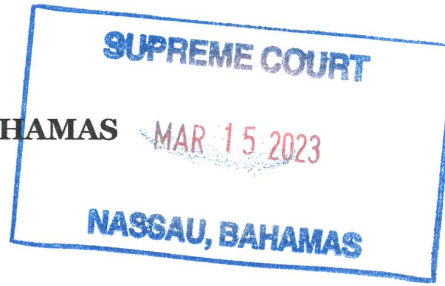


COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
COMMERCIAL DIVISION



2022
COM/com/00060

IN THE MATTER OF the Digital Assets and Registered Exchanges Act, 2020
(as amended)

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

FOURTH AFFIDAVIT OF BRIAN C. SIMMS KC

I, **BRIAN C. SIMMS KC** of 3 Bayside Executive Park, West Bay Street and Blake Road, Nassau, N.P., The Bahamas make Oath and Say as follows:

1. That I am the Senior Partner at Lennox Paton having its place of business at 3 Bayside Executive Park, Nassau, N.P., The Bahamas and along with Mr. Kevin Cambridge of PricewaterhouseCoopers Advisory ("**PwC Bahamas**") and Mr. Peter Greaves of PricewaterhouseCoopers Limited (a Hong Kong incorporated entity), we are the Joint Provisional Liquidators ("**the JPLs**") of FTX Digital Markets Ltd. ('In Provisional Liquidation') ("**Company**" or "**FTX Digital**"), and I am duly authorized to make this Affidavit on behalf of the JPLs and the Company.
2. The facts and matters referred to herein are, unless otherwise stated, within my own knowledge or are obtained from documents in the possession of the JPLs or the legal team at Lennox Paton ("**LXP**") as the case may be, and are true to the best of my knowledge, information and belief. Where the matters deposed hereto are not within my knowledge, they are derived from the sources which I identify and are true to the best of my information and belief.
3. There is now produced and shown to me marked "**BCS-1**" a paginated bundle of documents to which I shall refer in the course of my Affidavit. References to page numbers in the

Affidavit are references to page numbers in the said paginated bundle unless otherwise stated.

4. Insofar as communications are referred to in this Affidavit which are subject to legal professional or other privilege, such references are made without any intention to waive that privilege and nothing herein should be taken as waiving such privilege.
5. This Affidavit is made in support of a Summons filed herein on 15th March 2023 seeking an Order that the JPLs may:

- “ 1. Obtain the sanction of this Honourable Court to seek confirmation and/or approval from the Delaware Bankruptcy Court in the Chapter 11 Proceedings that the JPLs contemplated directions application (**“the Directions Application”**) in The Bahamas in the form as exhibited to the Fourth Affidavit of Brian Simms KC filed herein on 15th March 2023 will not constitute a breach of the automatic stay in favour of the Chapter 11 Debtors in the US Proceedings;
2. Alternatively, if the Delaware Bankruptcy Court is of the view that the Directions Application, would, if issued, be in breach of the automatic stay, sanction of this Honourable Court to make an application to the Delaware Bankruptcy Court for relief from the automatic stay so that the issuance of the Directions Application would not be in breach of same.
3. An Order that the costs of and occasioned by this application be paid out of the assets of the Company and/or trust assets.
4. Such further or other relief as the Court may deem necessary.”

6. Unless otherwise stated, the abbreviations, acronyms and nomenclatures as set out in the JPLs’ First Interim Report dated 8th February 2023 (**“the First Interim Report”**) are adopted herein. At pages [1]-[55] of Exhibit **“BCS-1”** is a true copy of the First Interim Report.

Background

7. On 10th November 2022, the Honourable Mr. Chief Justice Ian Winder heard the Petition at an urgent *ex parte* hearing and appointed me as the provisional liquidator of FTX Digital. On 14th November 2022, the Honourable Mr. Chief Justice Ian Winder appointed Mr. Kevin Cambridge and Mr. Peter Greaves to act as additional provisional liquidators with me (**“the JPLs”**). At pages [56]-[63] of Exhibit **“BCS-1”** are true copies of the Orders of this Court appointing the JPLs (**“the Appointment Orders”**).

8. In accordance with the Appointment Orders, the JPLs have been tasked by this Honourable Court with maintaining the value of assets owned or managed by FTX Digital and to take all and any necessary steps that the JPLs consider fit to protect the assets of FTX Digital wheresoever situate including any assets held on trust by FTX Digital.
9. As set out at paragraph [12] of Mr. Cambridge's sixth affidavit (**"the Sixth Cambridge Affidavit"**) filed herein on 7th February 2023 and paragraph [17.1] of the First Interim Report, the JPLs intend to seek directions from this Honourable Court on whether the Company holds certain assets as trustee for the benefit of its customers, or whether the assets are deemed estate assets. Further, the JPLs wish to seek directions from this Honourable Court as to the meaning and effect of the various terms of service that applied to customers (**"the Directions Application"**).

Relief from Automatic Stay Application

10. At pages [120]-[124] of Exhibit **"BCS-1"** is a copy of the draft Summons which contains the Directions in respect of which, subject to paragraphs [11]-[24] below, the JPLs wish to seek the guidance of this Honourable Court. Further a copy of my draft affidavit in support of the Directions Application is now produced and shown to me marked as Exhibit **"BCS-2"**. The JPLs may amend the draft affidavit prior to filing in light of any further facts which may become apparent before the draft affidavit is finalized.
11. The proposed Directions Application relates solely to FTX Digital, its creditors and/or beneficiaries and other issues that relate to the FTX Digital estate. All of the issues raised in the Directions Application are core fundamental issues arising from the provisional liquidation of FTX Digital and which can only be resolved by this Court. The requirement for Directions has become urgent. Until the JPLs have some certainty, inter alia, as to who FTX Digital's customers are, the governing law of various agreements and the effect of such agreements, the provisional liquidation will in effect and substance stall. The further and efficient progress of the provisional liquidation is crucially important because there are various parties who withdrew digital assets and fiat from FTX Digital in the days immediately before the commencement of the provisional liquidation in respect of whom there may be actions to claw back those withdrawals. The resolution of the issues which are the subject of the Directions Application will determine the incidents of claw back claims. The appropriate causes of action for clawing back withdrawals are dependent on whether

assets were held on trust, making FTX Digital's customers beneficiaries of assets held, or whether assets were owned absolutely by FTX Digital with the consequence that FTX Digital's customers are creditors. In each case there are different claw back remedies which are dependent upon the basis on which the assets were held. For obvious reasons the determination of these issues is fundamental to the provisional liquidation and until they are resolved the provisional liquidation of FTX Digital cannot satisfactorily progress.

12. This Honourable Court will recall that by paragraph 2 of the Order of this Court on 22nd November 2022 it sanctioned the appearance and representation either by the JPLs, themselves, or through the Company, at any subsequent hearings of the chapter 11 cases in the Delaware Bankruptcy Court at which the conduct of the provisional liquidation proceedings under the control of this Court and/or the assets or affairs of the Company and/or the authority and powers of the JPLs might be adversely affected.
13. As this Honourable Court is aware, as a matter of US law, there is presently a worldwide automatic stay in favour of the Chapter 11 Debtors. The JPLs do not consider that the Directions Application, when issued, will constitute a breach of the stay in favor of the Chapter 11 Debtors because the proposed Directions Application concerns issues and property in the estate and provisional liquidation of FTX Digital, not issues in the Chapter 11 cases. Also, the Directions Application is not against any Chapter 11 Debtor or its property.
14. On 15th February 2023, the Delaware Bankruptcy Court granted an order recognizing the Provisional Liquidation of FTX Digital as a foreign main proceeding. Further, on 14th February 2023, Mr. Kurt Knipp was recognized in The Bahamas as the foreign representative of seven (7) of the Chapter 11 Debtors. At pages [85]-[119] are copies of the Chapter 15 Recognition Order and Order of the Supreme Court relative to the recognition of Mr. Kurt Knipp.
15. There is further consideration which is separate from the JPLs belief that the proposed Directions Application does not concern the Chapter 11 cases. While there may be some similar issues arising in the cases of the Chapter 11 Debtors, they are discrete issues for each of those cases in the Delaware Bankruptcy Court. Paragraph 10 of the Cooperation Agreement dated 6th January 2023 sanctioned by this Honourable Court on 10th February 2023 (pages [64] to [72] of Exhibit "BCS-1") provides: "*This Agreement does not address*

or compromise any rights or obligations of any Party arising out of or related to the user agreements or other arrangements relating to the International Platform or any other matter not specifically addressed in this Agreement.” The JPLs consider that the proposed Directions Application concerns rights and obligations of FTX Digital arising out of the user agreements, namely the terms of service that applied to customers. The determination of those rights and obligations will resolve who FTX Digital’s customers are, what rights they have and what obligations are owed by FTX Digital and to whom.

16. Paragraph 11 of the Cooperation Agreement also provides: *“the parties will work together in good faith to determine ownership of assets that are subject to competing claims and to ensure that any court process(es) relating to an adjudication of any dispute is conducted as efficiently as possible. Where one party wishes to resolve a dispute among the Parties as to any matter (including without limitation relating to the ownership of any asset, standing to pursue claims or the nature of customer claims), such Party may upon reasonable notice to the other party proceed with litigation in either the U.S. Bankruptcy Court or The Bahamas Court with respect to the applicable matters.”* Even if (contrary to the JPLs’ view as explained above) the proposed Directions Application could be construed as raising a dispute between FTX Digital and the Chapter 11 Debtors, the Cooperation Agreement expressly permits the dispute to be advanced either in this Court or in the Delaware Bankruptcy Court on reasonable notice to the other party.
17. Although the JPLs do not consider that the proposed Directions Application is a competing claim or dispute within the meaning of paragraph 11 of the Cooperation Agreement, out of courtesy to the Chapter 11 Debtors, by letter dated 9th March 2023 the JPLs informed them of the proposed Directions Application. At pages [73]-[79] of Exhibit “BCS-1” is a true copy of the said correspondence.
18. The Chapter 11 Debtors’ response dated 11th March 2023 was disappointing. As well as making what the JPLs regarded as unfounded complaints against FTX Digital and the JPLs, the Chapter 11 Debtors asserted that the matters set out in the Directions Application *“must be addressed in front of Judge Dorsey in Delaware to have any practical effect”* and that the matters *“concern what is and is not property of the chapter 11 estates of the FTX Debtors in the United States bankruptcy proceeding, and also relate to assets that are subject to forfeiture in the United States in connection with the prosecution of the founders*

in United States criminal proceedings. They require a full adversary proceeding in Delaware and the involvement of all applicable parties in interest...”

- 19.** The JPLs responded on 13th March 2023, in terms which may be summarized as follows:
- 19.1.** The Directions Application concerns issues in FTX Digital’s provisional liquidation which is subject to the control and supervision of this Honourable Court. The JPLs are entitled to have these issues determined by this Honourable Court being the court with control of the main proceedings concerning FTX Digital; and
 - 19.2.** Bahamas insolvency law treats all stakeholders with an interest in a Bahamian insolvency estate equally whether resident in The Bahamas or elsewhere.

At pages **[80]-[84]** of Exhibit “**BCS-1**” is a true copy of the correspondence.

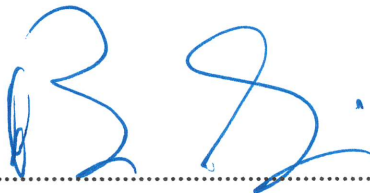
- 20.** Given the position of the Chapter 11 Debtors and out of an abundance of caution and in a spirit of full transparency, the JPLs also propose to seek confirmation from the Delaware Bankruptcy Court that the contemplated Directions Application in The Bahamas will not be in breach of the automatic stay.
- 21.** Further if, contrary to the JPLs’ view, the Delaware Bankruptcy Court determines that the Directions Application would, if issued, constitute a breach of the automatic stay, the JPLs will seek an order from the Delaware Bankruptcy Court to lift or vary the stay so that the proposed Directions Application can proceed in this jurisdiction free of any risk of violating US bankruptcy law. Such an application to the Delaware Bankruptcy Court will be based primarily on the fact that the proposed Directions are crucial for the further progress of the FTX Digital provisional liquidation and that The Bahamas is the proper venue to determine such issues given the applicable laws that are most likely to be involved (namely, the laws of The Bahamas, Antigua & Barbuda and England) and the fact that FTX Digital is a company incorporated in The Bahamas whose main proceedings (as recognized in the Chapter 15 proceedings in the Delaware Bankruptcy Court) are taking place in The Bahamas.

22. By making this application the JPLs are not suggesting that this Honourable Court should not determine the issues raised in the Directions Application. On the contrary as explained above the JPLs consider that this Honourable Court is the only forum for the determination of the issues that directly relation to FTX Digital's estate. Rather the JPLs seek this Court's sanction to update the Delaware Bankruptcy Court and invite it to exercise its discretion under the principles of comity in supporting this Court, being the home court of FTX Digital, in determining core and central issues to the insolvency proceedings of FTX Digital which are before this Honourable Court.

Conclusion

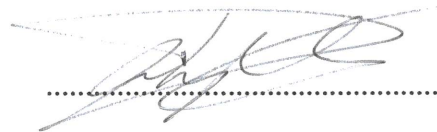
23. In light of the foregoing, the JPLs humbly pray that this Honourable Court do grant the relief as prayed for in the Summons filed 15th March 2023.

SWORN TO before me this)
15th day of March, 2023 at)
Nassau, N.P., The Bahamas)



.....

Before me,



.....

