

## Convenient Exposure to BNB

### **VBNB** VanEck BNB ETF

**An investment in the VanEck BNB ETF (“VBNB,” or the “Trust”) is subject to significant risk and may not be suitable for all investors. The value of BNB is highly volatile, and you can lose your entire principal investment. VBNB is not an investment company registered under the Investment Company Act of 1940 (the “1940 Act”) and therefore is not subject to the same protections as mutual funds or ETFs registered under the 1940 Act.**

*Staking is the process by which a holder of BNB locks up or “delegates” tokens to a network validator to help secure the BNB Chain in exchange for potential rewards; however, the Trust will not engage in staking at launch, there can be no assurance that it will ever do so, and any staking rewards that may be earned in the future are not guaranteed.*

**BNB (originally “Binance Coin”) is the native utility and governance token of the BNB Chain ecosystem. Created in 2017 by Binance as a discount token for exchange trading fees, it has since grown into the fuel powering a full smart-contract blockchain ecosystem used by millions of dApps and users worldwide.**

**VBNB Prospectus:** [Link](#)

#### **Why should investors consider VBNB?**

VBNB offers a convenient way to gain exposure to BNB without the complexities of direct ownership. It’s a cost-efficient solution to obtain BNB exposure, managed by VanEck, a well-established ETF and ETP issuer with extensive experience in crypto-related products. VBNB also benefits from expert management and qualified custody of BNB. This product allows investors to access BNB price exposure within a traditional investment vehicle.

#### **Why consider exposure to BNB?**

BNB Chain is designed for high throughput and low transaction costs, supporting one of the largest application ecosystems in crypto by daily users and on-chain activity. As a digital asset, BNB offers:

- **Utility and Demand:** BNB is used to pay transaction fees and access services across BNB Chain, driving recurring demand tied to network usage.
- **Smart Contract Platform:** BNB Chain supports a wide range of decentralized applications, including some of the largest DeFi protocols and consumer apps by user count.
- **Deflationary Supply Mechanics:** A portion of every transaction is burned, and quarterly token burns reduce total supply over time - linking network activity directly to token scarcity.
- **Leading Stablecoin Ecosystem:** BNB Chain hosts the third-largest stablecoin supply across all blockchain networks (~\$16.5B), reflecting its role as a major settlement layer for on-chain dollars.
- **On-Chain Transfer Volume:** BNB Chain ranks third among all networks in monthly peer-to-peer transfer value (~\$108B).
- **Exchange Utility:** BNB also offers practical utility for users of the Binance exchange, including discounted trading fees - an additional source of demand tied to one of the largest cryptocurrency trading venues globally.

### What is the investment strategy for VBNB?

The Trust's investment objective is to reflect the performance of the price of BNB tokens ("BNB") and rewards from staking a portion of the Trust's BNB to the extent VanEck Digital Assets, LLC ("the Sponsor") in its sole discretion (i) implements staking and (ii) determines that the Trust may do so without undue legal or regulatory risk, such as, without limitation, by jeopardizing the Trust's ability to qualify as a grantor trust for U.S. federal income tax purposes, less the expenses of the Trust's operations.

### What is the BNB token Used For?

BNB shareholders cannot participate in BNB Chain on-chain governance, despite BNB being described as a "governance token". BNB has several uses:

- **Gas Fees:** Pay for transaction fees on the BNB Chain
- **Trading Fee Discounts:** Reduce fees on the Binance Exchange
- **Launchpad Access:** Participate in new token sales on Binance Launchpad
- **DeFi:** Use as collateral, provide liquidity, or earn yield on hundreds of BSC protocols
- **Payments:** Accepted by thousands of merchants via Binance Pay
- **Staking:** Earn staking rewards by validating the BNB Chain Network

Note: BNB's value is closely tied to the Binance ecosystem and adverse regulatory, legal, or reputational events at Binance could materially affect share value.

### Is BNB Only Useful on Binance's Exchange?

No. While Binance exchange remains a core use case, BNB Chain is a public blockchain with its own independent developer ecosystem. Hundreds of DeFi protocols, NFT marketplaces, and GameFi projects operate entirely independently of the centralized exchange. BNB is also bridgeable to other chains, further extending its reach.

