participants or their AP Designees in exchange for Bitcoin. In common with other spot Bitcoin exchange-traded products, the Trust is not at this time able to create and redeem shares via in-kind transactions with Authorized Participants, and there has yet to be definitive regulatory guidance on whether and how registered broker-dealers can hold and deal in Bitcoin in compliance with the federal securities laws. To the extent further regulatory clarity emerges, the Sponsor expects NYSE Arca to seek the necessary regulatory approval to amend its listing rules to permit the Trust to create and redeem Shares through In-Kind Orders. There can be no assurance as to when such regulatory clarity will emerge, or when NYSE Arca will seek or obtain such regulatory approval, if at all.

**“Liquidity Engager”**— Grayscale Investments, LLC, acting other than in its capacity as Sponsor, and in its capacity to engage one or more Liquidity Providers.

**“Liquidity Provider”**— One or more eligible companies that facilitate the purchase and sale of Bitcoins in connection with creations or redemptions pursuant to Cash Orders. The Liquidity Providers with which Grayscale Investments, LLC, acting in its capacity as the Liquidity Engager, will engage in Bitcoin transactions are third parties that are not affiliated with the Sponsor or the Trust and are not acting as agents of the Trust, the Sponsor, or any Authorized Participant, and all transactions will be done on an arms-length basis. Except for the contractual relationships between each Liquidity Provider and Grayscale Investments, LLC in its capacity as the Liquidity Engager, there is no contractual relationship between each Liquidity Provider and the Trust, the Sponsor, or any Authorized Participant.

**“Marketing Agent”**— Foreside Fund Services, LLC.

**“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.

**“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 “Item 1. Business—Valuation of Bitcoin and Determination of NAV” in our Annual Report. See also “Item 1. Business—Investment Objective” in our Annual Report for a description of the Trust’s Principal Market NAV, as calculated in accordance with GAAP. Prior to December 26, 2023, NAV was referred to as Digital Asset Holdings. For purposes of the Trust Agreement, the term Bitcoin Holdings shall mean the NAV as defined herein.



**“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 “Item 1. Business—Valuation of Bitcoin and Determination of NAV” in our Annual Report. For purposes of the Trust Agreement, the term Bitcoin Holdings Basis Amount shall mean the NAV Fee Basis Amount as defined herein.

**“NYSE Arca”**— NYSE Arca, Inc.

**“OTCQX”**— The OTCQX tier of OTC Markets Group Inc.

**“Participant Agreement”**— An agreement entered into by an Authorized Participant with the Sponsor and the Transfer Agent that provides the procedures for the creation and redemption of Baskets via a Liquidity Provider.

**“Prime Broker”**— Coinbase, Inc.

**“Prime Broker Agreement”**— The Prime Broker Agreement, dated as of December 29, 2023, by and among the Trust, the Sponsor and the Prime Broker, on behalf of itself, the Custodian and Coinbase Credit, that governs the Trust’s and the Sponsor’s use of the Custodial and Prime Broker Services provided by the Custodian and the Prime Broker.

**“Principal Market NAV”**— The net asset value of the Trust determined on a GAAP basis. Prior to December 26, 2023, Principal Market NAV was referred to as NAV.

**“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 OTCQX tier of the OTC Markets Group Inc.

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

**“Settlement Balance”**— An account controlled and maintained by the Custodian to which cash and digital assets of the Trust are credited on the Trust’s behalf.

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

**“Share Split”**— A 91-for-1 Share split of the Trust’s issued and outstanding Shares, which was effected on January 26, 2018 to shareholders of record as of the close of business on January 22, 2018.

**“Sponsor”**— Grayscale Investments, LLC.

**“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 Bitcoins, which accrues daily in U.S. dollars at an annual rate of 1.5% 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.

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

**“Total Basket NAV”**— The applicable Basket NAV Amount multiplied by the number of Baskets being created or redeemed.

**“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.

“**Trust**”— Grayscale Bitcoin Trust (BTC), a Delaware statutory trust, formed on September 13, 2013 under the DSTA and pursuant to the Trust Agreement.

“**Trust Agreement**”— The Seventh Amended and Restated Declaration of Trust and Trust Agreement between the Trustee and the Sponsor establishing and governing the operations of the Trust, as amended by Amendment No. 1 thereto and as the same may be amended from time to time.

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

“**U.S.**”— United States.

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

“**Variable Fee**”— An amount in cash based on the Total Basket NAV, which shall be paid by the Authorized Participant in connection with Cash Orders. The amount may be changed by the Sponsor in its sole discretion at any time.

“**Vault Balance**”— 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 Bitcoins on the Trust’s behalf.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned in the capacities\* indicated, thereunto duly authorized.

**Grayscale Investments, LLC  
as Sponsor of Grayscale Bitcoin Trust (BTC)**

By: /s/ Michael Sonnenshein

Name: Michael Sonnenshein  
Member of the Board of Directors  
and Chief Executive Officer  
Title: (Principal Executive Officer)\*

By: /s/ Edward McGee

Name: Edward McGee  
Member of the Board of Directors  
and Chief Financial Officer  
Title: (Principal Financial Officer and Principal  
Accounting Officer)\*

Date: May 3, 2024

\* The Registrant is a trust and the persons are signing in their capacities as officers or directors of Grayscale Investments, LLC, the Sponsor of the Registrant.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)  
AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Michael Sonnenshein, certify that:

1. I have reviewed this quarterly report of Grayscale Bitcoin Trust (BTC) (“Trust”);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 3, 2024

/s/ Michael Sonnenshein

Michael Sonnenshein \*

Chief Executive Officer

(Principal Executive Officer)

\* The Registrant is a trust and Mr. Sonnenshein is signing in his capacity as Principal Executive Officer of Grayscale Investments, LLC, the Sponsor of the Registrant.

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO RULE 13a-14(a)  
AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Edward McGee, certify that:

1. I have reviewed this quarterly report of Grayscale Bitcoin Trust (BTC) (“Trust”);
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 3, 2024

/s/ Edward McGee

Edward McGee \*

Chief Financial Officer

(Principal Financial and Accounting Officer)

\* The Registrant is a trust and Mr. McGee is signing in his capacity as Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Sponsor of the Registrant.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Grayscale Bitcoin Trust (BTC) (the "Trust") on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Sonnenshein, Principal Executive Officer of Grayscale Investments, LLC, the Sponsor of the Trust, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

/s/ Michael Sonnenshein  
Michael Sonnenshein \*  
Chief Executive Officer  
(Principal Executive Officer)

May 3, 2024

\* The Registrant is a trust and Mr. Sonnenshein is signing in his capacity as Principal Executive Officer of Grayscale Investments, LLC, the Sponsor of the Trust.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Grayscale Bitcoin Trust (BTC) (the "Trust") on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward McGee, Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Sponsor of the Trust, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

/s/ Edward McGee

Edward McGee \*

Chief Financial Officer

(Principal Financial and Accounting Officer)

May 3, 2024

\* The Registrant is a trust and Mr. McGee is signing in his capacity as Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Sponsor of the Trust.