NOTARY PUBLIC

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
COMMERCIAL DIVISION

2022

COM/com/00060

IN THE MATTER OF the Digital Assets and Registered Exchanges Act, 2020
(as amended)

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

CERTIFICATE

I hereby certify that the attached are true copies of **Exhibits “BCS-1” – “BCS-2”** referred to in the Fourth Affidavit of Brian Simms KC sworn before me this **15th day of March A.D., 2023.**



NOTARY PUBLIC

TAB 1

**FTX DIGITAL MARKETS LTD.
(IN PROVISIONAL
LIQUIDATION)**

8 FEBRUARY 2023

**First Interim
Report and
Accounts of the
Provisional
Liquidators to the
Supreme Court of
The Bahamas**

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
COMMERCIAL DIVISION

2022
COM/COM/[000060]

IN THE MATTER OF the Digital Assets and Registered Exchanges Act, 2020
(as amended)
AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD
(A Registered Digital Asset Business)

FIRST INTERIM REPORT AND ACCOUNTS OF THE JOINT PROVISIONAL LIQUIDATORS
TO
THE SUPREME COURT OF THE COMMONWEALTH OF THE BAHAMAS

Dated the 8th of February, A.D., 2023

Table of contents

1. Foreword	7
1.1. Basis of preparation	7
1.2. Disclaimer	7
1.3. Privacy statement	7
2. Appointment & purpose	8
2.1. Appointment of the JPLs	8
2.2. Powers of the JPLs	8
2.3. Purpose of the report	8
3. Key defined terms	9
4. Executive summary	10
4.1. Overview	10
4.1.1. FTX Digital	10
4.1.2. Notable crypto market events during 2022	10
4.2. Key issues in the Provisional Liquidation	11
4.2.1. Limited accounting records	11
4.2.2. Access to employees and management	11
4.2.3. Revocation of system credentials	11
4.2.4. Chapter 11 proceedings	11
4.2.5. Commingling of data	11
4.3. Cash, receivables and tangible assets	11
4.3.1. Cash at bank	12
4.3.2. Receivables	12
4.3.3. Other tangible assets	12
4.4. Digital Assets, data capture & investigations	12
4.4.1. Digital Assets	12
4.4.2. FTX International Platform Intellectual Property (“IP”)	13
4.4.3. Data capture	13
4.4.4. Investigations	13
4.4.4.1. Cash management	13
4.4.4.2. Antecedent transactions	13
4.4.4.3. Customer migration	13
4.4.4.4. Company assets	13
4.4.4.5. Platform IP ownership	14
4.5. Financial position	14
4.6. Trading activities	14
4.7. Legal proceedings	15
4.8. Communications	15
4.9. Next steps	15

5. Company & background.....	17
5.1. FTX Group prior to the incorporation of FTX Digital	17
5.2. Key drivers behind the migration of the FTX Group to The Bahamas.....	17
5.3. Role of FTX Digital within the FTX Group	18
5.4. FTX International - Terms of Service.....	19
6. Market context	20
6.1. Key market events	20
6.1.1. LUNA and TerraUSD (“UST”) collapse (May 2022)	20
6.1.2. Three Arrows Capital (“3AC”) liquidation (June 2022).....	20
6.1.3. Voyager Digital (“Voyager”) bankruptcy (July 2022).....	20
6.1.4. Celsius Network (“Celsius”) bankruptcy (July 2022)	21
6.1.5. BlockFi bankruptcy (November 2022).....	21
6.2. Key events leading to the collapse of FTX Group.....	21
6.2.1. CoinDesk publishes Alameda balance sheet (2 Nov 2022).....	21
6.2.2. Binance announces liquidation of FTT position (6 Nov 2022).....	21
6.2.3. Binance sign non-binding offer letter to purchase FTX (8 Nov 2022).....	21
6.2.4. Binance withdraws from FTX acquisition (9 Nov 2022).....	21
6.2.5. The SCB issues winding-up petition against FTX Digital (10 Nov 2022).....	21
6.2.6. FTX US and Alameda file for Chapter 11 protection (11 Nov 2022)	22
6.3. Joint Provisional Liquidation appointment	22
6.4. Chapter 11 appointments	22
7. Further important context.....	23
7.1. Critical factors impacting the provisional liquidation process	23
7.1.1. FTX Group structure	23
7.1.2. Commingling assets and data	23
7.1.3. Limited accounting records	23
7.1.4. FTX International Platform	23
7.1.5. Chapter 15 recognition	23
7.1.6. Access to employees.....	24
7.1.7. Revocation of employee system credentials	24
7.2. Impact of above factors	24
8. Financial position	25
8.1. Balance sheet position	25
8.1.1. Key qualifications in respect of reported balance sheet.....	26
8.2. Estate assets.....	26
8.2.1. Cash.....	26
8.2.2. Accounts receivable	26
8.2.3. Vehicles, plant and equipment.....	26
8.3. Estate liabilities.....	27
8.4. Statement of Affairs.....	27
9. Customer claims.....	28

9.1.	Core legal matters	28
9.2.	Terms of Service.....	28
9.3.	Internal policies on custody and management of cash.....	28
9.4.	Bank mandates and account opening instructions	29
9.5.	Commingling of customer fiat.....	29
9.6.	Internal transfer of fiat between FTX Digital bank accounts.....	30
9.7.	Intercompany transfer of fiat between FTX Digital and FTX Trading.....	31
9.8.	Related party transfer of fiat between FTX Digital and Alameda.....	31
10.	Cash at bank	32
10.1.	Actions taken to secure cash.....	32
11.	Digital Assets.....	33
11.1.	Actions taken to safeguard Digital Assets	33
11.2.	Identification of Digital Assets	33
11.3.	Digital Assets tracing	34
12.	Physical assets.....	35
12.1.	Freehold property.....	35
12.2.	Vehicles, plant & equipment.....	36
12.2.1.	Vehicles	36
12.2.3.	Office computer equipment and furniture	37
13.	Trading activities	38
13.1.	Restructuring options	38
13.2.	Employee matters.....	38
13.2.1.	Overview of FTX Digital employees.....	38
13.2.2.	Initial retention of employees.....	39
13.2.3.	Employee redundancies	39
13.3.	Other trading matters	40
13.3.1.	Securing the head office.....	40
13.3.2.	Insurance.....	40
13.3.3.	Leases	40
13.3.4.	Data protection	40
13.4.	Trading cash flow	41
14.	Data collection & investigations	42
14.1.	Key areas of investigation	42
14.1.1.	Estate assets.....	42
14.1.2.	Customer migration	42
14.1.3.	Cash management.....	42
14.1.4.	Investigation of ownership of and rights to Digital Assets.....	42
14.1.5.	International Platform IP ownership.....	42
14.1.6.	Antecedent transactions	43
14.1.7.	Identification of electronic records	43
14.1.8.	Data capture & preservation (end user devices).....	43

14.1.9. Data capture & preservation	43
14.1.10. Data processing & review.....	43
15. Legal proceedings.....	44
15.1. Retention of legal counsel.....	44
15.2. Supreme Court applications.....	44
15.3. Chapter 11 proceedings.....	45
15.4. Chapter 15 proceedings.....	45
15.5. Cooperation Agreement with Chapter 11 Debtors	46
15.6. Other overseas proceedings.....	47
15.6.1. Antigua and Barbuda: Emergent Fidelity Technologies Ltd. (“Emergent”)..	47
16. Communications	48
16.1. Public announcements	48
16.2. Communications with customers and creditors	48
16.3. Communications with regulators.....	48
16.4. Communications with current and former management.....	48
17. Next steps.....	49
17.1. Matters to consider.....	49
17.1.1. Customer migration	49
17.1.2. Customer trust claims	49
17.1.3. Open trade contracts and valuing customer claims.....	49
17.1.4. Antecedent transactions and clawback claims.....	49
17.1.5. Potential actions against the Chapter 11 Debtors	49
17.1.6. Potential actions against directors and third parties	50
17.2. Extension of the Provisional Liquidation.....	50
17.3. Next report.....	50
Appendix I – Glossary.....	51
Appendix II - Notable events	54
Appendix III – Chapter 11 filings.....	55

1. Foreword

1.1. Basis of preparation

This report has been prepared by the Joint Provisional Liquidators (“JPLs”) of FTX Digital Markets Ltd. (In Provisional Liquidation) (the “Company” or “FTX Digital”) for the purpose of providing an interim report to the Commercial Division of the Supreme Court of The Commonwealth of The Bahamas (the “Supreme Court”).

All currency amounts in this document are expressed in United States (“US”) dollars (“USD”) unless otherwise noted.

1.2. Disclaimer

This report represents the JPLs’ first report detailing their activities to the Supreme Court to date. The report is prepared and submitted by the JPLs to the Supreme Court for the purpose of providing information to the Supreme Court regarding the work undertaken by the JPLs since the date of their appointment and presenting their preliminary findings to 8 February 2023.

Neither the JPLs, Lennox Paton, any member firm of PricewaterhouseCoopers International Limited (“PwC”) (each member firm of which is a separate legal entity), nor any of their employees, professional advisers or agents (“Professional Parties”) will be responsible for any loss, damages, liabilities or claims arising from the use and/or reliance on this report. None of the Professional Parties accept any liability or assume any duty of care to any third party (whether it is an assignee or successor of another third party or otherwise) in respect of this report. The JPLs are acting as agents of the Company, without personal liability.

In preparing this report, the JPLs have relied upon the presently limited available information from the Company’s current and former management and directors, the Company’s books and records, the Company’s current and former professional service advisors, legal counsel, bankers and other service providers. Except where specifically stated, the JPLs have not sought to establish the reliability of the sources of information presented to them by reference to independent evidence. The analyses presented in this report are based on estimates and assumptions, with limited information available. Where the JPLs have made observations and drawn conclusions from the information and analyses, unless specifically stated, these observations and conclusions have not been confirmed with the Company’s management or service providers.

Any prospective financial analyses presented in this report are based on estimates and assumptions, and projections of uncertain future events, including judgements made by the JPLs, based on the limited information available at the time. The JPLs’ work in relation to this provisional liquidation is ongoing and accordingly, actual results may vary, potentially significantly, from the information provided in this report, including but not limited to the impact of unknown variables and the JPLs therefore reserve their right to amend or supplement this report in due course.

No representation of any kind (whether expressed or implied) is given by the JPLs as to the accuracy or completeness of the information. The JPLs have not performed an audit, review or other assurance work in accordance with professional standards and consequently no such assurance is expressed.

1.3. Privacy statement

In providing liquidation services, Lennox Paton, PwC and the JPLs may collect or obtain personal data about individuals associated with the Provisional Liquidation for the purposes of undertaking certain activities relevant to the liquidation, such as compliance with applicable laws and regulations (e.g., AML, FATCA, CRS, etc.) and distributions to stakeholders.

We encourage stakeholders to periodically review the privacy statements on the JPLs’ respective websites to learn more.

2. Appointment & purpose

2.1. Appointment of the JPLs

On 10 November 2022, the Securities Commission of the Commonwealth of The Bahamas (“SCB”) presented a winding up petition against FTX Digital and suspended its licence to operate from the Commonwealth of The Bahamas (“The Bahamas”) as a digital asset business (“DAB”). FTX Digital is a wholly owned subsidiary of FTX Trading Ltd (“FTX Trading”), a company incorporated in Antigua and Barbuda (“Antigua”).

Following the presentation of the petition, at a hearing on 10 November 2022, the Supreme Court appointed Mr Brian Simms KC of Lennox Paton as Provisional Liquidator and ordered that FTX Digital be placed into provisional liquidation. On 14 November 2022, Kevin Cambridge of PricewaterhouseCoopers Advisory (The Bahamas) Limited (“PwC Bahamas”) and Peter Greaves of PricewaterhouseCoopers Limited (“PwC Hong Kong”) were also appointed by the Supreme Court as additional Provisional Liquidators. Copies of the appointment orders of the JPLs (together, the “JPL Orders”) are available to view and download in the Document Library on the website portal:

<https://www.pwc.com/bs/en/services/business-restructuring-ftx-digital-markets.html>

2.2. Powers of the JPLs

The JPLs are court appointed officers; acting as agents and without personal liability and are authorised to act jointly and severally. Under Section 199(4) of the Companies (Winding Up Amendment) Act, 2011 (the “Winding Up Act”) the JPLs are authorised to take any action that is considered appropriate and expedient to maintain the value of the Company’s assets, owned or managed by FTX Digital or to carry out the functions for which the JPLs were appointed, which include those powers stated in Part I (with sanction of the Supreme Court) and Part II of the Fourth Schedule of the Winding Up Act.

Under the terms of the JPL Orders, executive authority of the incumbent management of the Company ceased, except insofar as the JPLs sanction their continuance, and accordingly sole responsibility for the management of the affairs, business and assets of the Company vests in the JPLs.

2.3. Purpose of the report

The purpose of this report is to provide an outline of the steps taken by the JPLs from the commencement of their appointment to date, with a view to discharging their duties. Alongside this the JPLs have, based on the Company’s limited books and records at present available to them, included relevant background to the Company’s current financial position, an assessment of the future viability of the Company’s business, and highlighted selected key issues which may impact on the final outcome for the estate.

