Market announcement

VanEck enables staking for the VanEck Ethereum ETN

4 April 2024 – As part of VanEck's commitment to clients' interests, innovation and investment trends, VanEck (Europe) GmbH and VanEck ETP AG wish to announce the introduction of staking and related potential staking rewards in the VanEck Ethereum ETN (ISIN: DE000A3GPSP7), as of today.

After Ethereum's transition from a Proof-of-Work (PoW) to a Proof-of-Stake (PoS) consensus mechanism, VanEck recognized the importance of aligning with the evolving dynamics of the Ethereum sphere. This transition allowed staking to be considered a key aspect of securing and maintaining the integrity of the Ethereum network.

Staking is the use of series assets in the form of locked tokens to secure the network. Staking may be used to generate additional yield for the relevant underlying, payable to VanEck ETP AG at the time of payment and forming part of the series assets of a series of notes. The locked tokens represent a vote that contributes in distributed consensus and execution of transactions. The potential yield from staking may be reduced by a charge or fee for the staking agent, the issuer or any other involved party.

Investors of the Ethereum ETN do not need to take any action. If rewards are paid out, they will be reported and accounted for in the coin entitlement of the ETN on a daily basis.

For more information on staking, yield, related risks and fees, please refer to the Base Prospectus of the Exchange Traded Note Programme and Final Terms of the VanEck Ethereum ETN.

About VanEck

VanEck has a history of looking beyond the financial markets to identify trends likely to create impactful investment opportunities. We were one of the first U.S. asset managers to offer investors access to international markets. This set the tone for the firm's drive to identify asset classes and trends – including gold investing in 1968, emerging markets in 1993, and exchange-traded funds in 2006 – that subsequently shaped the investment management industry.

Today, VanEck offers active and passive strategies with compelling exposures supported by well-designed investment processes. As of March 2024, VanEck managed approximately $90B in assets, including mutual funds, ETFs, and institutional accounts. The firm's capabilities range from core investment opportunities to more specialized exposures to enhance portfolio diversification.

Since our founding in 1955, putting our clients' interests first, in all market environments, has been at the heart of the firm's mission.

Risks of Staking

The act of staking ensures that the network remains decentralised and resistant to attacks. However, there are some risks related to staking crypto assets. First of all, it is common for users to "vest" or lock up their bitcoins for a specified amount of time under staking terms, meaning they can't withdraw or transfer their assets during this timeframe, even if they need access right away. As a result, investors cannot take advantage of price gains if there are positive moves in prices during the vesting period.

Additionally, in a short period of time crypto asset experience severe market volatility, which may have an effect on the rewards from staking. Therefore, a decline in the price of a coin that you are staking can have a drastic effect on the rewards that you receive from staking, and profits obtained through staking may be countered if the value of the coin drops drastically. Crypto asset bear markets such as the current one can be considered disadvantageous because they are sustained for such a long period of time. Slashing risk in proof-of-stake (PoS) blockchains involves penalties imposed on validators for malicious or faulty behavior. Validators stake crypto assets to participate in consensus. If they breach network rules intentionally or unintentionally, they can lose some staked assets. Scenarios triggering slashing include double signing conflicting blocks, prolonged downtime, Byzantine actions, collusion, and validating invalid data. Penalties vary based on protocols and might include seizing part of the staked funds or temporary suspension. Slashing deters dishonesty and ensures network security by aligning validators' incentives with the blockchain's integrity. Slashing may in some cases results in total loss of staked funds, rewards or a combination thereof. Lastly, staking may result in total loss of funds due to smart contract risk, exploits or bugs in the protocol, or hard forks. Self-custody of staked crypto assets does not circumvent these risks. Investing in crypto asset can generate passive income by staking them to secure the Blockchain, which provides passive income to their holders. Nonetheless, delayed delivery may cause rewards made by the network to take a while to reach investors. Therefore, peak traffic on a blockchain network results in delays, a congestion of transactions, and higher transaction fees because demand exceeds supply and miners can supply and network validators can choose which transactions to process. Hence, payouts and re-investment can be delayed. For individuals relying on crypto asset rewards as a source of income or passive earnings, delays can create financial uncertainty. If rewards are delayed for an extended period, it can disrupt cash flow and affect individuals' financial planning. This is particularly relevant for users who depend on regular rewards for living expenses or other financial obligations. The unpredictability of reward delays can make it challenging for individuals to effectively manage their finances.