



Market Announcement

Suspension of Trading VanEck FTX Token ETN (ISIN DE000A3GWNC2)

In order to provide more background and answer questions with regards to the previous announcement about the suspension of trading of VanEck FTX Token ETN, we would like to inform as follows:

Frequently Asked Questions:

What happened to FTX and FTX's native token FTT?

Starting 7th of November, 2022, reports have emerged from various sources stating that the financial condition of Alameda Research, a crypto trading firm and venture capital firm, contained critical vulnerabilities which suggested that it may be insolvent. Alameda research held a majority supply of FTX's native token FTT. This only recently became a concern as FTX allegedly had to bail out Alameda Research using customer deposits of FTX. FTX and Alameda are both owned by Sam Bankman-Fried, also known as "SBF". This caused concern that FTX and Alameda Research were both suffering from significant liquidity problems and the risk of becoming insolvent with even a light drop in FTT's value. When this became public knowledge, it caused concern for both retail investors and institutional parties such as Binance. Binance decided to liquidate any remaining FTT on its balance sheet which essentially started a contagion effect¹. Binance's publicized liquidation of FTT led investors to withdraw any

¹ https://twitter.com/cz_binance/status/1589283421704290306?s=20&t=iGLRowaMxo6Fgcwi5tG-1A



funds from FTX (until the moment withdrawals were locked) while at the same time adding selling pressure to FTT causing it to spiral down further in terms of price.

Several hours afterwards, Binance announced an intend of acquisition of FTX subject to a pending due diligence.

- On 9th of November, 2022, Binance decided to withdraw from the deal as a result of their due diligence and reports of mishandled customer funds². Since then, FTX has attempted to seek funding as the worst case scenario is to follow a bankruptcy proceeding.
- On 11th of November, 2022, FTX Group announced that FTX.com, FTX US, Alameda Research, and affiliated companies have filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code³. At the same time, “SBF” has resigned from his role at CEO and John J. Ray has been appointed CEO of the FTX Group. The goal of the bankruptcy process according to the statement is to “develop a process to maximize recoveries for stakeholders”.

What is the impact on the crypto market?

All events in the past week have led the market to large drawdowns across all crypto assets. This is due to the fact that FTX and Alameda Research were one of the most significant and trusted parties in the cryptocurrency space. Alameda Research has invested in many cryptocurrency startups, as well as lending and financing cryptocurrency companies in financial trouble (such as BlockFi) due to the leveraged lending contagion in the summer of 2022. There is a general fear that this may spread further across the industry as the situation develops, but

² <https://twitter.com/binance/status/1590449161069268992>



there is not enough information as of this moment to confirm that this may be the case.

What exposure does VanEck ETP AG and VanEck ETN's have to FTX and FTT?

VanEck ETP AG does not hold any assets at crypto exchanges or hot wallets. All crypto assets are held in cold storage with a regulated custodian bank. This is also the case for the FTX Tokens that are held for the benefit of the VanEck FTX Token ETN. Also, for the creation / redemption process VanEck ETP AG is not using any crypto exchanges.

Does FTX and FTT have impact on other VanEck ETNs?

Generally, all crypto asset prices have been affected as a result of the FTX, FTT and Alameda Research downfall. The following VanEck ETN has direct exposure to FTX's token, FTT:

VanEck's FTT ETN is directly affected as this product seeks to track the return profile of FTT.

The drawdown in market prices has effect on all crypto assets hence also all VanEck Crypto ETNs. More notably, VanEck's Solana ETN is heavily affected because Alameda Research and FTX are significant holders of Solana's native token, SOL. VanEck Solana ETN seeks to track the return profile of SOL token and is therefore following the market drawdown. Redemptions, creations and

³ https://twitter.com/FTX_Official/status/1591071832823959552?s=20&t=8qE0QQizxGoARFXbmQEL8Q



trading of VanEck Solana ETN, VSOL, remain unaffected. Creations, redemptions and trading for all other ETNs is operational, although with a wider bid-ask spread than usual due to the market volatility.

Are assets of the VanEck FTX Token ETN or of other ETNs at risk?

The Digital Assets for each of the ETNs are kept in safe custody with a regulated custodian and not on crypto exchanges. This situation does therefore not create a specific custody risk for the Noteholders of the VanEck Digital Assets ETN programme nor the VanEck FTX Token ETN. The relevant market risk associated to an investment into the ETNs equals an investment directly into the digital assets. This market risk can of course not be mitigated for investors who invest through ETNs.

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