### How large is the BNB Chain ecosystem?

BNB Chain has consistently ranked among the top 3 blockchains globally by daily active users, transaction volume, and Total Value Locked (TVL) in DeFi. Its low transaction fees (typically fractions of a cent) and EVM compatibility attracted enormous developer and user activity — particularly retail users priced out of Ethereum's higher fees.

### Who validates the BNB Chain network?

BNB Smart Chain uses a Proof of Staked Authority (PoSA) consensus mechanism with 21 active validators at any time (elected by the community based on staked BNB). This design prioritizes throughput and low fees, but results in a more centralized validator set than Ethereum or Bitcoin. Investors should understand this trade-off between performance and decentralization.

### What is opBNB and BNB Greenfield?

opBNB is a Layer 2 scaling solution for BNB Chain using Optimistic Rollup technology, designed for ultra-low-cost, high-throughput applications like gaming and micro-transactions. BNB Greenfield is a decentralized storage network within the BNB ecosystem, allowing users and developers to store and manage data with programmable access control — positioning it as a Web3-native alternative to traditional cloud storage.

### How is New BNB Created or Removed from Supply?

Unlike many crypto assets, BNB has no ongoing inflation. The total supply of BNB is fixed and steadily shrinking over time through two protocol-level mechanisms:

- **Quarterly Auto-Burn:** A formula-based, quarterly burn that removed BNB from circulation based on the network's average price and block production. The mechanism is transparent and verifiable on-chain.
- **Real-Time Gas Burn (BEP-95):** A portion of every BNB Chain transaction fee is automatically and permanently burned, linking network usage directly to supply reduction.

Together, these mechanisms make BNB structurally deflationary. The protocol is targeting a long-term reduction of total supply to 100 million BNB. Note that a reduction in token supply does not guarantee price appreciation, and BNB remains subject to extreme price volatility regardless of supply mechanics.

**How Does BNB Compare to Bitcoin and Ethereum?**

BNB, Bitcoin, and Ethereum each play different roles in the crypto ecosystem. Bitcoin is a purpose-built digital currency with a fixed 21 million cap on supply, secured by Proof-of-Work miners and optimized as a store of value. Ethereum is a smart contract platform that enables a wide range of decentralized applications, prioritizing decentralization and depth of institutional adoption, with the deepest pool of DeFi liquidity but historically higher transaction costs. BNB is the native asset of BNB Chain, an EVM-compatible smart contract platform that prioritizes throughput and low fees — its execution efficiency allows it to consistently rank among the most-used public blockchains by daily transactions and active users. For investors seeking exposure to high-volume, retail-driven on-chain activity at lower cost per transaction, BNB offers a differentiated profile. All three carry protocol and market risks, but each is designed to serve a distinct purpose within the broader digital asset landscape.

**How does VBNB compare to direct BNB ownership?**

Direct BNB ownership requires interacting with a crypto exchange, managing storage, and ensuring security, all of which can be complex. VBNB can be bought and sold on traditional stock exchanges, making it accessible through brokerage accounts, simplifying the process for investors.

**What are the differences between VBNB and other BNB investment options?**

Investment Option	Pros	Cons
Direct BNB Investing	Full ownership, high control	Requires significant knowledge, complex storage, and security management
BNB ETPs (e.g., VBNB)	Easy trading, managed by experienced issuers	Sponsor fees, dependent on ETP structure performance
Crypto Hedge Funds	Professional management, potential for higher returns	High initial investment, lock-up periods, complex fee structures

**How does the Trust's creation/redemption process work?**

The trust can create or redeem shares either in-kind with BNB or in cash. These transactions occur in multiples of a creation unit (25,000 shares per unit) through an Authorized Participant in the primary market where each unit represents a pro-rata slice of the trust. In an in-kind creation, BNB is delivered to the trust and the corresponding number of ETP shares is issued based on the creation unit; In an in-kind redemption, ETP shares are returned and the corresponding amount of BNB is delivered out from the trust.

For cash creations, the Authorized Participant delivers cash to the trust and the corresponding BNB is purchased; For cash redemptions the corresponding BNB is sold and cash is delivered out to the redeeming Authorized Participant. In both instances, all trading costs are borne by the Authorized Participant.

