

VanEck Vectors ETF Trust
Form 497
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VANECK VECTORS ETF TRUST

STATEMENT OF ADDITIONAL INFORMATION

Dated February 1, 2018

This Statement of Additional Information (“SAI”) is not a prospectus. It should be read in conjunction with the Prospectus dated February 1, 2018 (the “Prospectus”) for the VanEck Vectors[®]ETF Trust (the “Trust”), relating to each of the series of the Trust listed below, as it may be revised from time to time.

<u>Fund</u>	<u>Principal U.S. Listing Exchange</u>	<u>Ticker</u>
VanEck Vectors Biotech ETF	The NASDAQ Stock Market LLC	BBH
VanEck Vectors Environmental Services ETF	NYSE Arca, Inc.	EVX [®]
VanEck Vectors Gaming ETF	NYSE Arca, Inc.	BJK [®]
VanEck Vectors Generic Drugs ETF	The NASDAQ Stock Market LLC	GNRX
VanEck Vectors Morningstar International Moat ETF	NYSE Arca, Inc.	MOTI [®]
VanEck Vectors Morningstar Wide Moat ETF	NYSE Arca, Inc.	MOAT [®]
VanEck Vectors NDR CMG Long/Flat Allocation ETF	NYSE Arca, Inc.	LFEQ
VanEck Vectors Pharmaceutical ETF	The NASDAQ Stock Market LLC	PPH [®]
VanEck Vectors Retail ETF	NYSE Arca, Inc.	RTH [®]
VanEck Vectors Semiconductor ETF	NYSE Arca, Inc.	SMH [®]
VanEck Vectors Spin-Off ETF	NYSE Arca, Inc.	SPUN [®]

A copy of each Prospectus may be obtained without charge by writing to the Trust or the Distributor. The Trust’s address is 666 Third Avenue, 9th Floor, New York, New York 10017. Capitalized terms used herein that are not defined have the same meaning as in the Prospectuses, unless otherwise noted.

TABLE OF CONTENTS

	Page
<u>GENERAL DESCRIPTION OF THE TRUST</u>	1
<u>INVESTMENT POLICIES AND RESTRICTIONS</u>	2
<u>Repurchase Agreements</u>	2
<u>Futures Contracts and Options</u>	2
<u>Swaps</u>	4
<u>Warrants and Subscription Rights</u>	6
<u>Currency Forwards</u>	6
<u>Convertible Securities</u>	6
<u>Structured Notes</u>	6
<u>Participation Notes</u>	7
<u>SEBI Takeover Regulations</u>	8
<u>Future Developments</u>	9
<u>Investment Restrictions</u>	9
<u>SPECIAL CONSIDERATIONS AND RISKS</u>	14
<u>General</u>	14
<u>U.S. Federal Tax Treatment of Futures Contracts and Certain Option Contracts</u>	15
<u>Concentration Considerations</u>	16
<u>Cyber Security</u>	16
<u>EXCHANGE LISTING AND TRADING</u>	17
<u>BOARD OF TRUSTEES OF THE TRUST</u>	18
<u>Trustees and Officers of the Trust</u>	18
<u>Independent Trustees</u>	19
<u>Interested Trustee</u>	21
<u>Officer Information</u>	21
<u>Remuneration of Trustees</u>	25
<u>PORTFOLIO HOLDINGS DISCLOSURE</u>	27
<u>QUARTERLY PORTFOLIO SCHEDULE</u>	27
<u>POTENTIAL CONFLICTS OF INTEREST</u>	27
<u>CODE OF ETHICS</u>	27
<u>PROXY VOTING POLICIES AND PROCEDURES</u>	27
<u>MANAGEMENT</u>	28
<u>Investment Adviser</u>	28
<u>The Administrator</u>	30
<u>Custodian and Transfer Agent</u>	30
<u>The Distributor</u>	30
<u>Affiliated Index Provider (VanEck Vectors Biotech ETF, VanEck Vectors Gaming ETF, VanEck Vectors Pharmaceutical ETF, VanEck Vectors Retail ETF and VanEck Vectors Semiconductor ETF only)</u>	31

TABLE OF CONTENTS

(Continued)

	Page
<u>Securities Lending</u>	31
<u>Other Accounts Managed by the Portfolio Managers</u>	33
<u>Portfolio Manager Compensation</u>	33
<u>Portfolio Manager Share Ownership</u>	34
<u>BROKERAGE TRANSACTIONS</u>	36
<u>BOOK ENTRY ONLY SYSTEM</u>	37
<u>CREATION AND REDEMPTION OF CREATION UNITS</u>	39
<u>General</u>	39
<u>Fund Deposit</u>	39
<u>Procedures for Creation of Creation Units</u>	40
<u>Placement of Creation Orders Using Clearing Process</u>	41
<u>Placement of Creation Orders Outside Clearing Process—Domestic Funds</u>	42
<u>Placement of Creation Orders Outside Clearing Process—Foreign Funds</u>	42
<u>Acceptance of Creation Orders</u>	43
<u>Creation Transaction Fee</u>	43
<u>Redemption of Creation Units</u>	44
<u>Redemption Transaction Fee</u>	44
<u>Placement of Redemption Orders Using Clearing Process</u>	45
<u>Placement of Redemption Orders Outside Clearing Process—Domestic Funds</u>	45
<u>Placement of Redemption Orders Outside Clearing Process—Foreign Funds</u>	46
<u>DETERMINATION OF NET ASSET VALUE</u>	55
<u>DIVIDENDS AND DISTRIBUTIONS</u>	56
<u>General Policies</u>	56
<u>DIVIDEND REINVESTMENT SERVICE</u>	56
<u>CONTROL PERSONS and principal shareholders</u>	57
<u>TAXES</u>	61
<u>Reportable Transactions</u>	66
<u>CAPITAL STOCK AND SHAREHOLDER REPORTS</u>	67
<u>COUNSEL AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	67
<u>FINANCIAL STATEMENTS</u>	68
<u>LICENSE AGREEMENTS AND DISCLAIMERS</u>	69
<u>APPENDIX A VANECK PROXY VOTING POLICIES</u>	76