3. Key defined terms

Term	Description
Affiliates	In relation to a party, any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such party. A person shall be deemed to control another person if such person possesses directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other person, whether through the ownership of voting securities, by contract or otherwise.
Alameda	Alameda Research LLC, together with its subsidiaries, which together operate (or operated for some of the time) as a Digital Assets investor and market maker on the FTX International Platform.
Chapter 11 Debtors	The 134 Affiliate entities, owned or controlled, directly or indirectly by SBF and his co-founders (Nishad Singh, Gary Wang), that filed petitions for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the District of Delaware on 11 November 2022 and 14 November 2022.
DAB	Digital Assets Business.
DARE Act	Digital Assets and Registered Exchanges Act, 2020 (as amended).
Digital Assets	BTC, ETH, FTT and any other digital asset, cryptocurrency, virtual currency, token (fungible or not), leveraged token, stable coin, tokenised stock, volatility token, tokenised futures contract, tokenised option or other tokenised derivatives product that is supported by and/or made available from time to time to transact in using the FTX International Platform.
DOJ	The United States Department of Justice.
FTX Digital	International Business Company incorporated in The Bahamas and licensed and registered under the DARE Act.
FTX Group	FTX International group of companies, together with the FTX US group of companies.
FTX International	FTX Trading and its subsidiaries (especially including FTX Digital) that operate, maintain and administer the FTX International Platform.
FTX International Platform	The digital assets trading platform and exchange and network infrastructure, that consists of a User Interface ("UI") through the FTX international website (FTX.com) or any mobile application and order matching engine, through which customers, outside of the US and certain other jurisdictions may transact, or exchange, Digital Assets.
FTX Trading	A company incorporated in Antigua and Barbuda.
FTX US	West Realm Shires Inc. and its subsidiaries, that operate, maintain and administer the FTX.us platform.
JPLs	Joint Provisional Liquidators of FTX Digital, Mr Brian Simms, KC, of Lennox Paton, Mr Kevin Cambridge of PwC Bahamas, and Mr Peter Greaves of PwC Hong Kong.
Related Party	Any entity within the group of companies owned and operated by SBF and his co-founders, Nishad Singh, Gary Wang and other investors, including West Realm Shires Inc, and its subsidiaries, Alameda Research LLC, and its subsidiaries, Paper Bird, Inc and its subsidiaries, including FTX Trading.
SBF	Samuel Bankman-Fried, the founder and Chairman of the Group.
SCB	The Securities Commission of The Bahamas.
the Group	The collective ecosystem that includes Alameda, the FTX Group, and any Related Party.
Delaware Bankruptcy Court	United States Bankruptcy Court for the District of Delaware.

4. Executive summary

4.1. Overview

4.1.1. FTX Digital

FTX Digital was incorporated in The Bahamas as an International Business Company, on 22 July 2021, and was granted a licence and registration under the DARE Act to conduct business as a DAB, on 10 September 2021.

Prior to relocation to The Bahamas, management of the FTX International Platform had been based out of Hong Kong, where the FTX Group had initially been headquartered after being founded in May 2019. However, a decision was taken to migrate the business, senior management and key employees to FTX Digital in The Bahamas; an exercise that commenced in mid-2021.

As part of that migration, 38 employees are understood to have relocated to The Bahamas from other FTX Group companies, based out of Hong Kong and the US. In the period prior to the JPLs' appointment, FTX Digital employed a total of 83 individuals.

In addition to the transition of the employees and the operating business from FTX Trading, the JPLs understand that, under the Terms of Service governing the contractual relationship with customers of the FTX International Platform, which were updated on 13 May 2022 to include FTX Digital as a party to the Terms of Service, there was a migration of the customers who continued to use the platform to FTX Digital, albeit this continues to be a matter in respect of which the JPLs are awaiting receipt of confirmatory data and in respect of which they will need to seek the directions of the Supreme Court.

FTX Digital, is a named service provider to the substantial majority of the services offered to FTX International (non-US) customers of the FTX International Platform. Provision of such services is currently suspended due to the suspension of FTX Digital's licence and customers are not permitted access to the platform due to the ongoing insolvency procedures across the FTX Group. The directors of FTX Digital are SBF and Ryan Salame (together, the "Board"). At the time of the JPLs' appointment, SBF was CEO.

The Company was an integral part of the FTX Group, and a key service provider to customers of the FTX International Platform; providing services such as, but not limited to strategic management and direction for FTX International in the areas of platform development, finance, legal, client onboarding, settlements and customer support.

The services offered to users of the FTX International Platform allowed customers to transact in Digital Assets and derivatives thereof, as well as engage in margin trading, enter into volatility contracts, lend their Digital Assets in return for a staking reward, and finally, to engage in OTC trading with counterparties.

Based on limited information available to the JPLs to date, they believe that FTX Digital may have over 2.4m customers, including 10,500 institutional customers, in over 230 jurisdictions worldwide and, prior to its collapse, the FTX Group operated the world's third largest cryptocurrency exchange by volume.

4.1.2. Notable crypto market events during 2022

External macroeconomic factors severely impacted the cryptocurrency sector in early 2022, triggering a string of prior collapses namely LUNA, Three Arrows Capital, Celsius and Voyager.

On 2 November 2022, an industry publication, CoinDesk, published a leaked balance sheet of associated entity, Alameda, which indicated that it had significant debt owed to the FTX Group and that a material portion of its assets were tied up in FTT, the native token of the FTX Group. This led to speculation and a loss of market confidence and resulted in a run of withdrawals by customers from the FTX Group.

In the following days, Binance entered into a non-binding letter of intent to acquire certain parts of the FTX Group, but subsequently withdrew its offer, publicly citing mishandling of client monies and alleged investigations by US authorities, as well as due diligence that had revealed an apparent \$8.0bn net liability due to a shortfall in assets.

Concurrently, the SCB was investigating FTX Digital due to these concerning reports but FTX Digital failed to respond to urgent queries in a timely manner befitting the seriousness of the allegations. Following a tip-off call from former FTX Digital CEO, Ryan Salame, that the exchange was sending customer money to Alameda, the SCB took

steps pursuant to the powers granted to it under the DARE Act to suspend the licence granted to FTX Digital and to issue a winding up petition on 10 November 2022.

Brian Simms KC, of Lennox Paton, was appointed as Provisional Liquidator on that date and, on 14 November 2022, a supplementary application was made by Brian Simms KC for the appointment of additional Provisional Liquidators. An order was made by the Supreme Court, appointing Peter Greaves of PwC Hong Kong and Kevin Cambridge of PwC Bahamas, as Provisional Liquidators together with Brian Simms KC

On 11 November 2022, SBF appointed John J. Ray III as CEO of multiple FTX Group, Alameda and associated entities. Thereafter, on 11 November and 14 November 2022, voluntary petitions were filed in the United States Bankruptcy Court for the District of Delaware (“Delaware Bankruptcy Court”) seeking Chapter 11 relief for FTX Trading and 133 affiliated entities.

FTX Digital was never made subject to Chapter 11 due to the fact that it was already in Provisional Liquidation.

4.2. Key issues in the Provisional Liquidation

Following their appointment, the JPLs have taken steps to discharge their duties, as officers of the Supreme Court, to preserve the value of the estate for the benefit of FTX Digital’s stakeholders.

However, as will be referenced further during the course of this report, there are a number of issues that have impacted the ability of the JPLs, thus far, to conduct the Company’s affairs as effectively and expeditiously as the JPLs would wish. These can be summarised as follows:

4.2.1. Limited accounting records

Accounting records that the JPLs have been able to identify have been limited and there appears to have been little distinction between what represents, potentially, client monies and corporate funds.

4.2.2. Access to employees and management

During the collapse of the FTX Group and following the negative media publicity surrounding the difficulties being experienced by the FTX Group, many of The Bahamas based expatriate workers departed the country before the JPLs were able to liaise with them and have subsequently not made themselves available for questioning. Furthermore, a number of key individuals have not made themselves available for questioning due to the ongoing criminal investigations.

4.2.3. Revocation of system credentials

Many of the employees that were available to the JPLs appear to have had their systems access restricted or revoked entirely, resulting in an inability for them to assist in providing access to FTX Digital’s data, which has been hosted on other FTX Group systems. Moreover, it was not possible to provide the JPLs with direct access to the data.

4.2.4. Chapter 11 proceedings

Due to the mandatory stay that has been implemented by virtue of the Chapter 11 Proceedings, various sources will not provide information to the JPLs in the absence of a Chapter 15 recognition order, from the Delaware Bankruptcy Court. The JPLs are in the process of seeking the same.

4.2.5. Commingling of data

It appears that the FTX Group and its wider affiliates, including FTX Digital, often shared IT infrastructure and software, with little or no segregation applied. Many of these systems it appears were not owned, hosted or subscribed to by FTX Digital and so have not been freely accessible since the commencement of the Chapter 11 proceedings with access denied by the Chapter 11 Debtors.

The JPLs continue to pursue a resolution to these issues, but resolutions of some may not be achieved without effective engagement from relevant third parties.

4.3. Cash, receivables and tangible assets

Upon appointment, the JPLs sought to secure the assets of FTX Digital, including both cash and tangible assets, as well as looking to identify and secure digital asset holdings.

4.3.1. Cash at bank

The JPLs have confirmed that FTX Digital held accounts with multiple banks and that the balance of those accounts, translated to USD at the prevailing exchange rates, were approximately \$219.5m.

Requests have been made to the relevant banks to remit the balances held to accounts controlled by the JPLs and, as at the date of this report, sums totalling \$21.5m have been realised by the JPLs with a further \$54.5m pending transfer to the control of the JPLs.

Sums totalling \$143.2m were held in bank accounts in the name of FTX Digital in the US, however, following receipt of transfer requests, the banks in question advised the JPLs that funds could not be remitted to the control of the JPLs until such time that a Chapter 15 recognition order was obtained. On 20 January 2023, the JPLs were informed that the DOJ had seized the entirety of the \$143.2m between 28 and 30 December 2022. The JPLs are currently seeking the release of these funds into their control.

Of the total of \$219.5m identified by the JPLs as monies held FTX Digital's accounts, c.\$137m is labelled as 'FBO' (for the benefit of) funds i.e. monies that should be held for the benefit of FTX Digital customers. However, upon review of the flow of funds, it appears that there were limited controls and governance in place to segregate customer fiat balances held by FTX Digital. It appears that client monies have been commingled such that it may not be possible to clearly identify sums that constitute client monies as opposed to general corporate funds. The JPLs are investigating the position with counsel to conclude on the status of these monies which the JPLs understand will likely require an application for directions from the Supreme Court.

4.3.2. Receivables

In addition to cash at bank, the JPLs have identified a number of intercompany and Related Party receivables due from associated entities, some of which are discussed below. There is currently insufficient data to reach a conclusion whether all are indeed intercompany debts. The intercompany debts that have been confirmed total \$276.2m. One of the largest constituents of this balance is an amount totalling \$256.3m owed by FTX Property which, upon further review and investigation, appears to represent funds transferred by FTX Digital to fund commercial and residential property acquisitions within New Providence, The Bahamas (see section 12.1 below). Those properties then appear to have been used by FTX Digital's employees, management and, in some instances, associates. The JPLs in accordance with the Cooperation Agreement (see section 15.5 below) will take steps to realise the value of these properties as soon as possible.

The JPLs have also identified over \$5.6bn in intercompany transfers from FTX Digital custodial accounts to FTX Trading and \$2.1bn in Related Party transfers from FTX Digital custodial accounts to Alameda. It is possible, however, that these transfers could relate to legitimate withdrawals from the FTX International Platform.

The JPLs are in discussions with the Chapter 11 Debtors, specifically FTX Property, and are seeking to agree, pursuant to the terms of the Cooperation Agreement, a mutually acceptable realisation strategy for the purposes of recovering the intercompany receivable from FTX Property.

4.3.3. Other tangible assets

FTX Digital also owns approximately \$3.0m in ancillary assets, including a vehicle fleet for employees based in The Bahamas and office furniture and equipment. The JPLs view the vehicle fleet as a depreciating asset and will shortly seek the sanction of the Supreme Court to proceed with an orderly realisation.

4.4. Digital Assets, data capture & investigations

In conjunction with the cash, receivables and tangible assets strategy noted above, the JPLs sought to identify and secure FTX Digital's Digital Assets as soon as possible following their appointment.

However, as noted throughout this report, the limited access to the Company's electronic books and records, and key employees has severely hampered the ability to undertake this process effectively.

4.4.1. Digital Assets

Notwithstanding the above, a substantial majority of the FTX International's holdings of Digital Assets are not in the JPLs' control, as a result of:

- A hack of the FTX International Platform that occurred on or around 12 November 2022 which removed \$323m from FTX International (the exact ownership allocation of these Digital Assets between FTX Digital and FTX Trading is unknown at this time);

- Movements of Digital Assets from wallets controlled by FTX International, to accounts understood to be held by the Chapter 11 Debtors;
- An SCB instruction for FTX Digital to transfer Digital Assets to its protective custody; and
- Aside from a small amount of Digital Assets in warm wallets, the JPLs note that they do not currently control any Digital Assets in the provisional liquidation estate. The JPLs have sought to, where possible, identify and catalogue movements of Digital Assets that had historically been held in wallets belonging to FTX International. In many instances, given the lack of access to systems and information available to the JPLs, forensic tracing and examination exercises have been limited to use of open-source block chain analysis and explorers.

The JPLs continue to consider and discuss with the SCB the custody of the FTX International assets in its possession. The SCB currently holds these assets on trust for FTX Digital or whomever may ultimately be entitled to these.

The JPLs have requested the transfer of \$46.7m USDT in an account in the name of FTX Digital from Tether and are awaiting the transfer of these assets to their custody.

4.4.2. FTX International Platform Intellectual Property (“IP”)

In addition, the JPLs have identified that while ownership of the IP of the FTX International Platform code is not yet clear, at the very least FTX Digital has a licence to continue to use that code in its business.

4.4.3. Data capture

In addition to efforts to identify and safeguard the Company’s Digital Assets, the JPLs have taken steps to capture and preserve the data of FTX Digital, albeit within the constraints of the limited information environment that has been referenced.

This has involved a team of forensic investigators taking possession of and imaging some 83 electronic devices that were identified as being the property of FTX Digital in the days following the JPLs’ appointment. These devices were located at the FTX headquarters in The Bahamas, or had otherwise been surrendered to the JPLs’ control by employees of FTX Digital.

Where possible, forensic imaging has taken place, but this was not beneficial or economical, in all instances. The data has been preserved and uploaded to a review platform for further analysis, as considered appropriate.

4.4.4. Investigations

The JPLs have identified a number of areas which warrant further review and will form the basis of their ongoing investigations into the affairs and management of FTX Digital. These will include:

4.4.4.1. Cash management

Further analysis of the FTX International Platform code and banking transactions will be required to determine the basis on which customer deposits were placed with FTX Digital and the extent to which there is a basis for any proprietary claim to be asserted against FTX Digital.