**What are the tax implications compared to direct BNB investment?**

The VanEck BNB ETF is a grantor trust for U.S. federal income tax purposes. As a result, the Trust itself is not subject to U.S. federal income tax. Instead, the Trust's income and expenses "flow through" to the Shareholders. Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro rata share of the underlying assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro rata shares of the Trust's income and proceeds, and directly incurred their pro rata share of the Trust's expenses. Most state and local tax authorities follow U.S. income tax rules in this regard. However, Shareholders should contact their own tax advisors as to the tax consequences of ownership of VBNB shares.

### What are the risks involved in buying VBNB?

- **BNB Market Risks:** The value of BNB can be extremely volatile and unpredictable. Digital assets such as BNB were only introduced within the past decade, and their medium-to-long-term value is subject to various factors, including the development of blockchain technology and the evolving investment characteristics of digital assets, which are uncertain and difficult to evaluate.
- **Regulatory Risks:** The regulatory landscape for digital assets continues to evolve. While some BNB trading platforms may be subject to regulation in certain jurisdictions, they may not be in full compliance or may operate with limited oversight. This lack of transparency creates risks of fraud, manipulation, security failures, and operational disruptions, all of which may negatively impact the value of BNB and, consequently, the value of VBNB shares.
- **Operational Risks:** The Trust relies on third-party custodians for the safekeeping of its BNB holdings. There can be no assurance that current security measures or custody practices will function as intended or fully protect against loss, theft, or unauthorized access. Additionally, while custodians maintain certain insurance policies, such coverage may not be sufficient to cover all potential losses.
- **Market Trading Risks:** VBNB shares may trade at a premium or discount to the Trust's net asset value (NAV), and liquidity in the secondary market is not guaranteed. If market participants experience disruptions or reduced interest in digital asset investment vehicles, it could negatively affect trading activity and price efficiency.

### How does the Trust audit its BNB?

On a daily basis, the sponsor and the accounting agent reconcile the BNB position at Anchorage. As part of the Trust's annual audit, auditors confirm the existence of BNB positions.

### How can Investors Buy VBNB?

Investors are able to purchase VBNB shares through their existing brokerage accounts, making it a straightforward addition to any investment portfolio. *Shares are bought and sold at market price, not at net asset value (NAV). Brokerage commissions will reduce returns.*

### What kind of fees does VBNB have?

VBNB charges an annual sponsor fee of 0.39%. *Brokerage fees and commissions may also apply. Please check with your broker.*

### How is the BNB for VBNB custodied?

The Trust's BNB is held by its crypto custodian (currently, Anchorage), which acts as the BNB Custodian, responsible for securely storing all of the Trust's BNB related to its BNB Account and Clearing Account. The Trust's BNB custody account is not subject to FDIC or SIPC protections.

### What is Anchorage?

Anchorage Digital is a leading institutional digital asset platform and the first federally chartered crypto bank in the United States, known for its regulatory standing and robust security infrastructure:

- **Regulation:** Anchorage Digital Bank, N.A. is a federally chartered national trust bank, regulated by the Office of the Comptroller of the Currency (OCC). It is held to the same capital, liquidity, and operational standards as traditional national banks, and undergoes regular independent audits, including SOC 1 Type II and SOC 2 Type II reports.
- **Security:** Employs hardware security modules (HSMs), multi-party computation (MPC), biometric authentication, and multi-layered approval workflows for transactions. Private keys are stored in geographically distributed, air-gapped cold storage environments with continuous monitoring and physical access controls.
- **Operational Standards:** Maintains rigorous compliance and operational protocols to safeguard client assets, including bank-level segregation of client assets from corporate assets. Anchorage's bankruptcy-remote structure provides additional protection for institutional clients in the event of an Anchorage insolvency.

## IMPORTANT DISCLOSURES

This material must be preceded or accompanied by a [prospectus](#). An investment in the VanEck BNB ETF (“VBNB” or the “Trust”) may not be suitable for all investors. Before investing, you should carefully consider the Trust’s investment objectives, risks, charges, and expenses.

Investing involves significant risk, and you could lose money on an investment in the Trust. The value of BNB (BNB) is highly volatile, and the value of the Trust’s shares could decline rapidly, including to zero. You could lose your entire principal investment. For a more complete discussion of the risk factors relative to the Trust, carefully read the prospectus.