GENERAL DESCRIPTION OF THE TRUST

The Trust is an open-end management investment company. The Trust currently consists of 56 investment portfolios. This SAI relates to eleven investment portfolios, VanEck Vectors Biotech ETF, VanEck Vectors Environmental Services ETF, VanEck Vectors Gaming ETF, VanEck Vectors Generic Drugs ETF, VanEck Vectors Morningstar International Moat ETF, VanEck Vectors Morningstar Wide Moat ETF, VanEck Vectors NDR CMG Long/Flat Allocation ETF, VanEck Vectors Pharmaceutical ETF, VanEck Vectors Retail ETF, VanEck Vectors Semiconductor ETF and VanEck Vectors Spin-Off ETF¹ (each, a “Fund” and, together, the “Funds”). Each Fund is classified as a non-diversified fund under the Investment Company Act of 1940, as amended (“1940 Act”), and, as a result, is not required to meet certain diversification requirements under the 1940 Act. The Trust was organized as a Delaware statutory trust on March 15, 2001. The shares of each Fund are referred to herein as “Shares.”

The Funds offer and issue Shares at their net asset value (“NAV”) only in aggregations of a specified number of Shares (each, a “Creation Unit”). Similarly, Shares are redeemable by the Funds only in Creation Units. Creation Units of VanEck Vectors Biotech ETF, VanEck Vectors Environmental Services ETF, VanEck Vectors Morningstar Wide Moat ETF, VanEck Vectors NDR CMG Long/Flat Allocation ETF, VanEck Vectors Pharmaceutical ETF, VanEck Vectors Retail ETF, VanEck Vectors Semiconductor ETF and VanEck Vectors Spin-Off ETF are issued and redeemed generally in exchange for specified securities included in each Fund’s Index (defined herein). Creation Units of VanEck Vectors Gaming ETF, VanEck Vectors Generic Drugs ETF and VanEck Vectors Morningstar International Moat ETF are issued and redeemed partially for cash and partially in exchange for specified securities included in each Fund’s Index. The Shares of VanEck Vectors Environmental Services ETF, VanEck Vectors Gaming ETF, VanEck Vectors Morningstar International Moat ETF, VanEck Vectors Morningstar Wide Moat ETF, VanEck Vectors NDR CMG Long/Flat Allocation ETF, VanEck Vectors Retail ETF, VanEck Vectors Semiconductor ETF and VanEck Vectors Spin-Off ETF are listed on NYSE Arca, Inc. (“NYSE Arca”), and Shares of VanEck Vectors Biotech ETF, VanEck Vectors Generic Drugs ETF, and VanEck Vectors Pharmaceutical ETF are listed on The NASDAQ Stock Market LLC (“NASDAQ,” and, together with NYSE Arca, each, an “Exchange”). Shares of each Fund trade in the secondary market at market prices that may differ from the Shares’ NAV. A Creation Unit consists of 50,000 Shares of a Fund. The Trust reserves the right to permit or require a “cash” option for creations and redemptions of Shares (subject to applicable legal requirements).

¹ Prior to February 1, 2018, the Fund’s name was VanEck Vector® Global Spin-Off ETF.

INVESTMENT POLICIES AND RESTRICTIONS

Repurchase Agreements

The Funds may invest in repurchase agreements with commercial banks, brokers or dealers to generate income from their excess cash balances and to invest securities lending cash collateral. A repurchase agreement is an agreement under which a Fund acquires a money market instrument (generally a security issued by the U.S. Government or an agency thereof, a banker's acceptance or a certificate of deposit) from a seller, subject to resale to the seller at an agreed-upon price and date (normally, the next business day). A repurchase agreement may be considered a loan collateralized by securities. The resale price reflects an agreed-upon interest rate effective for the period the instrument is held by a Fund and is unrelated to the interest rate on the underlying instrument.

In these repurchase agreement transactions, the securities acquired by a Fund (including accrued interest earned thereon) must have a total value at least equal to the value of the repurchase agreement and are held by the Trust's custodian bank until repurchased. In addition, the Trust's Board of Trustees ("Board" or "Trustees") has established guidelines and standards for review of the creditworthiness of any bank, broker or dealer counterparty to a repurchase agreement with each Fund. No more than an aggregate of 15% of each Fund's net assets will be invested in repurchase agreements having maturities longer than seven days.

The use of repurchase agreements involves certain risks. For example, if the other party to the agreement defaults on its obligation to repurchase the underlying security at a time when the value of the security has declined, the Funds may incur a loss upon disposition of the security. If the other party to the agreement becomes insolvent and subject to liquidation or reorganization under the Bankruptcy Code or other laws, a court may determine that the underlying security is collateral not within the control of a Fund and, therefore, the Fund may incur delays in disposing of the security and/or may not be able to substantiate its interest in the underlying security and may be deemed an unsecured creditor of the other party to the agreement.

Futures Contracts and Options

Futures contracts generally provide for the future purchase or sale of a specified instrument, index or commodity at a specified future time and at a specified price. Stock index futures contracts and other types of futures contracts are settled daily with a payment by the Funds (or exchange) to an exchange (or Funds) of a cash amount based on the difference between the level of the stock index or other underlying instrument specified in the contract from one day to the next. Futures contracts are standardized as to maturity date and underlying instrument and are traded on futures exchanges. The Funds may use futures contracts and options on futures contracts based on other indexes or combinations of indexes that Van Eck Associates Corporation (the "Adviser") believes to be representative of each Fund's respective benchmark index (each, an "Index").

An option is a contract that provides the holder of the option the right to buy or sell shares or other assets at a fixed price, within a specified period of time. An American call option gives the option holder the right to buy the underlying security from the option writer at the option exercise price at any time prior to the expiration of the option. A European call option gives the option holder the right to buy the underlying security from the option writer only on the option expiration date. An American put option gives the option holder the right to sell the underlying security to the option writer at the option exercise price at any time prior to the expiration of the option. A European put option gives the option holder the right to sell the underlying security to the option writer at the option exercise price only on the option expiration date.