These investigations will be conducted, and the remedies available considered further, once access to the Company’s electronic data stored on public cloud servers has been obtained.

4.4.4.2. Antecedent transactions

Antecedent transactions refer to transactions entered into by a company prior to the commencement of a liquidation. These may have had the effect of dissipating the value of the estate at the expense of creditors. In due course, the JPLs will review antecedent transactions of the Company and consider whether any such transactions could be vulnerable to clawback or other remedies available to seek recovery for creditors. It should be noted that in so far as it may be held that many of assets were held by the Company on trust, the JPLs are considering any equitable remedies available to ensure that the customers who did not withdraw their assets are treated fairly in relation to those who did.

4.4.4.3. Customer migration

It is the JPLs’ understanding that, as part of the overarching and well documented strategy to migrate business operations of the FTX International Platform offshore, to The Bahamas, certain customers of FTX International were migrated to FTX Digital, as it assumed responsibility for the delivery of certain services under the May Terms of Service (see section 9.2 for further detail). The May Terms of Service were updated and published on the FTX.com website, and mobile applications, on 13 May 2022. The JPLs have taken and continue to take legal advice as to whether the migration was effective. Further investigation will be required when the FTX International Platform data is made available to the JPLs.

4.4.4.4. Company assets

Ownership confirmations in respect of assets held by FTX Digital, both in relation to Digital Assets and

otherwise will need to be undertaken and assets pursued for recovery, where appropriate. A key question in respect of which the JPLs will seek the assistance of the Supreme Court will be in determining whether the Digital Assets are owned by the customers or FTX Digital (or another FTX Group entity).

4.4.4.5. Platform IP ownership

It is understood that many of the senior software developers of the FTX Group were employed by FTX Digital and worked in The Bahamas. Given the fact that the FTX International Platform is a key asset of FTX International, it will be important to determine which parties held ownership (or other) rights, to the software code and/or various developments over time.

4.5. Financial position

The most up to date available balance sheet for FTX Digital, as at the appointment of the JPLs, was dated 5 October 2022. This showed a positive net asset position, with total assets of \$396.4m (made up almost entirely of cash (\$108.9m) and receivables (\$276.2m)) and total liabilities of \$297.6m, comprising almost exclusively intercompany payables (\$296.4m), which the JPLs understand represents a payable to FTX Trading for funding following incorporation. The JPLs note that FTX Digital's balance sheet did not include Digital Assets and investigation will be required once platform data is available, to establish whether assets and liabilities categorised and allocated between FTX Group entities appropriately represented the realities of how the Group operated.

The principal assets available for recovery are likely to include Digital Assets, cash, intercompany receivables, real estate (not included within the intercompany receivables balance), vehicles and equipment.

The JPLs believe that a number of FTX International customers are likely to have claims against FTX Digital due to the customer migration process. However, it remains to be determined if customers have a client trust claim or an unsecured creditor claim against the estate.

The JPLs have identified over \$5.6bn in transfers from FTX Digital custodial accounts intra-group to FTX Trading and \$2.1bn in transfers from FTX Digital custodial accounts to Alameda. It is possible though that although these transfers could relate to legitimate withdrawals from the FTX International Platform.

The question remains open whether the Digital Assets on the FTX International Platform were owned by FTX Digital, another FTX Group entity or customers. On the basis of the information available to the JPLs, at present, it is not possible to conclude if these assets belong to FTX Digital or otherwise.

The JPLs will continue to assess the position as further information becomes available.

4.6. Trading activities

Upon their appointment the JPLs were required to evaluate whether to continue to trade the business and operations of FTX Digital. In their review, they considered the strategic and value preservation benefit to the estate, and their financial and operational ability to continue to trade FTX Digital's business.

There has been interest expressed to the JPLs by various third parties, who wish to invest in and/or otherwise purchase certain parts of the FTX Digital business, including the FTX International Platform. The JPLs have held discussions with those third parties, where considered appropriate.

To maximise optionality to deliver a successful reorganisation, the JPLs retained certain of the employees (33) for approximately 11 weeks, without expressly adopting employment contracts. The JPLs did not continue to pay all employees as some had not accounted for their whereabouts or were unavailable for work.

Whilst the JPLs had continued to commit to certain salaries for a period to retain the optionality to explore a restructuring, it has been determined that continuance of trade at this time is not possible although the JPLs will continue to consider the possibility of restructuring the company. The JPLs issued redundancy notices for the majority of employees on 17 January 2023 and subsequently terminated their employment with effect from 31 January 2023.

The JPLs continue to employ 16 individuals who have been retained to support ongoing investigations into the Company and the possibility of restructuring the business.

The JPLs have also taken action to secure the head office and leasehold premises, arrange for insurance cover, deal with leases and put in place cash and data controls. The most material trading costs of the estate are likely to

be professional fees and disbursements. The JPLs and their advisers have not yet drawn fees from the estate, but intend to seek the Supreme Court's consent to do so.

4.7. Legal proceedings

Since their appointment, the JPLs have instructed counsel, monitored or participated in several applications and hearings in the Supreme Court. These include proceedings to consider the application to transfer Digital Assets to the custody of Fireblocks who are holding them for the SCB, to unseal the SCB's winding up petition, to provide information to the SCB in relation to their investigations, to provide information to the Attorney General of The Bahamas and to consider the application by the SCB for provision of information to the Chapter 11 Debtors.

In addition to proceedings before the Supreme Court, the JPLs applied to the United States Bankruptcy Court for the Southern District of New York ("NY Bankruptcy Court") for Chapter 15 recognition of the Provisional Liquidation as a foreign main proceeding and have filed various motions and limited objections with the Delaware Bankruptcy Court overseeing the Chapter 11 Proceedings, including: i) motion to dismiss the Chapter 11 petition of FTX Property, ii) relief from the automatic stay; and iii) to compel the turnover of FTX Digital's books and records from the Chapter 11 Debtors. The JPLs continue to consider other applications which they may wish to make in the Chapter 11 proceedings. For a full list of motions filed before the Delaware Bankruptcy Court in relation to the Chapter 11 and Chapter 15 proceedings, please review section 15 of this report.

The motion to dismiss the Chapter 11 petition in relation to FTX Property is expected to be withdrawn following the execution of a Cooperation Agreement between the JPLs and the Chapter 11 Debtors (see section 15.5 below), including an agreement to reciprocally share information and to permit the JPLs to lead recovery efforts relating to the sale of the commercial and residential property owned by FTX Property. The Cooperation Agreement is subject to the approval of the Supreme Court and the Delaware Bankruptcy Court and respective applications for both are in the process of being pursued.

4.8. Communications

The JPLs advertised their appointment on 2 December 2022, and launched a website (www.pwc.com/bs/fdm) on 13 December 2022 and creditor portal (<https://digitalmarketsclaim.pwc.com/>) on 15 December 2022 in order to post updates and information. An email inbox was also established to receive and respond to customer and creditor enquiries.

The JPLs wrote to 2.4m customers of FTX International, who were understood may be customers or creditors of FTX Digital, inviting them to register their contact information in order to receive updates from the JPLs on the progress of the Provisional Liquidation. Any creditor or customer who has not lodged their details with the JPLs, may do so using the link to the creditor portal listed above.

The JPLs have also communicated with the SCB and the Attorney-General of The Bahamas and complied with their requests for information having obtained Supreme Court approval to do so.

4.9. Next steps

During the course of the Provisional Liquidation, the JPLs will need to progress and / or conclude on the following key considerations that currently remain unresolved:

- To determine whether efforts to monetise the FTX International Platform and/or an FTX Digital Platform are feasible with the cooperation with the Chapter 11 Debtors or otherwise;
- To conclude the applications for Chapter 15 relief which should lead to the recovery of FTX Digital customer's assets in the US;
- Customer migration – determine whether, and the extent of, the migration of customers from FTX International;
- Open trade contracts – consider, to the extent that the FTX International Platform is not sold, if and how to close 'open' trade contracts with counterparties;
- Customer claims valuations – engage with legal counsel to consider how to value open trades and customer claims into the estate, whilst considering whether allegations of fraud precipitate the need for customer accounts to be restated to a more equitable position;

- Antecedent transaction and clawback claims – review transactions that merit further investigation and which may be voidable or subject to alternative remedy including equitable relief if assets were held by the Company on trust for its customers;
- Potential actions seeking to recover funds of FTX Digital frozen by the DOJ and the consideration of potential claims against the Chapter 11 Debtors and other Related Parties - review transactions that require further investigation and merit potential recovery actions, including but not limited transfers to FTX Trading and Alameda; and
- Potential examination of former Directors of FTX Digital to determine whether to pursue misfeasance claims and considering whether any transactions were made at an undervalue.

In considering the material number of ongoing areas of work listed above that are key to the effective and efficient conclusion of the estate, the JPLs are mindful that the majority of actions will be more effectively and appropriately carried out in Provisional Liquidation rather than an Official Liquidation.

As well as the general point that contracts and arrangements to which FTX Digital is a party are likely to determine or terminate upon liquidation, the primary matters in favour of continuing in Provisional Liquidation include:

- Maintaining optionality regarding FTX Digital's licence (which is currently suspended) issued by the SCB, which would likely in all the circumstances be terminated if a winding up order was to be made in respect of FTX Digital;
- The development of options to maximise returns to creditors via a platform reorganisation which could include restarting the FTX International Platform in some format. The JPLs are cooperating with the Chapter 11 Debtors in this regard, but it is thought likely that it will take 3 to 4 months to agree a plan that will then take time to implement; and
- Determination of how many customers migrated to FTX Digital as well as whether the assets were held as trust assets or corporate assets will impact the options available in respect of restructuring the FTX International Platform and more time will be required to investigate these issues, obtain further legal advice and seek the directions of the Court.

Although in the ordinary course it might be expected that a Provisional Liquidation could be concluded within 6 months of the petition, in light of the above and bearing in mind the complexity of the case, the volume and value of likely creditor claims, and the level of public interest, the JPLs recommend that the Provisional Liquidation is extended for a further 6 months from the date of this report to enable the determination of these key matters.

The JPLs note that statute does not require them to conduct periodic hearings or report to the Supreme Court, but in acknowledgement of the significant public interest in this case, it is proposed that the JPLs next report is submitted to the Supreme Court by no later than 10 May 2023.

5. Company & background

- FTX Digital is a regulated DAB with retail and institutional customers.
- FTX Digital played a central role in the management and operation of the FTX International Platform.
- Services provided by FTX International enabled customers to trade Digital Assets and derivatives.
- The provisional liquidation was triggered by the suspension of its regulatory licence and the presentation of a winding up petition by the SCB.

FTX Digital is an integral service provider within the FTX Group and to customers of the FTX International Platform. The FTX International Platform was primarily a Digital Assets trading and exchange platform where users could enter into both spot transactions of cryptocurrency assets and also derivative products including “perpetual futures”, “options”, “move contracts” and “leveraged tokens”. The exchange incorporated a UI for viewing portfolio positions and an order matching engine to allow users to identify counterparties with whom they could trade cryptocurrency.

5.1. FTX Group prior to the incorporation of FTX Digital

The FTX Group and concept of the FTX International Platform was founded in or around May 2019. Its purpose was to:

“build a digital asset trading platform and exchange for the purpose of a better user experience... robust enough for professional trading firms and intuitive enough for first-time users”

Each of the services offered to customers of the FTX International Platform were originally and primarily undertaken by FTX Trading, operating from its headquarters in Hong Kong.

FTX Group was initially successful in leveraging the experience of its founders to develop a product that developed a market reputation as being a highly performant and reliable exchange, which was reflected in it becoming the fastest growing cryptocurrency and Digital Assets exchange of 2021.

5.2. Key drivers behind the migration of the FTX Group to The Bahamas

As the growth in the cryptocurrency and digital asset industry accelerated throughout 2020 - 21 market participants debated the need for the cryptocurrency and digital asset industry to be regulated. During this time, many jurisdictions, such as The Bahamas (acting through the SCB):

“saw the need to provide legal clarity for DABs in order to facilitate the orderly growth and development of this sector and to adopt an appropriately regulated and internationally compliant regulatory framework”

The development of regulation of the digital assets industry in The Bahamas culminated in the adoption of both the DARE Act and the Financial and Corporate Service Providers Act, 2020.

The FTX Group identified a need to establish operations in jurisdictions that were developing legislation to regulate and promote the Digital Assets industry and provide regulatory certainty.

Around the same time Hong Kong and China introduced regulatory measures, which were perceived by some, to push cryptocurrency and digital asset exchanges out of the market.

Subsequently the FTX Group made the deliberate decision to move the FTX International Platform offshore, eventually resulting in the incorporation of FTX Digital and the migration of the operating business activities, leadership team and personnel servicing the FTX International Platform to The Bahamas.

“FTX Trading has identified a need to establish operations in The Bahamas. It intends to work with the government and the Securities Commission of The Bahamas (SCB) to hire and develop talent locally to develop and support the products necessary to service the market.”

5.3. Role of FTX Digital within the FTX Group

On 22 July 2021, FTX Digital was incorporated in The Bahamas and its licence and registration as a DAB was granted by the SCB on 10 September 2021. FTX Trading is the sole shareholder of FTX Digital and contributed funds to facilitate its growth and ability to execute on its business plan.

As part of the application process to become a DARE Act licensee, FTX Digital deposited \$10.0m as a term deposit in a segregated bank account with Fidelity Bank. The register of digital asset businesses, maintained by the SCB, states that FTX Digital is specifically licensed and registered to act as a service provider in the provision of an exchange between Digital Assets and fiat currency and between one or more forms of Digital Assets pursuant to Part III, Section 6 of the DARE Act.