The Trust’s investment objective is to reflect the performance of the price of BNB (“BNB”) and, to the extent the Sponsor in its sole discretion (i) implements staking and (ii) determines that the Trust may do so without undue legal or regulatory risk, rewards from staking a portion of the Trust’s BNB, less the expenses of the Trust’s operations. At launch, the Trust will not engage in staking activities and there can be no assurance that the Trust will ever do so. The Trust is a passive investment vehicle that does not seek to pursue any investment strategy beyond reflecting the performance of the price of BNB and any rewards from staking a portion of the Trust’s BNB (to the extent staking is implemented).

**The Trust is not an investment company registered under the Investment Company Act of 1940 (“1940 Act”) or a commodity pool for the purposes of the Commodity Exchange Act (“CEA”). Shares of the Trust are not subject to the same regulatory requirements as mutual funds. As a result, shareholders of VBVB do not have the protections associated with ownership of shares in an investment company registered under the 1940 Act or the protections afforded by the CEA.**

An investment in the Trust is subject to risks which include, but are not limited to, the historically and potentially future extreme volatility of BNB, various potential factors that may adversely affect the liquidity of Trust shares, the limited history of the Index from which the value of BNB and hence the value of Trust shares will be determined, potential threats to the Trust’s BNB custodian, and the unregulated nature and lack of transparency surrounding the operations of BNB trading platforms, all of which may ultimately adversely affect the value of shares of the Trust. The value of BNB is closely tied to the Binance ecosystem, and adverse developments affecting Binance or its principals—including regulatory, legal, or reputational events—could materially affect the value of the Shares. The Trust’s BNB custody account is not subject to FDIC or SIPC protections, and the Trust’s treatment as a grantor trust for U.S. federal income tax purposes is uncertain.

**Staking Risks:** As part of its strategy, the Trust may in the future, at the Sponsor’s sole discretion, stake a portion of its BNB via third-party staking service providers, which entails a number of risks. **The Trust will not stake any BNB at launch and may never do so; as a result, investors will forgo potential staking rewards available to direct BNB holders, the Shares’ performance may diverge from the total return of directly staked BNB, and the Trust will not be able to participate in on-chain governance of the BNB Smart Chain.** To the extent staking is implemented, BNB that is staked will undergo activation and deactivation (or withdrawal) periods during which it is locked up and inaccessible, meaning the Trust may not be able to quickly liquidate these assets to satisfy redemption requests—particularly in volatile or stressed market conditions. Validators to which BNB is delegated may behave improperly or suffer performance failures (e.g., downtime or misconfiguration), and in some cases “slashing” or protocol imposed penalties may apply; under the BNB Smart Chain’s current protocol, slashing applies primarily to a validator’s self-delegated stake and rewards, not to third-party delegated principal, though delegators may lose staking rewards during any penalty or removal period. There is counterparty and operational risk associated with the staking service providers (and the custodians facilitating staking), including reliance on their security, compliance, and ability to operate under adverse conditions. Additionally, staking rewards are subject to fees and possible withholding obligations, and the timing, amount, and recognition (for tax purposes) of staking rewards may be uncertain. Finally, regulatory or legal changes—such as U.S. federal income tax law or securities regulations—could affect whether staking activities or liquid staking tokens may be used, or whether they jeopardize the Trust’s qualification (e.g. as a grantor trust) or impose unanticipated costs. If staking is implemented, Shareholders will be notified via a prospectus supplement and/or a current report filed with the SEC.

**Please note that this is not an exhaustive list of risks pertaining to the Trust. Please read carefully the prospectus for a complete list of potential risks.**

Because shares of the Trust are intended to reflect the price of the BNB held in the Trust, the market price of the shares is subject to fluctuations similar to those affecting BNB prices. Additionally, shares of the Trust are bought and sold at market price, not at net asset value (“NAV”). Brokerage commissions will reduce returns.

Trust shares trade like stocks, are subject to investment risk, and will fluctuate in market value. The value of Trust shares relates directly to the value of the BNB held by the Trust (less its expenses), and fluctuations in the price of BNB could materially and adversely affect an investment in the shares. The price received upon the sale of the shares, which trade at market price, may be more or less than the value of the BNB represented by them. The Trust does not generate any income, and as the Trust regularly issues shares to pay for the Sponsor’s ongoing expenses, the amount of BNB represented by each Share will decline over time.

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The Sponsor of the Trust is VanEck Digital Assets, LLC. The Marketing Agent for the Trust is Van Eck Securities Corporation. VanEck Digital Assets, LLC, and Van Eck Securities Corporation are wholly-owned subsidiaries of Van Eck Associates Corporation.

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