Although futures contracts (other than cash-settled futures contracts including most stock index futures contracts) by their terms call for actual delivery or acceptance of the underlying instrument or commodity, in most cases the contracts are closed out before the maturity date without the making or taking of delivery. Closing out an open futures position is done by taking an opposite position (buying the same contract which was previously sold or selling the same contract previously purchased) in an identical contract to terminate the position. Brokerage commissions are incurred when a futures contract position is opened or closed.

Futures traders are required to make a margin deposit (typically in cash or government securities) with a broker or custodian to initiate and maintain open positions in futures contracts. A margin deposit is intended to assure completion of the contract (delivery or acceptance of the underlying instrument or commodity or payment of the cash-settlement amount) if it is not terminated prior to the specified delivery date. Brokers may establish deposit requirements that are higher than the exchange minimums. Futures contracts are customarily purchased and sold on margin deposits which may range upward from less than 5% of the value of the contract being traded.

After a futures contract position is opened, the value of the contract is marked-to-market daily. If the futures contract price changes to the extent that the margin on deposit does not satisfy margin requirements, payment of additional "variation" margin will be required.

Conversely, a change in the contract value may reduce the required margin, resulting in a repayment of excess margin to the contract holder. Variation margin payments are made to and from the futures broker for as long as the contract remains open. The Funds expect to earn interest income on their margin deposits in the form of cash.

The Funds may use futures contracts and options thereon, together with positions in cash and money market instruments, to simulate full investment in each Fund's respective Index. Under such circumstances, the Adviser may seek to utilize other instruments that it believes to be correlated to each Fund's respective Index components or a subset of the components. Liquid futures contracts may not be currently available for the Index of each Fund.

Positions in futures contracts and options may be closed out only on an exchange that provides a secondary market therefor. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract or option at any specific time. Thus, it may not be possible to close a futures or options position. In the event of adverse price movements, the Funds would continue to be required to make daily cash payments to maintain its required margin. In such situations, if a Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, the Funds may be required to make delivery of the instruments underlying futures contracts they have sold.

The Funds will seek to minimize the risk that they will be unable to close out a futures or options contract by only entering into futures and options for which there appears to be a liquid secondary market.

The risk of loss in trading futures contracts or uncovered call options in some strategies (*e.g.*, selling uncovered stock index futures contracts) is potentially unlimited. The Funds do not plan to use futures and options contracts in this way. The risk of a futures position may still be large as traditionally measured due to the low margin deposits required. In many cases, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investor relative to the size of a required margin deposit.

Utilization of futures transactions by the Funds involves the risk of imperfect or even negative correlation to each Fund's respective Index if the index underlying the futures contracts differs from the Index. There is also the risk of loss by the Funds of margin deposits in the event of the bankruptcy or other similar insolvency with respect to a broker with whom a Fund has an open position in the futures contract or option.

Certain financial futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of contract, no trades may be made on that day at a price beyond that limit. The daily limit governs only price movements during a particular trading day and therefore does not limit potential losses, because the limit may prevent the liquidation of unfavorable positions. Futures contract prices have occasionally moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of future positions and subjecting some futures traders to substantial losses.

Except as otherwise specified in the Funds' Prospectus or this SAI, there are no limitations on the extent to which the Funds may engage in transactions involving futures and options thereon. The Funds will take steps to prevent their futures positions from "leveraging" their securities holdings. When a Fund has a long futures position requiring physical settlement, it will maintain with its custodian bank, cash or liquid securities having a value equal to the notional value of the contract (less any margin deposited in connection with the position). When a Fund has a short futures position requiring physical settlement, the Fund will maintain with its custodian bank assets substantially identical to those underlying the contract or cash and liquid securities (or a combination of the foregoing) having a value equal to the net obligation of the Fund under the contract (less the value of any margin deposits in connection with the position).

Swaps

Over-the-counter ("OTC") swap agreements are contracts between parties in which one party agrees to make payments to the other party based on the change in market value or level of a specified index or asset. In return, the other party agrees to make payments to the first party based on the return of a different specified index or asset, usually an interest rate. Although OTC swap agreements entail the risk that a party will default on its payment obligations thereunder, each Fund seeks to reduce this risk generally by receiving (or paying) collateral daily and entering into agreements that involve payments no less frequently than quarterly. The net amount of the excess, if any, of a Fund's obligations over its entitlements with respect to each swap is accrued on a daily basis and an amount of cash or highly liquid securities having an aggregate value at least equal to the accrued excess is maintained in an account at the Trust's custodian bank.

In addition, certain Funds may enter into interest rate swaps and credit default swaps. Interest rate swaps are typically exchange-traded contracts in which a party agrees to make periodic payments on certain referenced interest rates (e.g., a fixed rate or a floating rate) applied to a specified notional amount. A credit default swap on a security is a bilateral contract that enables an investor to buy or sell protection against a defined-issuer credit event. Credit default swaps referencing fixed income indices are generally traded on exchanges. Certain Funds may enter into credit default swap agreements either as a buyer or a seller. A Fund may buy protection to attempt to mitigate the risk of default or credit

quality deterioration in one or more of its individual holdings or in a segment of the fixed income securities market to which it has exposure, or to take a “short” position in individual bonds or market segments which it does not own. A Fund may sell protection in an attempt to gain exposure to the credit quality characteristics of particular bonds or market segments without investing directly in those bonds or market segments. As the protection seller in a credit default swap, a Fund effectively adds economic leverage to

4

its portfolio because, in addition to being subject to investment exposure on its total net assets, the Fund is subject to investment exposure on the notional amount of the swap.