Having incorporated FTX Digital and obtained a licence under the DARE Act as a DAB, management identified, acquired and maintained commercial real estate in The Bahamas for the purpose of establishing the ‘FTX Campus’ to house the business operations of FTX Digital, and the FTX International Platform, within The Bahamas. At the same time, the FTX Group incorporated FTX Property in The Bahamas to act as a holding company of real properties in which certain of FTX Digital’s employees would reside and work.

The FTX Group migrated employees from Hong Kong, and other jurisdictions to The Bahamas to operationalise its headquarters. From July 2021 onwards at least 38 individuals transferred employment from other FTX Group entities, in the US or Hong Kong, to become employees of FTX Digital. These individuals include the Board and following key management personnel:

Name	FTX Digital Role	Prior Group roles	FTX Digital start date
SBF	Chairman & Director	Co-founder	22 July 2021
Ryan Salame	CEO & Director	Alameda	22 July 2021
Gary Wang	Chief Technology Office	Co-founder	1 January 2022
Nishad Singh	Director of Engineering	Co-founder	1 January 2022
Constance Wang	Chief Operating Officer	n/a	1 January 2022
Can Sun	Legal Counsel	Salameda Ltd	1 October 2022

It is clear from the FTX Digital Business Plan, that the mind and management of the FTX International Platform (bearing in mind that the Board of FTX Digital and its key management personnel included all the Co-founders of the FTX Group) intended to migrate existing international customers to FTX Digital:

“Following registration, FTX will migrate customers (other than those from certain jurisdictions) to FDM [emphasis added] [F]. Although some services and products offered on FTX’s platform will remain with FTX or other FTX Group companies, FTX’s Terms of Service, and web and device applications, will be modified to clearly identify the company through which a user is transacting, ensuring full transparency and disclosure to customers”

Based on the current available information, FTX Trading and FTX Digital also successfully executed on their intention to update the Terms of Service for customers of the FTX International Platform, to reference FTX Digital as a service provider to most, but not all, of the Services, and published updated Terms of Service to FTX.com’s website, and mobile platforms, on 13 May 2022 (the “May Terms of Service”).

5.4. FTX International - Terms of Service

The services performed by FTX Digital as part of the operation of the FTX International Platform are defined in Schedules 2 through 7 of the May Terms of Service, which are summarised below:

- Schedule 2 - Spot Market;
- Schedule 3 - Spot Margin Trading;
- Schedule 4 - OTC / Off-exchange Portal;
- Schedule 5 - Futures Market;
- Schedule 6 - Volatility Market (Options [sic] Contracts); and
- Schedule 7 - Volatility Market (MOVE Volatility Contracts).

(collectively, the “Regulated Services”).

The Regulated Services represent most of the Services offered on the FTX International Platform, and a considerable proportion of the total transaction volume (according to internal statistical data pulled from the FTX International Platform and circulated to the Board and management on a monthly basis).

The balance of services covered by the May Terms of Service were delivered by FTX Trading and an associated entity, LT Baskets Limited (“LT Baskets”), which is also a Chapter 11 Debtor. Certain of these services relate to the trading of non-fungible tokens, which are expressly outside of the scope of the DARE Act under Section 3(2)(e) of Part II. However, the remaining services do not appear to be expressly outside the scope of the DARE Act, and it is not clear why these services were not part of the Regulated Services, nor why they could not be serviced by FTX Digital. Furthermore, it is not yet clear whether FTX Trading, or LT Baskets is in breach of the DARE Act by having continued to provide these services.

6. Market context

- In 2022, changes in fiscal and monetary policies triggered a string of rival cryptocurrency institutional collapses.
- In Nov 2022, CoinDesk published a leaked Alameda balance sheet, revealing substantial debts and that substantial proportion of its assets were FTT.
- Following Binance's public liquidation of FTT and acquisition withdrawal, the SCB issued a winding up petition for FTX Digital and suspended its licence to operate as a digital business.

In early 2022, global economies began to re-open following COVID-19 with some starting to return to pre-pandemic levels of trading activity. Interest rates across Europe, US and the UK remained at an all-time low and many developed countries were forecasting a return to GDP growth. However, as markets re-opened, inflation began to rise, as a result of a demand and supply imbalance caused by COVID-19. This rise in prices was exacerbated following Russia's invasion of Ukraine in February 2022 which led to increased costs of both manufacturing and shipping linked to rising commodity prices.

In response to rising inflation levels, central banks increased interest rates. The tightening of monetary and fiscal policy reduced investors' risk appetite, especially retail investors, who had invested heavily in cryptocurrencies and exchanges through 2021. This led to a steady decline in key cryptocurrency values, with Bitcoin losing c.15% of its value between 1 January 2022 and 30 April 2022.

6.1. Key market events

Below we have summarised a series of key events in cryptomarkets which occurred in the lead up to FTX's collapse. These examples highlighted the challenges the sector faced in 2022 but we make no comment as to their correlation to the collapse of FTX.

6.1.1. LUNA and TerraUSD ("UST") collapse (May 2022)

Founded in 2018, LUNA was the native cryptocurrency of the Terra ecosystem, a blockchain platform that hosted the creation of stablecoins.

UST was the stablecoin on the Terra blockchain and its value was backed by LUNA via an algorithm that either mined or burned LUNA to maintain 1 UST = \$1. Unlike other stablecoins UST was not backed by fiat.

In May 2022, \$2.0bn of UST became unpegged from LUNA which led the platform's algorithm to enter into a spiral of burning tokens, which in turn led to a downward spiral in the price of the LUNA token.

The volatility in the coin's price led major crypto exchanges to delist the token which brought about the total collapse of LUNA.

6.1.2. Three Arrows Capital ("3AC") liquidation (June 2022)

3AC was a cryptocurrency hedge fund with c.\$10bn assets under management ("AUM") at its peak. The fund held leveraged token positions on margin with material exposures to LUNA and Bitcoin.

FTX Digital Markets Ltd. (In Provisional Liquidation) – 8 February 2023

20

Following the collapse of LUNA and decline in Bitcoin and other major cryptocurrency prices, 3AC became unable to meet margin calls.

In June 2022 when 3AC was unable to repay a c.\$650m loan (in the form of Bitcoin and USDC stablecoin) to Voyager (an institution which primarily lent cryptocurrency) it issued a default notice. Shortly after Voyager issued the notice, in June 2022, liquidators were appointed over 3AC in BVI.

6.1.3. Voyager Digital ("Voyager") bankruptcy (July 2022)

Voyager was a cryptocurrency lender to traders and institutions.

In the wake of the downward price pressures in the wider crypto market and the ripple effects from the Luna collapse, Voyager received an unsecured loan of c.\$500m from Alameda in June in an attempt to shore up their balance sheet. However, only days later, 3AC defaulted on their c.\$650m loan from Voyager.

3AC was Voyager's largest counterparty, holding over 50% of the Company's loans (according to Chapter 11 bankruptcy filings). Following the 3AC default Voyager froze client monies and filed for bankruptcy.

6.1.4. Celsius Network (“Celsius”) bankruptcy (July 2022)

Celsius is a blockchain-based deposit taking and lending platform that allowed customers to borrow cash by posting cryptocurrency assets as collateral.

The platform paid interest on deposits in cryptocurrency (including its own CEL token) whilst charging interest in cryptocurrency and fiat on loans. On 12 June 2022, Celsius froze customer withdrawals in response to the “market downturn”.

Celsius filed for Chapter 11 bankruptcy on 13 July, followed by an announcement on 14 July that the platform had a \$1.3bn hole on its balance sheet.

6.1.5. BlockFi bankruptcy (November 2022)

BlockFi was a cryptocurrency deposit taking and lending institution. Following the market downturn and

loss of consumer confidence as a consequence of the previous high profile industry collapses and in the face of increased customer demands for withdrawals, BlockFi sought to raise liquidity to calm customers and prevent a run.

In June 2022, FTX Group issued a c.\$400m revolving credit facility to BlockFi with an option to buy the platform which abated customer concerns and stabilised the platform. BlockFi had in turn, previously lent Alameda c.\$830m to which Alameda defaulted

Following the collapse of FTX Group and Alameda in early November, BlockFi faced a potentially significant shortfall in loan recoveries from Alameda and was simultaneously unable to draw down on the remaining headroom (c.\$275m) under its FTX credit line. BlockFi filed for bankruptcy in November 2022.

6.2. Key events leading to the collapse of FTX Group

The winding up petition was precipitated by a period of public attention on the state of the finances of the FTX Group leading to a loss in customer confidence and rapid acceleration of customer withdrawals from the platform. The key events are summarised below.

6.2.1. CoinDesk publishes Alameda balance sheet (2 Nov 2022)

On 2 November 2022, CoinDesk, an online cryptocurrency news site, published an article referencing the balance sheet of Alameda. This highlighted that Alameda had accrued substantial debt on its balance sheet and a significant portion of its assets were held in FTT, the native token of the FTX Group. Customers started questioning the solvency of The Group and began withdrawing funds.

6.2.2. Binance announces liquidation of FTT position (6 Nov 2022)

Four days after CoinDesk published their report on Alameda and FTX, Changpeng Zhou, CEO of Binance (operator of the world’s largest cryptocurrency exchange and a major rival of FTX) publicly announced Binance would be liquidating all remaining holdings of FTT. Binance’s liquidation of their FTT position combined with market loss of confidence led to withdrawal requests by FTX Group customers from the FTX exchange. Reuters reported a total of c.\$6bn was requested for withdrawal in the 72 hours following Binance’s announcement.

6.2.3. Binance sign non-binding offer letter to purchase FTX (8 Nov 2022)

On 8 November 2022, Binance announced a non-binding offer to purchase FTX Group. FTX Group also announced to the market that all non-fiat withdrawals would be halted. In response to the announcement, the SCB sought to contact SBF.

6.2.4. Binance withdraws from FTX acquisition (9 Nov 2022)

Following initial due diligence, Binance withdrew from the acquisition. In response, SBF attempted a final fundraising to bridge the funding gap and provided a balance sheet to prospective investors. This balance sheet was made public and showed a c.\$8bn funding gap (c.\$9bn in liabilities; c.\$1bn in liquid assets). At the same time the SCB received a tip-off from Ryan Salame that client assets held with FTX Digital had been transferred to Alameda without the consent of its customers.

6.2.5. The SCB issues winding-up petition against FTX Digital (10 Nov 2022)

The SCB presented a winding up petition against FTX Digital and suspended its licence to operate as a Digital Asset business. Brian Simms KC was appointed as JPL by Order of the Supreme Court.

6.2.6. FTX US and Alameda file for Chapter 11 protection (11 Nov 2022)

The wider group, including FTX US and Alameda filed for Chapter 11 bankruptcy protection in the US state of Delaware “in order to bring an orderly process to review and monetise assets for the benefit of all global stakeholders”.

6.3. Joint Provisional Liquidation appointment

On 10 November 2022, the SCB suspended FTX Digital's licence under the DARE Act with immediate effect and lodged a winding up petition before the Supreme Court, resulting in the appointment of the JPLs.

6.4. Chapter 11 appointments

On 11 November 2022, SBF, via an Omnibus Corporate Authority, appointed John J. Ray III as Chief Executive Officer of all direct and indirect subsidiaries of West Realm Shires Inc., Paper Bird Inc., Hilltop technology Services LLC, Cedar Grove Technologies Services Ltd., FTX Trading Ltd., Alameda Research LLC and Clifton Bay Investments LLC.

On 11 November and 14 November voluntary petitions were filed in the United States Bankruptcy Court for the District of Delaware, requesting relief for FTX Trading and 133 additional affiliate entities (collectively the “Chapter 11 Debtors”). The Chapter 11 Proceedings excluded several FTX Group subsidiaries including: FTX Digital, FTX Australia Pty Ltd., FTX Express Ltd and LedgerX LLC.

On the 21 November and 22 November, the JPLs were granted sanction of the Supreme Court to make filings in respect of both the Chapter 15 application and to intervene in Chapter 11 proceedings in the US.

7. Further important context

- There are a number of issues that have impacted the JPLs' ability to carry out their duties in an orderly fashion.
- These have resulted in a general lack of access to comprehensive information and systems of the FTX Group.
- At the time of writing this report, the JPLs still do not have access to the data of FTX Digital.

7.1. Critical factors impacting the provisional liquidation process

As the JPLs' commenced their obligations to take control of FTX Digital's records, operations and assets, certain factors when combined significantly impacted the ability of the JPLs to carry out their duties in an orderly fashion. These factors included:

7.1.1. FTX Group structure

The FTX Group was a global organisation with many entities and employees. While a large portion of senior management had transitioned to FTX Digital and resided in The Bahamas by the time of the appointment, including FTX's co-founders, certain key employees still held contracts with other FTX entities and had not fully transitioned to FTX Digital, but in practice provided services to, or oversaw functions of, FTX Digital. This included the Global Head of IT and the Head of Finance (who had signed an employment contract with FTX Digital and was due to commence work around the date of the appointment but resigned prior to this).

7.1.2. Commingling assets and data

The JPLs identified that there appeared to be limited segregation of IT infrastructure and company data repositories. Key systems such as the IT infrastructure that ran the FTX.com and FTX.us platforms, as well as company record keeping systems, were shared by employees of many FTX Group (and in some cases Alameda) entities. Of these, most key systems were not directly owned or controlled by FTX Digital at the time of the appointment. Many subscriptions to these cloud-based software services remained in the name of entities that existed prior to FTX Digital's incorporation and were not formally transitioned in name.

7.1.3. Limited accounting records

FTX Digital had limited accounting functions in The Bahamas. An initial review indicates that it did not keep detailed records of which funds were client monies versus corporate monies. Furthermore, many large balances were moved between various FBO

and operating accounts, without detailed record keeping.

7.1.4. FTX International Platform

The FTX International Platform was run on a single IT instance that served multiple customer groups in different jurisdictions (excluding US customers who were on the FTX.us platform). It is the JPLs' understanding that these groupings also evolved over time, likely as customers from different jurisdictions began to be segregated into their own sub-groups for regulatory purposes.

Therefore, the FTX International Platform served customers, and markets, that had a nexus to multiple FTX entities. Customers were not booked to a particular corporate entity, and it is an open legal question as to which entities may owe what obligations to which customers. However, in practice the pool of funds from all these customers appear to have been commingled regardless of the customer's jurisdiction (except for some limited cases), using the same bank accounts and cryptocurrency wallets. In some cases, bank accounts across different FTX entities may have been used interchangeably, meaning a single customer could have made deposits to, or received withdrawals from, bank accounts owned by multiple FTX Group entities.

7.1.5. Chapter 15 recognition

As described earlier, other FTX Group entities were placed into a Chapter 11 process soon after the initial appointment of Mr Brian Simms, KC. Due to the opposition of the Chapter 11 Debtors to the Chapter 15 recognition the process of being recognised has not progressed as quickly as the JPLs would have liked. However, the application is set to be heard on 15 February 2023 and in light of the Cooperation Agreement, it is likely that the Chapter 11 Debtors will support this application.

7.1.6. Access to employees

At the time of the appointment, most employees were no longer reporting to the FTX Digital office in The Bahamas for work. Many key employees of FTX Digital were expatriates who had moved to The Bahamas on employment visas, and it was subsequently learnt that many had physically left The Bahamas around the time of the appointment.

The JPLs did have access to certain key employees for a limited period.

7.1.7. Revocation of employee system credentials

Many employees of FTX Digital, had their access to systems revoked around the time of the JPLs appointment. This action was understood to be taken by employees acting on the instruction of the Chapter 11 Debtors.

7.2. Impact of above factors

The combined impact of the above factors was that:

- The JPLs did not have direct access to certain key systems containing the company's records, nor certain key employees with organisational knowledge;
- Due to the Chapter 11 proceedings, and the commingling of data and employment responsibilities across the FTX Group, many employees were unwilling to provide information and cooperate because of legal uncertainty around what could be provided to the JPLs, and there was no clear legal path to access information quickly; and
- Although certain employees of FTX Digital were willing to provide Company records to us, in some cases they were not able to do so as they could no longer access the systems they had previously used in carrying out their day to day functions as employees of FTX Digital.

The JPLs were therefore forced to manually collect and reconstruct a large portion of Company records by capturing them from local copies stored on FTX Digital employee computers. At the time of this report, the JPLs still have not been able to access certain key systems but expect to be able to do so shortly as a result of the JPL's application in the Chapter 11 proceedings for urgent access to the information of FTX Digital and the subsequent Cooperation Agreement with the Chapter 11 Debtors.

8. Financial position

- FTX Digital's most recent pre-appointment trial balance showed a positive net asset position of \$98.8m.
- Estate assets include cash (\$928.0m), accounts receivable (\$276.2m) and vehicles, property, and equipment (\$5.8m) at the latest reporting date. Cash had been materially depleted prior to appointment.
- Estate liabilities to be quantified include customer claims, I/C creditors, and trade creditors.

8.1. Balance sheet position

FTX Digital used QuickBooks to maintain its accounting records and outsourced financial statement preparation to Robert Lee & Associates based in the US. Prager Metis was the appointed auditor, but at the date of the winding up petition, no statutory financial statements had been prepared or audited for the year ended 31 December 2021 ("FY21"). The evolution of the FTX Digital balance sheet, as produced and maintained by the Company is shown below from December 2021 to October 2022:

Balance Sheet (USDm)	Dec-21	Mar-22	Jun-22	Sep-22	Oct-22*
Current assets					
Cash	123.3	145.2	52.8	92.6	108.9
FBO cash	0.0	459.0	1,138.9	726.1	819.0
Intercompany receivables	76.9	194.3	276.4	269.5	256.3
Related party receivable	11.3	17.1	19.0	45.9	19.9
Other current assets	0.2	5.2	4.3	5.0	5.0
Total current assets	211.7	820.9	1,491.4	1,139.1	1,209.1
Non-current assets					
Vehicle, plant, and equipment	1.0	2.4	2.8	5.6	5.8
Other non-current assets	0.1	0.4	0.4	0.3	0.4
Total non-current assets	1.1	2.8	3.2	5.9	6.2
Total assets	212.8	823.7	1,494.6	1,145.0	1,215.3
Current liabilities					
FBO liability**	0.0	(459.0)	(1,138.9)	(726.1)	(819.0)
Accounts payable	(0.3)	(1.6)	(2.0)	(1.2)	(1.0)
Intercompany payable	(100.0)	(251.3)	(200.5)	(299.8)	(296.4)
Payroll liability	0.0	0.0	(0.2)	0.0	(0.2)
Total current liabilities	(100.3)	(711.9)	(1,341.6)	(1,027.1)	(1,116.6)
Net assets	112.5	111.8	153.0	117.9	98.7

Source: FTX Digital management accounts

*Note: All balance sheet dates are at month end except for Oct-22 where balances are as at 5 October 2022.

****FBO liability:** FTX Digital's Financial Controller advised there was a c.\$40m discrepancy between FBO cash and FBO liabilities in the historical balance sheets. The table above has been amended to reflect this.

8.1.1. Key qualifications in respect of reported balance sheet

- Custodial cash and Digital Assets: FTX Digital reported FBO cash received as deposits onto the FTX International Platform as an asset with a corresponding and equal liability to depositors as at the balance sheet date. Transfers of customer fiat deposits and digital tokens, including fiat to other group entities were not accounted for as intercompany transfers.
- Real Estate: Real estate purchased directly with monies from FTX Digital bank accounts (see section 12.1) for property was recorded as a related party accounts receivable balance.

8.2. Estate assets

8.2.1. Cash

FTX Digital operated bank accounts across several banks to fund operations and to transmit customer deposits and withdrawals from the FTX International Platform across several currencies. The figures in the table below represent the USD equivalents as at 10 November 2022, as per bank statements in FTX Digital's name.

Financial institution (USDm)	Corporate	FBO	Restricted	Total
ABC Bank*	-	18.1	-	18.1
XYZ Bank*	0.5	26.2	-	26.7
Fidelity Bank	21.2	-	10.0	31.2
Deltec Bank	0.3	-	-	0.3
Moonstone Bank	50.0	-	-	50.0
Silvergate Bank	0.6	92.6	-	93.2
Total	72.6	136.9	10.0	219.5

***N.B.:** Until such time that these funds are secured for the benefit of the estate, it is not appropriate for the JPLs to disclose the location of these funds.

Source: FTX Digital bank statements

8.2.2. Accounts receivable

FTX Digital has recorded several accounts receivable balances with FTX International entities and Related Parties. The JPLs note that these receivable balances, per the Company's accounts, did not record the material sums of cash transferred to FTX Trading and Alameda as already mentioned in this report

Book value of receivables	USDm
FTX Property	256.3
Alameda	19.9
FTX Ventures	0.0
Total	276.2

Source: FTX Digital management accounts

8.2.3. Vehicles, plant and equipment

FTX Digital owned and operated a fleet of cars in The Bahamas which was made available to its employees for their sole use. The JPLs have taken steps to identify, locate and secure these vehicles. Office furniture and equipment consists of IT and furniture either in the Veridian Corporate Centre (at the FTX Campus) or in off-site storage.

Book value of vehicles, plant and equipment	USDm
Vehicles	2.4
Office furniture & equipment	0.5
Leasehold improvements	1.9
Construction in progress	1.0
Total	5.8

Source: FTX Digital management accounts

In addition to the vehicles, plant and equipment balances above, there is a further \$5.4m in other assets including prepaid expenses, VAT receivables, security deposits and loans. The JPLs are working to establish what value can be realised from these balance sheet items.

8.3. Estate liabilities

Our review of the liabilities of FTX Digital is based on the 5 October 2022 trial balance and other company documents currently available to the JPLs. The estate's liabilities can broadly be defined under the following categories. All figures are based on the 5 October 2022 trial balance sheet unless otherwise stated.

Book value of liabilities	USDm
Customer claims	TBD
FBO liabilities	819.0
Intercompany liabilities	296.4
Trade creditor liabilities	0.2
Bank debt (credit card) liabilities	0.8
Payroll liabilities	0.2
Total	TBD

Source: FTX Digital management accounts

The most material potential liability relates to unquantified customer claims, in respect of which the JPLs require access to the FTX Digital data held by the Chapter 11 Debtors. It remains to be determined how many of the customers were migrated to FTX Digital. Customer claims may include claims in respect of fiat and Digital Assets held on the FTX International Platform. The intercompany liability due to FTX Trading is in relation to initial funding provided to FTX Digital following incorporation. It remains to be confirmed whether outflows to FTX Trading were recorded appropriately in the books and records of FTX Digital.

8.4. Statement of Affairs

Pursuant to Order 6 of the Companies Liquidation Rules 2012, the JPLs have requested the preparation and submission of a Statement of Affairs ("SoA") for FTX Digital, as at 10 November 2022, being the date of the commencement of the Provisional Liquidation.

However, at the time of writing this report, the JPLs have concluded that there is no suitable party available to them who would be well placed to reliably prepare this document.

Accordingly, the JPLs have elected to prepare an indicative SoA, based on the books and records of FTX Digital that are available to them. The JPLs are presently preparing the SoA.

9. Customer claims

- It remains unclear whether customer claims will constitute trust claims or unsecured claims.
- It appears the intention was to treat customer fiat as a trust asset albeit further information and legal analysis is required.
- However, client monies appear to have been commingled.
- There are substantial money flows between FTX Digital FBO bank accounts.
- There are substantial money flows between FTX Digital, FTX Trading and Alameda.

9.1. Core legal matters

There are a number of core legal issues relating to customer claims that the JPLs will need to determine in these proceedings. For further information in respect of the same, please refer to section 17.

9.2. Terms of Service

The Terms of Service, dated 13 May 2022, do not describe the status of customer fiat (referred to in the policy as “E-Money”) deposited or held in customer accounts and do not specify either where customer fiat will be held when customers deposit funds or how the funds will be treated once deposited.

The May Terms of Service do state that customer E-Money held in their account may be redeemed in part or in full at any time subject to outages and downtime. Outages and downtime are not defined terms.

9.3. Internal policies on custody and management of cash

The JPLs have identified an internal policy document entitled “FTX Digital Markets Limited, Safeguarding of assets & Digital token management policy”, dated 16 August 2021. This policy document stated that “FDM is ultimately responsible for the safeguarding of its customers’ assets”.

This document described FTX Digital’s responsibilities as:

“FDM has a responsibility to ensure that customer assets are appropriately safeguarded and segregated from its own funds. This includes customer assets that may be held by third party service providers. FDM will ensure that:

- *Customer assets (both fiat and virtual assets) are segregated from its own assets;*
- *Customer assets (both fiat and virtual assets) will be clearly designated and easily identifiable;*
- *All third-party service providers are aware that client monies do not represent property of FDM and are therefore protected from third-party creditors; and*
- *All third-party providers are aware that customer assets are held in trust.*

Regarding customer fiat assets, FDM will maintain customer accounts with a regulated credit, e-money or payment institution that is acceptable to the Securities Commission of The Bahamas (SCB). Customer accounts will be designated as such, and the monies contained therein will be appropriately ring-fenced and protected from claims against FDM.”

The policy document describes that FTX Digital will account for the difference between its own assets and its customers’ assets and reconcile its customer fiat assets to its own assets monthly. The JPLs noted in their initial investigations that customer fiat was recorded separately in the trial balance accounts as FBO cash. However, beyond this, it is unclear what controls and governance were in place to manage customer fiat.

9.4. Bank mandates and account opening instructions

FTX Digital processed fiat deposits and withdrawals from the FTX International Platform for FTX International customers. FTX Digital utilised several bank accounts to process these transactions. We have identified 19 bank accounts marked as FBO accounts. The balances in these accounts are summarised below. It remains to be determined if these balances represent customer trust assets or estate assets. An ad hoc group of FTX International customers has launched a Complaint for declaratory judgment in the Delaware Bankruptcy Court seeking a declaration that assets that customers deposited, held, received, or acquired on the FTX.com platform are not the property of the Chapter 11 Debtors' estates and are client assets. The JPLs have received written correspondence from institutional customers regarding the same. The JPLs currently plan to seek the directions of the Supreme Court in order to determine the issue.

Bank	Type	Account name	# Accounts	Bank statements available	Balance as at 10 November 2022 (USDm)
Silvergate USD	FBO	"FTX Digital Markets Ltd For Exclusive benefit of its customers"	1	✓	5.3
Silvergate SEN	FBO	"FTX Digital Markets Ltd"	1	✓	1.1
Silvergate EUR	FBO	Not available	1	✗	87.3
XYZ Bank*	FBO	"FTX Digital Markets Ltd - C/A"	7	✓	26.2
ABC Bank*	FBO	"FTX Digital Markets Ltd"	9	✓	18.1
Total			19		136.9

***N.B.:** Until such time that these funds are secured for the benefit of the estate, it is not appropriate for the JPLs to disclose the location of these funds. **Source:** FTX Digital bank statements, FTX Digital account opening information.

9.5. Commingling of customer fiat

In practice, FTX Digital appears to have commingled customer fiat with multiple transfers made between internal FTX Digital bank accounts as well as other FTX Group bank accounts. The JPLs have seen customer withdrawals reduce account balances below initial deposit levels in some instances (and this shortfall is funded by FTX Group entities), preventing clear segregation. The table below sets out the total deposits and withdrawals in the FTX Digital custodial accounts from the dates the accounts were opened to 10 November 2022.