The use of such swap agreements involves certain risks. For example, if the counterparty under an OTC swap agreement defaults on its obligation to make payments due from it as a result of its bankruptcy or otherwise, the Funds may lose such payments altogether or collect only a portion thereof, which collection could involve costs or delays.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and related regulatory developments require the clearing and exchange-trading of certain standardized OTC derivative instruments that the Commodity Futures Trading Commission (“CFTC”) and Securities and Exchange Commission (“SEC”) defined as “swaps” and “security-based swaps,” respectively. Mandatory exchange-trading and clearing is occurring on a phased-in basis based on the type of market participant and CFTC approval of contracts for central clearing and exchange trading. In a cleared swap, a Fund’s ultimate counterparty is a central clearinghouse rather than a swap dealer, bank or other financial institution. A Fund enters into cleared swaps through an executing broker. Such transactions are then submitted for clearing and, if cleared, will be held at regulated futures commission merchants (“FCMs”) that are members of the clearinghouse that serves as the central counterparty. When a Fund enters into a cleared swap, it must deliver to the central counterparty (via an FCM) an amount referred to as “initial margin.” Initial margin requirements are determined by the central counterparty, but an FCM may require additional initial margin above the amount required by the central counterparty. During the term of the swap agreement, a “variation margin” amount may also be required to be paid by a Fund or may be received by the Fund in accordance with margin controls set for such accounts, depending upon changes in the price of the underlying reference asset subject to the swap agreement. At the conclusion of the term of the swap agreement, if a Fund has a loss equal to or greater than the margin amount, the margin amount is paid to the FCM along with any loss in excess of the margin amount. If a Fund has a loss of less than the margin amount, the excess margin is returned to the Fund. If a Fund has a gain, the full margin amount and the amount of the gain is paid to the Fund.

Central clearing is designed to reduce counterparty credit risk compared to uncleared swaps because central clearing interposes the central clearinghouse as the counterparty to each participant’s swap, but it does not eliminate those risks completely. There is also a risk of loss by a Fund of the initial and variation margin deposits in the event of bankruptcy of the FCM with which the Fund has an open position in a swap contract. The assets of a Fund may not be fully protected in the event of the bankruptcy of the FCM or central counterparty because the Fund might be limited to recovering only a pro rata share of all available funds and margin segregated on behalf of an FCM’s customers or central counterparty’s clearing members. If the FCM does not provide accurate reporting, a Fund is also subject to the risk that the FCM could use the Fund’s assets, which are held in an omnibus account with assets belonging to the FCM’s other customers, to satisfy its own financial obligations or the payment obligations of another customer to the central counterparty. Certain swaps have begun trading on exchanges called swap execution facilities. Exchange-trading is expected to, but may not necessarily, increase the liquidity of swaps trading.

In addition, with respect to cleared swaps, a Fund may not be able to obtain as favorable terms as it would be able to negotiate for an uncleared swap. In addition, an FCM may unilaterally impose position limits or additional margin requirements for certain types of swaps in which a Fund may invest. Central counterparties and FCMs generally can require termination of existing cleared swap transactions at any time, and can also require increases in margin above the margin that is required at the initiation of the swap agreement. Margin requirements for cleared swaps vary on a

number of factors, and the margin required under the rules of the clearinghouse and FCM may be in excess of the collateral required to be posted by a Fund to support its obligations under a similar uncleared swap. However, regulators recently

5

adopted rules imposing certain margin requirements, including minimums and required daily margin transfers on uncleared swaps. The Funds are also subject to the risk that, after entering into a cleared swap with an executing broker, no FCM or central counterparty is willing or able to clear the transaction. In such an event, the central counterparty would void the trade. Before a Fund can enter into a new trade, market conditions may become less favorable to the Fund.

The Adviser will continue to monitor developments regarding trading and execution of cleared swaps on exchanges, particularly to the extent regulatory changes affect a Fund's ability to enter into swap agreements and the costs and risks associated with such investments.

Warrants and Subscription Rights

Warrants are equity securities in the form of options issued by a corporation which give the holder the right, but not the obligation, to purchase stock, usually at a price that is higher than the market price at the time the warrant is issued. A purchaser takes the risk that the warrant may expire worthless because the market price of the common stock fails to rise above the price set by the warrant.

Currency Forwards

A currency forward transaction is a contract to buy or sell a specified quantity of currency at a specified date in the future at a specified price which may be any fixed number of days from the date of the contract agreed upon by the parties at a price set at the time of the contract. Currency forward contracts may be used to increase or reduce exposure to currency price movements.

The use of currency forward transactions involves certain risks. For example, if the counterparty under the contract defaults on its obligation to make payments due from it as a result of its bankruptcy or otherwise, a Fund may lose such payments altogether or collect only a portion thereof, which collection could involve costs or delays.

Convertible Securities

A convertible security is a bond, debenture, note, preferred stock, right, warrant or other security that may be converted into or exchanged for a prescribed amount of common stock or other security of the same or a different issuer or into cash within a particular period of time at a specified price or formula. A convertible security generally entitles the holder to receive interest paid or accrued on debt securities or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities

generally have characteristics similar to both debt and equity securities. The value of convertible securities tends to decline as interest rates rise and, because of the conversion feature, tends to vary with fluctuations in the market value of the underlying securities. Convertible securities ordinarily provide a stream of income with generally higher yields than those of common stock of the same or similar issuers. Convertible securities generally rank senior to common stock in a corporation's capital structure but are usually subordinated to comparable nonconvertible securities. Convertible securities generally do not participate directly in any dividend increases or decreases of the underlying securities although the market prices of convertible securities may be affected by any dividend changes or other changes in the underlying securities.

Structured Notes

A structured note is a derivative security for which the amount of principal repayment and/or interest payments is based on the movement of one or more "factors." These factors include, but are not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced

bonds and stock indices. Some of these factors may or may not correlate to the total rate of return on one or more underlying instruments referenced in such notes. Investments in structured notes involve risks including interest rate risk, credit risk and market risk. Depending on the factor(s) used and the use of multipliers or deflators, changes in interest rates and movement of such factor(s) may cause significant price fluctuations. Structured notes may be less liquid than other types of securities and more volatile than the reference factor underlying the note.

Participation Notes

Participation notes (“P-Notes”) are issued by banks or broker-dealers and are designed to offer a return linked to the performance of a particular underlying equity security or market. P-Notes can have the characteristics or take the form of various instruments, including, but not limited to, certificates or warrants. The holder of a P-Note that is linked to a particular underlying security is entitled to receive any dividends paid in connection with the underlying security. However, the holder of a P-Note generally does not receive voting rights as it would if it directly owned the underlying security. P-Notes constitute direct, general and unsecured contractual obligations of the banks or broker-dealers that issue them, which therefore subject a Fund to counterparty risk, as discussed below. Investments in P-Notes involve certain risks in addition to those associated with a direct investment in the underlying foreign securities or foreign securities markets whose return they seek to replicate. For instance, there can be no assurance that the trading price of a P-Note will equal the value of the underlying foreign security or foreign securities market that it seeks to replicate. As the purchaser of a P-Note, a Fund is relying on the creditworthiness of the counterparty issuing the P-Note and has no rights under a P-Note against the issuer of the underlying security. Therefore, if such counterparty were to become insolvent, a Fund would lose its investment. The risk that a Fund may lose its investments due to the insolvency of a single counterparty may be amplified to the extent the Fund purchases P-Notes issued by one issuer or a small number of issuers. P-Notes also include transaction costs in addition to those applicable to a direct investment in securities. In addition, a Fund’s use of P-Notes may cause the Fund’s performance to deviate from the performance of the portion of the Index to which the Fund is gaining exposure through the use of P-Notes.

Due to liquidity and transfer restrictions, the secondary markets on which P-Notes are traded may be less liquid than the markets for other securities, which may lead to the absence of readily available market quotations for securities in a Fund’s portfolio and may cause the value of the P-Notes to decline. The ability of a Fund to value its securities becomes more difficult and the Adviser’s judgment in the application of fair value procedures may play a greater role in the valuation of a Fund’s securities due to reduced availability of reliable objective pricing data. Consequently, while such determinations will be made in good faith, it may nevertheless be more difficult for a Fund to accurately assign a daily value to such securities.

P-Notes eligible for subscription by VanEck Vectors Generic Drugs ETF and VanEck Vectors Morningstar International Moat ETF must be issued by banks or broker-dealers that are registered with the Securities and Exchange Board of India (“SEBI”) as an eligible foreign portfolio investor (“FPI”) to issue offshore derivative instruments (“ODIs”). Under the FPI Regulation, subject to certain other conditions being met, ODIs, including P-Notes, can be issued only to persons who satisfy the conditions under Regulation 4 of the FPI Regulations and are regulated by an appropriate foreign regulatory authority subject to compliance with the specified ‘know-your-client’ (“KYC”) norms. However, certain categories of FPIs, specifically Category III FPIs and Category II FPIs, which are unregulated broad-based funds and are classified as a Category II FPI by virtue of their investment manager being appropriately

regulated and registered with SEBI as a Category II FPI, are not permitted to issue, subscribe to or otherwise deal in ODIs, including P-Notes. FPIs shall have to fully disclose to SEBI, any information concerning the terms of and parties to ODIs entered into by such FPI relating to any securities listed or proposed to be listed on any stock exchange in India. On November 24, 2014, SEBI

issued a circular aligning the conditions for subscription of ODIs to those applicable to FPIs. The circular makes the ODI subscription more restrictive.

The existing ODI positions will not be affected by the circular until the expiry of such ODI contracts. However, the circular specifies that there will not be a rollover of existing ODI positions and for any new ODI positions, new contracts will have to be entered into, in accordance with the rules specified in the circular.

Further, SEBI issued a circular on June 10, 2016 on the KYC norms applicable to ODI subscribers, transferability of ODIs, reporting of suspicious transactions, periodic review of systems and modified ODI reporting format. With regards to KYC of ODI subscribers, ODI issuers shall now be required to identify and verify the beneficial owners in the subscriber entities, who hold in excess of the threshold as defined under Rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 (i.e. 25 % in case of a company and 15 % in case of partnership firms/trusts unincorporated bodies). ODI issuers shall also be required to identify and verify the persons who control the operations, when no beneficial owner is identified based on the above materiality threshold.

It was also clarified by SEBI in a circular dated June 29, 2016 that the ODI subscribers who have subscribed to ODIs under the prior SEBI (Foreign Institutional Investors) Regulations, 1995 (“FII Regulations”) can continue to subscribe to ODIs under the FPI regime, subject to the condition that they comply with Regulation 22 of FPI Regulations and meet the eligibility criteria as laid down in the SEBI circular dated November 24, 2014 along with other norms which may be given notice of by SEBI from time to time. Those ODI subscribers who do not meet the norms, including unregulated funds whose investment manager is appropriately regulated, may continue to hold the position until the date of expiry of such positions or until December 31, 2020, whichever is earlier. Such subscribers cannot take fresh positions or renew the old positions. Fresh ODIs can be issued to those entities which comply with the circular dated November 24, 2014 along with other conditions that may be given notice of by SEBI from time to time and Regulation 22 of FPI Regulations.

SEBI Takeover Regulations (VanEck Vectors Generic Drugs ETF and VanEck Vectors Morningstar International Moat ETF only)

Under the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Code”), any acquirer who holds, together with persons acting in concert with him, 5% or more of the shares or voting rights of a listed public Indian company, is required to notify the company and the stock exchanges on which the shares of such company are listed about its holding within the prescribed time period. Furthermore, any acquirer who holds, together with persons acting in concert with him, 5% or more of shares or voting rights is required to inform the company and the stock exchange about any change in its holding by 2% or more of the shares or voting rights in the target company.

Upon the acquisition of 25% or more of shares or voting rights or an acquisition of control of the company, whether directly or indirectly, the acquirer is required to make an open offer to the other shareholders offering to purchase at

least 26% of all the outstanding shares of the company at an offer price as determined pursuant to the provisions of the Takeover Code. Further, under the provisions of the Takeover Code, any existing shareholder of a listed public Indian company, holding 25% or more but less than 75% of the shares of the company, is entitled to acquire up to 5% voting rights of the company, in any financial year ending March 31 without making a public offer for such an acquisition.

There are certain exemptions under the Takeover Code from the public offer provisions in certain specific instances such as an inter se transfer of shares amongst the persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or the Takeover Code

for not less than three years prior to the proposed acquisition and transfer of shares pursuant to arrangement involving the target company as a transferor company or as a transferee company, or reconstruction of the target company, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. VanEck Vectors Generic Drugs ETF and VanEck Vectors Morningstar International Moat ETF may invest through subscription of shares under the preferential route or purchase shares from existing promoters or shareholders, in which case they would be required to comply with the public offer provisions of the Takeover Code if the post-acquisition holding of VanEck Vectors Generic Drugs ETF or VanEck Vectors Morningstar International Moat ETF, respectively is in excess of the prescribed thresholds.