USDm	Customers		Chapter 11 Debtors		Internal FTX Digital		Other	
FTX Digital banks	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows	Inflows	Outflows
Silvergate Bank*	15,339.6	10,874.1	3,832.0	7,697.1	3,948.4	3,948.4	-	-
ABC Bank***	175.8	188.9	207.1	67.4	233.6	339.7	-	-
XYZ Bank***	-	34.9	27.6	-	38.8	6.1	1.4**	-
Total Custodial	15,515.4	11,097.9	4,066.7	7,764.5	4,220.8	4,294.2	1.4	-

Source: FTX Digital bank statements, www.exchangerates.org.uk

***Note:** Excluding Silvergate EUR account as the JPLs have not yet received any information from Silvergate regarding the bank account activity

****Note:** \$1.2m of this is account funding from an unknown source, the remaining \$0.2m is due to customer payment errors where amounts were returned

*****Note:** Until such time that these funds are secured for the benefit of the estate, it is not appropriate for the JPLs to disclose the location of these funds.

9.6. Internal transfer of fiat between FTX Digital bank accounts

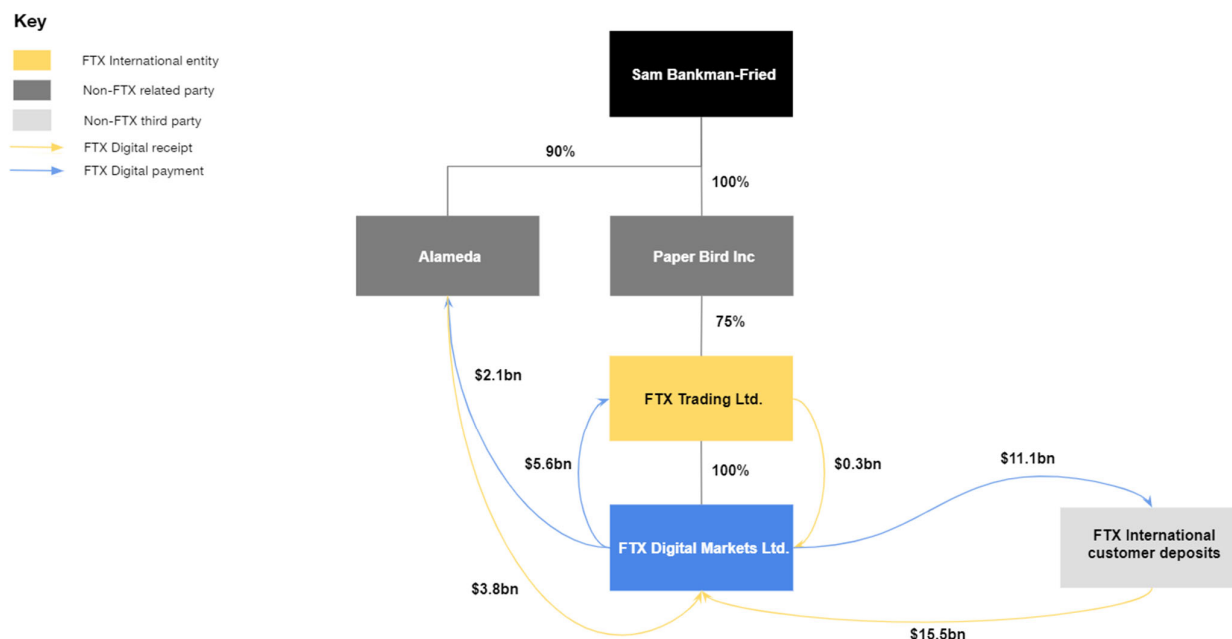
FTX Digital operated several bank accounts through which customers' deposits or withdrawals from the FTX International Platform were settled. The bank accounts each appear to have served a different purpose relating to customer deposits or withdrawals linked to FTX International Platform code changes over time.

In general, the Silvergate USD account was utilised to process USD customer deposits and withdrawals by wire transaction, whilst the ABC Bank and XYZ Bank accounts were utilised to process customer deposits and withdrawals in non-USD currencies. The Silvergate Exchange Network ("SEN") account was an instant settlement account, used solely by institutional customers.

9.7. Intercompany transfer of fiat between FTX Digital and FTX Trading

The JPLs have noted material transfers of fiat between custodial accounts in the name of FTX Digital and in the name of FTX Trading. No internal documentation has been identified to date which outlines either the basis for these transfers or the process for their approval.

The JPLs believe this may have arisen, in part due to the manner in which some customers interacted with network bank accounts on the platform, for example depositing into or withdrawing from an FTX Digital bank account if they were a member of the Silvergate Exchange Network or depositing into or withdrawing from an FTX Trading bank account if they were a member of the Signature Signet Network. Understanding the basis of these transactions remains an ongoing area of focus for the JPLs. These transfers were recorded off balance sheet and did not give rise to an intercompany debt between FTX Digital and FTX Trading.



Source: FTX Digital bank statements

The analysis above is based on FTX Digital’s Silvergate USD, Silvergate SEN, ABC Bank and XYZ Bank accounts. This has not been extended to the Silvergate EUR account due to lack of information. The JPLs will undertake further analysis once more data is available.

9.8. Related party transfer of fiat between FTX Digital and Alameda

From a review of the FTX Digital bank accounts, the JPLs identified material cash transfers between FTX Digital and Alameda entities. At certain times Alameda was a market maker on the FTX International Platform and so some of the transfers may relate to trading activity. The JPLs will continue to assess this position as further information is made available by the Chapter 11 Debtors.

Alameda entity	Payments to FTX Digital (USDm)	Receipts from FTX Digital (USDm)
Alameda Research LLC	200.6	5.0
Alameda Research Ltd	2,988.2	700.7
North Dimension Inc.	579.1	1,400.9
Total cash flows	3,767.9	2,106.6

Source: FTX Digital bank statements

10. Cash at bank

- The JPLs have recovered \$21.5m from pre-appointment bank accounts and a further \$54.5m is pending transfer.
- \$143.2m of FTX Digital's funds held in US bank accounts have been seized by the DOJ.

10.1. Actions taken to secure cash

Following their appointment, the JPLs took steps to identify and take custody of cash held in the name of FTX Digital at various banking institutions. The JPLs wrote to these banks on 13 November 2022, 15 November 2022 and 23 November 2022 to confirm the balances held and, thereafter, request that transaction information be provided to the JPLs and funds remitted to the JPLs' control. The JPLs further instructed the banks freeze any assets that they hold and not to transfer or deal with those assets in any way whatsoever, unless otherwise instructed. In the intervening period, the JPLs have opened operating accounts in the name of FTX Digital at Fidelity Bank and Scotiabank, (the "JPLs' Accounts") in The Bahamas, to facilitate future receipts and payments pertaining to the estate.

At the date of this report, the JPLs have received funds held with Fidelity Bank and Deltec Bank, which have been credited to the JPLs' Accounts. The funds held at ABC Bank* and XYZ Bank* are in the process of being transferred to the JPLs' Accounts. A further \$10.0m of funds is retained in a restricted account relating to regulatory capital.

Funds held in the US with Silvergate and Moonstone were seized by the DOJ pursuant to a warrant issued by the US District Court for the Southern District of New York, regarding a civil forfeiture process related to criminal proceedings in that court. The JPLs have met with the DOJ and continue to discuss and consider the options available to them to recover these funds, which they consider to be property of the FTX Digital estate.

The status of funds held in the name of FTX Digital is set out below.

Financial institution (USDm)	Total	Secured	Pending transfer	Civil forfeiture (DOJ)
ABC Bank*	18.1	-	17.8	-
XYZ Bank*	26.7	-	26.7	-
Fidelity Bank	31.2	21.2	10.0	-
Deltec Bank	0.3	0.3	-	-
Moonstone Bank	50.0	-	-	50.0
Silvergate Bank	93.2	-	-	93.2
Total	219.5	21.5	54.5	143.2

Source: FTX Digital bank statements

**N.B.: Until such time that these funds are secured for the benefit of the estate, it is not appropriate for the JPLs to disclose the location of these funds.*

11. Digital Assets

- The JPLs have taken steps to identify and support the safeguarding of Digital Assets.
- Much of the Digital Assets held on the FTX International Platform have been transferred outside its control and are held in the control of either the SCB or the Chapter 11 Debtors.

11.1. Actions taken to safeguard Digital Assets

Immediately following the appointment of the JPLs, one of the primary objectives was to identify and secure Digital Assets. The JPLs took necessary steps to determine if it was possible to secure the assets in the first few days post the commencement of the Provisional Liquidation including interviewing key employees of FTX Digital. Unfortunately, the JPLs were not able to secure any substantial digital assets within the first 48 hours other than directing key employees of FTX Digital to shut down any trading and withdrawals on the FTX International Platform.

Later on 12 November 2022 The SCB wished to secure the Digital Assets still in the control of FTX Digital within the day, given concerns regarding the dissipation of assets in the preceding hours.

Thereafter, the Supreme Court issued an order, on 12 November 2022, authorising the SCB to instruct FTX Digital to transfer Digital Assets in its control to digital wallets controlled by the SCB. Later that same day, the SCB directed SBF and Gary Wang to transfer remaining Digital Assets under the control of FTX Digital to the digital wallets established by the SCB with Fireblocks.

The JPLs understand that the SCB also directed representatives of Tether to transfer \$46.7m of USDT, previously frozen at the direction of the SCB, to a digital wallet controlled by the SCB on 12 November 2022. However, the JPLs understand that this transfer was not completed and, as at the date of this report, the Tether tokens remain frozen by Tether. The JPLs will be engaging with Tether to unfreeze these tokens and release them to the estate.

The JPLs hold control of a relatively minimal sum of tokens which have been moved to a warm wallet to which the JPLs have access.

11.2. Identification of Digital Assets

Alongside taking action to support the safeguarding of Digital Assets the JPLs sought to identify and catalogue Digital Assets that were understood to be held and/or controlled by FTX Digital. Consequently, it was determined that assets held in a particular blockchain address could not be easily distinguished between legal entities from an ownership or custody perspective and it was not possible to immediately confirm whether individual assets vested with either FTX Digital or other FTX International group entities and their respective customers. This was corroborated through a review of the FTX International Platform code.

Shortly after the appointment of the JPLs, access to the Group's information systems was restricted or revoked by the Chapter 11 Debtors. Consequently, with a lack of access to the Company's books and records, and no reliable inventory of Digital Asset holdings, the JPLs faced challenges in locating and obtaining information which would allow them to independently identify and reconcile the Digital Asset position.

Two primary data sources were made available to the JPLs to enable Digital Asset identification efforts. These data sources outlined the tokens (a) held by FTX International and (b) which were under the control of FTX Digital's management. The first of these data sources was a schedule provided by SBF on 11 November 2022, which purported to show, in quantity and USD equivalent value, FTX International's cryptocurrency holdings, by type, at dates unknown. The second schedule was provided by Gary Wang to the SCB, on 13 November 2022. This schedule purported to show token quantities and USD equivalent values of the remaining Digital Assets by token type and blockchain held in FTX hot wallets, as of the morning of 12 November 2022. Neither SBF nor Gary Wang explained the basis of preparation for these schedules. Differences between the two schedules may be as a result of the unauthorised transfer of Digital Assets, changes in asset positions due to transfers to wallets controlled by the Chapter 11 Debtors or other unexplained factors.

The JPLs took steps to corroborate the token holdings set out in the schedules by observing asset balances in the Fireblocks interface, that had been secured by the SCB, in addition to obtaining schedules from the SCB that detailed the asset balances and the transaction histories for the SCB's Fireblocks wallets. The JPLs also reviewed blockchain data to view addresses known or believed to belong to the FTX International Platform. From their review, the JPLs observed that certain other assets, which had not previously been transferred to the SCB on 12-13 November 2022, appeared to have subsequently been transferred to external wallets. These assets may have been transferred to addresses under the control of the Chapter 11 Debtors; however, at this time this has not been confirmed directly.

11.3. Digital Assets tracing

To support the assessment as to the completeness of the action taken by the SCB in safeguarding the Digital Assets that had secured by the SCB, investigations were undertaken to identify certain blockchain addresses that belonged to FTX International. The JPLs used blockchain explorers and open-source blockchain analysis, to build an understanding of the relevant transaction patterns in the period leading up to the appointment, in addition to any transactions that appear to have taken place thereafter.

Limited forensic tracing exercises on digital asset movements have been conducted, but those performed have identified certain matters that may warrant further investigation. These matters include:

- Transfers from FTX International wallets immediately prior to the suspension of withdrawals on 8 November 2022;
- Transfers from FTX International wallets after the announcement of the suspension of withdrawals and before the appointment of the JPLs;
- Unauthorised withdrawals between 11 - 12 November 2022; and
- Transfers from FTX International wallets to wallets controlled by the Chapter 11 Debtors.

In addition to the above, the JPLs have undertaken preliminary investigative work on the frequent transactions with addresses and wallets that appear to have Alameda as a counterparty, by way of blockchain review and interviews with employees of FTX Digital. From these preliminary investigations, the JPLs have ascertained the following:

- Alameda appeared to provide liquidity to FTX Digital, in order to facilitate customer withdrawals, on a frequent basis; and
- There have been indications of round-trip fund flows over the course of 2022, between addresses identified in the public domain as belonging to Alameda and FTX International.

To understand the extent and purpose of these transaction activities, further work will be required once platform data access is provided by the Chapter 11 Debtors.

12. Physical assets

- FTX Digital funded c.\$278m of acquisitions by FTX Property and others, for the acquisition of 52 properties.
- Title deeds for these properties are all in the name of either FTX Property or certain individuals.