Future Developments

The Funds may take advantage of opportunities in the area of options, futures contracts, options on futures contracts, warrants, swaps and any other investments which are not presently contemplated for use or which are not currently available, but which may be developed, to the extent such investments are considered suitable for a Fund by the Adviser.

Investment Restrictions

The Trust has adopted the following investment restrictions as fundamental policies with respect to each Fund. These restrictions cannot be changed without the approval of the holders of a majority of each Fund's outstanding voting securities. For purposes of the 1940 Act, a majority of the outstanding voting securities of a Fund means the vote, at an annual or a special meeting of the security holders of the Trust, of the lesser of (1) 67% or more of the voting securities of the Fund present at such meeting, if the holders of more than 50% of the outstanding voting securities of the Fund are present or represented by proxy, or (2) more than 50% of the outstanding voting securities of the Fund. Under these restrictions:

- Each Fund may not make loans, except that a Fund may (i) lend portfolio securities, (ii) enter into repurchase agreements, (iii) purchase all or a portion of an issue of debt securities, bank loan or participation interests, bank certificates of deposit, bankers' acceptances, debentures or other securities, whether or not the purchase is made upon the original issuance of the securities and (iv) participate in an interfund lending program with other registered investment companies;
2. Each Fund may not borrow money, except as permitted under the 1940 Act, and as interpreted or modified by regulation from time to time;
3. Each Fund may not issue senior securities, except as permitted under the 1940 Act, and as interpreted or modified by regulation from time to time;

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VanEck Vectors Environmental Services ETF and VanEck Vectors Gaming ETF may not purchase a security (other than obligations of the U.S. Government, its agencies or instrumentalities) if, as a result, 25% or more of its total assets would be invested in a single issuer;

Each Fund may not purchase or sell real estate, except that a Fund may (i) invest in securities of issuers that invest in real estate or interests therein; (ii) invest in mortgage-related securities and other securities that are secured by real estate or interests therein; and (iii) hold and sell real estate acquired by the Fund as a result of the ownership of securities;

9

Each Fund may not engage in the business of underwriting securities issued by others, except to the extent that the Fund may be considered an underwriter within the meaning of the Securities Act of 1933, as amended (the “Securities Act”), in the disposition of restricted securities or in connection with its investments in other investment companies;

Each Fund may not purchase or sell commodities, unless acquired as a result of owning securities or other instruments, but it may purchase, sell or enter into financial options and futures, forward and spot currency contracts, swap transactions and other financial contracts or derivative instruments and may invest in securities or other instruments backed by commodities; and

Each Fund, except VanEck Vectors Environmental Services ETF, VanEck Vectors Gaming ETF, VanEck Vectors Generic Drugs ETF, VanEck Vectors NDR CMG Long/Flat Allocation ETF, VanEck Vectors Morningstar International Moat ETF, VanEck Vectors Morningstar Wide Moat ETF and VanEck Vectors Spin-Off ETF may not purchase any security if, as a result of that purchase, 25% or more of its total assets would be invested in securities of issuers having their principal business activities in the same industry, except that the Fund will invest 25% or more of the value of its total assets in securities of issuers in any one industry or group of industries if the index that the Fund replicates concentrates in an industry or group of industries. With respect to each of VanEck Vectors Environmental Services ETF, VanEck Vectors Gaming ETF, VanEck Vectors Generic Drugs ETF, VanEck Vectors NDR CMG Long/Flat Allocation ETF, VanEck Vectors Morningstar International Moat ETF, VanEck Vectors Morningstar Wide Moat ETF and VanEck Vectors Spin-Off ETF, the Fund may not purchase any security if, as a result of that purchase, 25% or more of its total assets would be invested in securities of issuers having their principal business activities in the same industry, except that the Fund may invest 25% or more of the value of its total assets in securities of issuers in any one industry or group of industries if the index that the Fund replicates concentrates in an industry or group of industries. This limit does not apply to securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

In addition to the investment restrictions adopted as fundamental policies as set forth above, each Fund observes the following non-fundamental investment restrictions, which may be changed by the Board without a shareholder vote. Under these restrictions:

1. Each Fund will not invest in securities which are “illiquid” securities if the result is that more than 15% of a Fund’s net assets would be invested in such securities.

2. Each Fund will not make short sales of securities.

3. Each Fund will not purchase any security on margin, except for such short-term loans as are necessary for clearance of securities transactions. The deposit or payment by a Fund or initial or variation margin in connection with futures contracts or related options thereon is not considered the purchase of a security on margin.

4. Each Fund will not participate in a joint or joint-and-several basis in any trading account in securities, although transactions for the Funds and any other account under common or affiliated management may be combined or allocated between the Fund and such account.

VanEck Vectors NDR CMG Long/Flat Allocation ETF will not purchase securities of open-end or closed-end investment companies except in compliance with the 1940 Act or an exemption or other relief applicable to the Fund from the provisions of the 1940 Act, as amended from time to time. Each Fund except VanEck Vectors NDR 5. CMG Long/Flat Allocation ETF will not purchase securities of open-end or closed-end investment companies except in compliance with the 1940 Act, although the Funds may not acquire any securities of registered open-end investment companies or registered unit investment trusts in reliance on Sections 12(d)(1)(F) or 12(d)(1)(G) of the 1940 Act.

In addition to the fundamental and non-fundamental investment restrictions set forth above, each of VanEck Vectors Biotech ETF, VanEck Vectors Morningstar Wide Moat ETF, VanEck Vectors Pharmaceutical ETF and VanEck Vectors Semiconductor ETF observes the following additional restrictions, which may be changed by the Board without a shareholder vote: under normal market conditions (i) any borrowings by the Fund will be on a temporary basis and will not exceed 10% of the Fund's net assets; and (ii) the Fund's investments in the securities of other pooled investment vehicles will not exceed 10% of the Fund's net assets. For purposes of (ii), real estate investment trusts are not considered to be pooled investment vehicles. Additionally, VanEck Vectors Semiconductor ETF will invest at least 51% of its net assets in equity securities. This may be changed by the Board without a shareholder vote.

If a percentage limitation is adhered to at the time of investment or contract, a later increase or decrease in percentage resulting from any change in value or total or net assets will not result in a violation of such restriction, except that the percentage limitation with respect to the borrowing of money described above in fundamental restriction 2 will be continuously complied with.

With respect to fundamental restriction 2, the 1940 Act permits a Fund to borrow money from banks in an amount up to one-third of its total assets (including the amount borrowed) less its liabilities (not including any borrowings but including the fair market value at the time of computation of any other senior securities then outstanding). A Fund may also borrow an additional 5% of its total assets without regard to the foregoing limitation for temporary purposes such as clearance of portfolio transactions. Practices and investments that may involve leverage but are not considered to be borrowings are not subject to the policy.

With respect to fundamental restriction 3, the 1940 Act prohibits a Fund from issuing senior securities, except that a Fund may borrow money in amounts of up to one-third of the Fund's total assets from banks for any purpose. A Fund may also borrow money or engage in economically similar transactions if those transactions do not constitute "senior securities" under the 1940 Act. The policy above will be interpreted not to prevent collateral arrangements with respect to swaps, options, forward or futures contracts or other derivatives, or the posting of initial or variation margin.

With respect to fundamental restriction 8, investment companies are not considered to be part of an industry. In accordance with VanEck Vectors NDR CMG Long/Flat Allocation ETF's principal investment strategies as set forth in its Prospectus, VanEck Vectors NDR CMG Long/Flat Allocation ETF may invest its assets in underlying investment companies. Although VanEck Vectors NDR CMG Long/Flat Allocation ETF does not have a policy to concentrate its investments in a particular industry, 25% or more of VanEck Vectors NDR CMG Long/Flat Allocation ETF's total assets may be indirectly exposed to a particular industry or group of related industries through its investment in one or more underlying investment companies.

Each Fund may invest its remaining assets in securities not included in its respective Index, which may include but is not limited to money market instruments or funds which reinvest exclusively in money

11

market instruments, in stocks that are in the relevant market but not the Fund's respective Index, and/or in combinations of certain stock index futures contracts, options on such futures contracts, stock options, stock index options, options on the Shares, and stock index swaps and swaptions, each with a view towards providing each Fund with exposure to the securities in its respective Index. These investments may be made to invest uncommitted cash balances or, in limited circumstances, to assist in meeting shareholder redemptions of Creation Units. Each Fund will not invest in money market instruments as part of a temporary defensive strategy to protect against potential stock market declines.

Indian Investment Restrictions (VanEck Vectors Generic Drugs ETF only.)

Investments in Indian issuers comprise a part of the overall strategy of VanEck Vectors Generic Drugs ETF. As of September 30, 2017, approximately 18.3% of the Fund's investments consisted of securities of Indian issuers. This amount is subject to change.

The investment restrictions described below only apply to the VanEck Vectors Generic Drugs ETF's investments in Indian issuers.

The Fund is registered as a Category II FPI with the SEBI. Investments under the FPI Regulations and Foreign Exchange Management (transfer or issue of security by a person resident outside India) Regulations, 2000 are permitted only in the following: (i) shares, debentures and warrants of companies listed or to be listed on a recognized stock exchange in India through primary and secondary markets; (ii) units of schemes floated by domestic mutual funds, whether or not they are listed on a recognized stock exchange in India or units of a scheme floated by a collective investment scheme; (iii) dated government securities; (iv) derivatives traded on a recognized stock exchange in India; (v) security receipts of asset reconstruction companies registered with the Reserve Bank of India ("RBI"); (vi) Indian Depository Receipts; (vii) rupee-denominated credit enhanced bonds; (viii) perpetual debt instruments eligible for inclusion as Tier I capital and debt capital instruments as upper Tier II capital issued by banks in India to augment their capital (Tier I capital and Tier II capital as defined by Reserve Bank of India (RBI) and modified from time to time) provided that the investment of all eligible investors in perpetual debt instruments (Tier I) shall not exceed an aggregate ceiling of 49% of each issue and investment by an individual FPI shall not exceed the limit of 10% of each issue; (ix) listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (x) non-convertible debentures or bonds issued by Non-banking financial companies categorized as Infrastructure Finance Companies by the RBI; (xi) unlisted non-convertible debentures/bonds issued by an Indian company subject to the guidelines issued by the Indian government's Ministry of Corporate Affairs from time to time; (xii) securitized debt instruments, including: (a) any certificate of or instrument issued by a special purpose vehicle set up for securitization of asset/s with banks, financial institutions or non-banking financial institutions as originators; and (b) any certificate or instrument issued and listed in terms of the SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008; (xiii) rupee-denominated bonds or units issued by infrastructure debt funds; and (xiv) such other instruments as may be specified by SEBI from time to time.

Further, FIIs and FPIs are allowed to engage in delivery-based trading and short selling in compliance with the short selling and securities borrowing and lending framework laid down by SEBI, and also in a manner consistent with the procedures laid down by the respective stock exchanges, including execution of trades involving derivatives on a recognized stock exchange. FPIs are allowed to tender their shares in case of an open offer following the takeover bid by an acquirer.

FPIs which have issued derivative instruments based on underlying Indian securities such as P-Notes and any other equivalent instruments are required to make a monthly disclosure to the SEBI regarding the details of the instrument as well as the ultimate investor in such instruments.

The extent to which percentage positions may be taken in index options and index futures by the Fund would be restricted to the limits prescribed by applicable regulators from time to time. Separately, the following are the regulatory positions that the Adviser would have to observe under the applicable provisions of the securities laws of India.

Various ownership restrictions are applicable to FPIs.

Further, by way of a SEBI circular, FPIs are allowed to participate in the exchange traded currency derivative segment to the extent of their Indian rupee exposure in India, subject to conditions and restrictions under applicable law. FPIs may take long as well as short positions in the permitted currency pairs up to USD 10 million/5 million euro/5 million British pounds/200 million Japanese yen, as applicable, per stock exchange, without having to establish the existence of any underlying exposure. To take long positions beyond the prescribed limit, FPIs are required to have an underlying exposure in Indian debt or equity securities, including units of equity/debt mutual funds.

The RBI and SEBI by way of separate circulars dated February 3, 2015 have restricted the ability of FPIs to invest in debt securities having a residual maturity of less than 3 years. In addition, FPIs cannot invest in debt securities with residual maturity of more than 3 years but having optionality clauses exercisable within 3 years.

SPECIAL CONSIDERATIONS AND RISKS

A discussion of the risks associated with an investment in each Fund is contained in each Fund's Prospectus under the headings "Summary Information—Principal Risks of Investing in the Fund" with respect to the applicable Fund, and "Additional Information About the Funds' Investment Strategies and Risks—Risks of Investing in the Funds." The discussion below supplements, and should be read in conjunction with, such sections of each Fund's Prospectus.

General

Investment in each Fund should be made with an understanding that the value of the Fund's portfolio securities may fluctuate in accordance with changes in the financial condition of the issuers of the portfolio securities, the value of securities generally and other factors.

An investment in each Fund should also be made with an understanding of the risks inherent in an investment in equity securities, including the risk that the financial condition of issuers may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the portfolio securities and thus in the value of Shares). Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises.

Holdings of common stocks incur more risk than holdings of preferred stocks and debt obligations because common stockholders, as owners of the issuer, have generally inferior rights to receive payments from the issuer in comparison with the rights of creditors of, or holders of debt obligations or preferred stocks issued by, the issuer. Further, unlike debt securities which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), or preferred stocks which typically have a liquidation preference and which may have stated optional or mandatory redemption provisions, common stocks have neither a fixed principal amount nor a maturity. Common stock values are subject to market fluctuations as long as the common stock remains outstanding.

In the event that the securities in a Fund's Index are not listed on a national securities exchange, the principal trading market for some may be in the over-the-counter market. The existence of a liquid trading market for certain securities may depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made or maintained or that any such market will be or remain liquid. The price at which securities may be sold and the value of a Fund's Shares will be adversely affected if trading markets for the Fund's portfolio securities are limited or absent or if bid/ask spreads are wide.

The Funds are not actively managed by traditional methods, and therefore the adverse financial condition of any one issuer will not result in the elimination of its securities from the securities held by a Fund unless the securities of such issuer are removed from its respective Index.

An investment in each Fund should also be made with an understanding that the Fund will not be able to replicate exactly the performance of its respective Index because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities and other Fund expenses, whereas such transaction costs and expenses are not included in the calculation of its respective Index. It is also possible that for periods of time, a Fund may not fully replicate the

performance of its respective Index due to the temporary unavailability of certain Index securities in the secondary market or due to other extraordinary circumstances. Such events are unlikely to continue for an extended period of time because the Fund is required to correct such imbalances by means of adjusting the composition of the securities. It is also possible that the composition of a Fund may not exactly replicate the composition of its respective Index if the Fund has to adjust its portfolio holdings in order to continue to qualify as a “regulated investment company” (“RIC”) under the U.S. Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”).

Regulatory developments affecting the exchange-traded and OTC derivatives markets may impair a Fund’s ability to manage or hedge its investment portfolio through the use of derivatives. The Dodd-Frank Act and the rules promulgated thereunder may limit the ability of a Fund to enter into one or more exchange-traded or OTC derivatives transactions.

The Trust, on behalf of the Funds, has filed a notice of eligibility with the National Futures Association claiming an exclusion from the definition of the term “commodity pool operator” (“CPO”) pursuant to CFTC Regulation 4.5, as promulgated under the Commodity Exchange Act (“CEA”) with respect to the Funds’ operations. Therefore, neither the Funds nor the Adviser (with respect to the Funds) is subject to registration or regulation as a commodity pool or CPO under the CEA. If a Fund becomes subject to these requirements, a Fund may incur additional compliance and other expenses. Each Fund’s use of derivatives may also be limited by the requirements of the Internal Revenue Code, for qualification as a RIC for U.S. federal income tax purposes.

With respect to investments in swap transactions, commodity futures, commodity options or certain other derivatives used for purposes other than bona fide hedging purposes, an investment company must meet one of the following tests under the amended regulations in order to claim an exemption from being considered a “commodity pool” or CPO. First, the aggregate initial margin and premiums required to establish an investment company’s positions in such investments may not exceed five percent (5%) of the liquidation value of the investment company’s portfolio (after accounting for unrealized profits and unrealized losses on any such investments). Alternatively, the aggregate net notional value of such instruments, determined at the time of the most recent position established, may not exceed one hundred percent (100%) of the liquidation value of the investment company’s portfolio (after accounting for unrealized profits and unrealized losses on any such positions). In addition to meeting one of the foregoing trading limitations, the investment company may not market itself as a commodity pool or otherwise as a vehicle for trading in the commodity futures, commodity options or swaps and derivatives markets. In the event that the Adviser is required to register as a CPO, the disclosure and operations of the Funds would need to comply with all applicable CFTC regulations. Compliance with these additional registration and regulatory requirements would increase operational expenses. Other potentially adverse regulatory initiatives could also develop.

Shares of each Fund are subject to the risks of an investment in a portfolio of equity securities in an economic sector or industry in which each Fund’s Index is highly concentrated. In addition, because it is the policy of each Fund to generally invest in the securities that comprise the Fund’s respective Index, the portfolio of securities held by such Fund (“Fund Securities”) also will be concentrated in that economic sector or industry.

U.S. Federal Tax Treatment of Futures Contracts and Certain Option Contracts

Each Fund may be required for federal income tax purposes to mark-to-market and recognize as income for each taxable year their net unrealized gains and losses on certain futures contracts and option contracts as of the end of the year as well as those actually realized during the year. Gain or loss from futures contracts required to be marked-to-market will be 60% long-term and 40% short-term capital gain