12.1. Freehold property

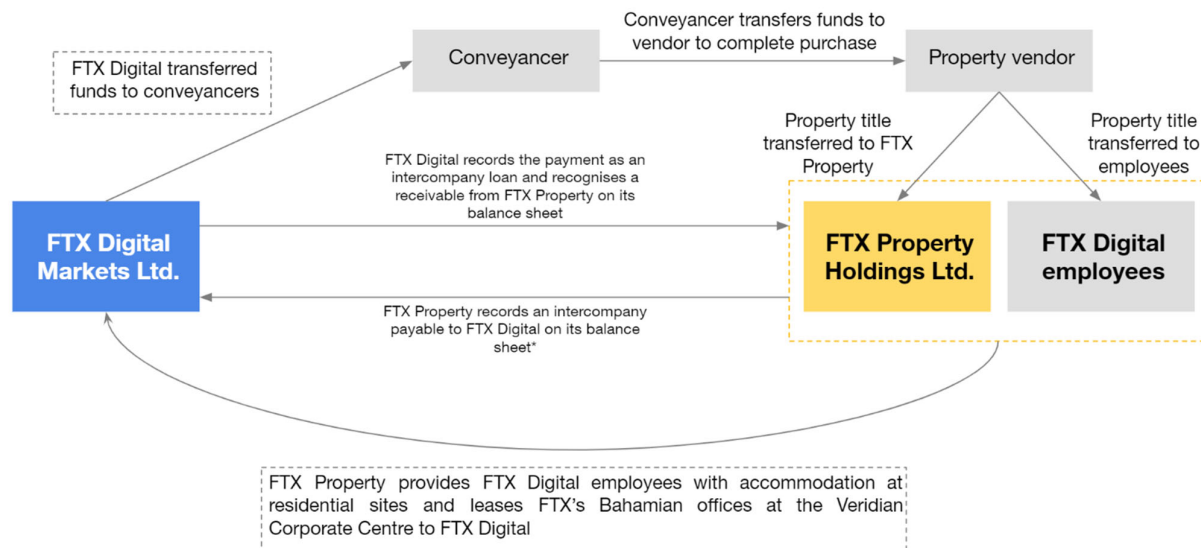
Upon appointment, the JPLs took steps to identify the portfolio of FTX Group properties located in The Bahamas (the “Properties”), identifying 52 in number. Most of the Properties are titled in the name of FTX Property but were funded directly by FTX Digital and recorded on FTX Digital’s balance sheet as an intercompany receivable.

The JPLs’ identified several property titles which appear to be in the name of individual employees or relatives of SBF, despite FTX Digital providing the funding. It is understood that certain employees may have received employee loans or benefits in kind, which assisted with the purchase of residential property.

All property acquisitions funded in any part by FTX Digital remains an open point of investigation and, where appropriate, the JPLs will take steps to recover assets that they consider to be the property of FTX Digital.

The JPLs understand that FTX Property, which was a wholly owned subsidiary of FTX Trading, was a vehicle which existed for the sole purpose of acquiring and holding residential and commercial properties on the island of New Providence, The Bahamas. The properties were, in turn, used primarily as residential dwellings for FTX Digital employees and commercial office space for the Company’s operations.

Based on the JPLs’ review, it is understood that FTX Digital provided c.\$278m (as at 10 November 2022) of funding to various conveyancers and third parties for these property purchases, of which the aggregate purchase price was c.\$255m. The JPLs understand that FTX Property did not have its own bank account and, therefore, was not party to the transaction money flows, but remained the ultimate beneficiary and recorded title holder, except in the case of properties purchased in the name of individuals. The below illustrates our understanding of the purchase mechanism and accounting record.



Source: Various, including FTX Digital records

There is a small discrepancy between the balance noted above and the intercompany receivable that has been recorded in the books and records of FTX Digital. At the time of writing this report, the JPLs have not seen a breakdown of the intercompany receivable figure and have therefore been unable to reconcile the amounts known

to have been paid versus the intercompany booked. This is a matter that will be reviewed further by the JPLs in due course.

A summary of the properties titled in the name of FTX Property (or where transactions are awaiting completion) as well as properties where titles are in the name of individuals is set out below.

Property	Description	Units Held	Titled Owner	Acquisition date	Acquisition Cost (USDm)
Properties titled in the name of FTX Property (or where transactions are awaiting completion)					
Albany	Ocean side luxury accommodation in New Providence, The Bahamas	15	FTX Property	Oct-21 to Sep-22	140.4
One Cable Beach	6 storey luxury beach front residential located on Cable Beach, The Bahamas	4	FTX Property	May-22 to Jun-22	5.2
Veridian Corporate Centre	Deluxe office suite located in West New Providence, The Bahamas	1	FTX Property	Oct-21 to Jun-22	25.3
Ocean Terraces	3 storey residential complex located on W Bay Street, The Bahamas	16	FTX Property	Nov-21	17.4
Pineapple House	Multi-level office complex located at Old Fort Bay, The Bahamas	1	FTX Property	Mar-22	1.8
FTX Campus	Two Parcels of Land Totalling 6.148 Acres, Southern Side of West Bay Street and Western Side of Blake Road, New Providence, The Bahamas	n.a.	FTX Property	Oct-21 to Mar-22	5.4
Old Fort	Residential located at Old Fort Bay, The Bahamas	1	FTX Property	Feb-22 to Mar 22	9.0
Subtotal		38			204.5
Other properties		14			50.9
Grand total		52			255.4

Source: Various, including FTX Digital, FTX Property and third-party records

The JPLs have entered into a Cooperation Agreement with the Chapter 11 Debtors, including an agreement to lead efforts in The Bahamas to recover value from the real estate in The Bahamas.

12.2. Vehicles, plant & equipment

12.2.1. Vehicles

As referenced in section 8.2.3, the Company owned a fleet of vehicles for use by employees. The JPLs have determined that there is no longer a need for the Company to maintain the current fleet size. Accordingly, the JPLs have commenced a fleet appraisal process following which disposals will commence. The JPLs will seek leave of the Supreme Court to sell the vehicles in order to avoid the depreciation of these assets.

12.2.3. Office computer equipment and furniture

The corporate head office at the Veridian Corporate Centre houses computer equipment and office furniture. Locks have been changed and on-site security arranged for the premises to safeguard the assets.

The JPLs have also identified 13 storage units leased by FTX Digital from a facility in The Bahamas. The FTX Digital units contain physical goods purchased by FTX Digital for general operations, the properties and on behalf of employees.

A detailed inventory of each unit has been completed. The JPLs are currently assessing the value of the items and will soon, with Supreme Court approval, commence disposals.

13. Trading activities

- The JPLs have continued limited operational activities, whilst exploring the option of a restructuring.
- Whilst the DAB licence has been suspended, it has not been withdrawn and a platform relaunch is a possibility that is being actively explored in collaboration with the Chapter 11 Debtors.
- Whilst efforts to explore a restructuring continue, the JPLs have given redundancy notices to 67 (of 83) employees.

Upon their appointment the JPLs evaluated whether or not to continue to trade FTX Digital. In their review, they considered both the strategic and valuation benefit of continuing, and their financial and operational ability to continue to trade FTX Digital's business. This was undertaken with a view to maximising or preserving the value of the business and assets of the Company.

13.1. Restructuring options

There has been interest expressed to the JPLs by various third parties, who wish to invest in and / or otherwise purchase certain of the FTX Digital business, including the FTX International Platform. The JPLs have held discussions with those third parties, where considered appropriate.

Given that the discussions with the third parties are still in their infancy, the JPLs will provide a further update on the nature and extent of any discussions at a later stage, should it be determined that a restructuring and / or sale option may come to fruition.

The JPLs are also in discussions with the Chapter 11 Debtors, legal counsel and other advisers to determine whether, through a collective effort between the JPLs and the Chapter 11 Debtors, the platform can be restructured. At present all options of restructuring are being considered. Any agreement by or arrangement between the JPLs and Chapter 11 Debtors would be subject to the approval of the Supreme Court and the Delaware Bankruptcy Court.

13.2. Employee matters

13.2.1. Overview of FTX Digital employees

The JPLs understand the primary role of FTX Digital employees was the operation of the FTX International Platform. Key executives of the FTX Group, including SBF, Nishad Singh and Gary Wang were employed by the Company, together with experienced platform developers, and employees engaged in, finance function, legal, client onboarding, settlements, regulatory and compliance, customer support and other operational functions.

Employees fulfilled critical roles in support of the FTX International business, such as central executive management, regulatory and compliance, including AML (anti money laundering) and KYC (know your customer) compliance for client onboarding, account management for institutional clients, settlement services running the customer payments process and software development and management (see below).

Department	Full Time Employees
Executive Function	5
Group Operations	15
Engineering and Software Development	5
Customer Accounts	9
Legal and Regulatory	4
AML & Compliance	16
Settlements	5
Other	24
Total	83

Source: FTX Digital employment records and JPLs

Immediately prior to the JPLs' appointment, FTX Digital had a total of 83 employees; all of whom were resident in The Bahamas or were in the process of relocating there. The employees included 49 international expatriate workers, who were (or in the process of becoming) resident in The Bahamas on FTX Digital sponsored work permits and 34 local employees. Although the majority of FTX International employees were employed by or were in the process of being employed by FTX Digital, the JPLs note that certain individuals within the Company also supported and / or held contracts with other FTX entities. These employees' duties and responsibilities were split based on the nature and scope of their position. From 10 November 2022, at least 10 individuals resigned their positions due to the insolvency of FTX Digital, together with the financial position and media exposure of the wider FTX Group. The JPLs are also aware that one additional employee resigned their position in early November 2022, shortly prior to the JPLs' appointment.

13.2.2. Initial retention of employees

At the time of the JPLs' appointment, employees of FTX Digital had been paid for the calendar month of October 2022 and were owed 9 days of accrued wages for November 2022, albeit these had not yet fallen due as the ordinary payment date for employees was on, or around, the 20th of the calendar month.

Following their appointment, the JPLs concluded that it was necessary to meet the ordinary salary requirements of certain employees of the Company to facilitate the pursuit of a reorganisation and assist in the investigation of FTX Digital's affairs albeit the JPLs did so without personally adopting their contracts.

Accordingly, salary costs, medical insurance and, where elected, pension entitlements have been met for a total of 33 employees as an expense of the Provisional Liquidation and covering the period November 2022 to January 2023, inclusive. Amounts totalling \$635,297 have been met by the Company in respect of these employment costs.

The JPLs understand that the significant majority of the FTX Digital employees who were not based locally (i.e. expatriate workers), had departed The Bahamas on or around the 10 November 2022. Many of these employees have not accounted to the JPLs in respect of their whereabouts or FTX Digital property that they may hold and, with the exception of a few individuals, many of the expatriate employees have been unavailable in The Bahamas for work during the period of the provisional liquidation and have therefore not been paid by the JPLs. Where employees' roles are no longer required, the relevant employees have been made redundant.

13.2.3. Employee redundancies

Whilst the JPLs continued to maintain certain salaries for a period of time to retain the optionality to explore a reorganisation, it has since been determined that continuance of trade at this time is not possible, due to a number of reasons including:

- Regulatory suspension of the Company's licence;
- Lack of funding to support ongoing operations;

- Lack of access to key records and information;
- Absence of certain key members of staff;
- Practical considerations involving the FTX International Platform; and
- Public perception of the FTX brand.

In consultation with their legal counsel, the JPLs communicated the notice of redundancy to relevant employees on 17 January 2023 and, following the expiration of the requisite two week notice period, relevant employees were terminated on 31 January 2023.

Employees made redundant were advised where applicable of their entitlements to claim against the estate. Certain elements of any such claims comprising arrears of wages, accrued unpaid holiday allowance and unpaid pension contributions will likely be a preferential claim against the Company and will rank in priority to unsecured creditor claims. Ongoing payroll commitments of the Company are presently limited to a small number of key individuals as retained employees.

The JPLs currently continue to employ a total of 16 individuals, to assist with the ongoing investigations into the Company and the possibility of restructuring its business. Terms with each of these persons were entered into on an individual basis and contracts were effective from 10 November 2022. As at the date of this report, these individuals remain employed by the Company and continue to assist the JPLs with discharging their duties and pursuing the objectives of the Provisional Liquidation. The JPLs continue to monitor requirements and costs of the same.

13.3. Other trading matters

13.3.1. Securing the head office

Upon appointment of the JPLs, the Company's headquarters at Veridian Corporate Centre, Nassau, The Bahamas, was secured and the site used as the primary operating location of the Provisional Liquidation. Representatives of the JPLs documented the state of each office building ahead of the JPLs' staff moving into the premises. An inventory on key equipment was performed in the week commencing 14 November 2022.

Upon appointment, the JPLs identified suppliers of critical services required to facilitate the continued running of FTX Digital including electricity, water, cable, property security and insurance. The JPLs made contact with these identified critical suppliers to ensure continuity of supply.

13.3.2. Insurance

The Company's vehicle fleet insurance policy was due to expire on 31 December 2022. Discussions were held with the insurance broker to renew the policy and reduce the premium. Coverage was renewed for the entire fleet as the JPLs continued to identify and recover all vehicles as well as allowing retained employees to continue using the vehicles. The JPLs secured a reduction in the annual premium from \$157,230 to \$125,069, payable in quarterly instalments. This will be adjusted and rebated as certain fleet vehicles are sold.

In addition, following the signing of the Cooperation Agreement with the Chapter 11 Debtors in the US bankruptcy proceedings on 6 January 2023, the JPLs

are now taking steps to ensure continuity of insurance coverage for the FTX Property portfolio.

13.3.3. Leases

The JPLs have identified 7 properties which were being leased by FTX Digital from third parties, relating to both commercial office space and residential property for the use by certain FTX Digital employees, and 2 properties being leased by FTX Property from third parties relating to office space. The JPLs have secured continuity of occupation or are in the process of seeking surrenders in respect of all leasehold properties.

13.3.4. Data protection

Data Protection (Privacy of Personal Information) Act, 2003 ("DPA") is the principal Bahamian law governing the collection, processing, retention, use and disclosure of personal data, and is broadly based on the OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data (1980). Alongside the DPA, the matter is also subject to the UK's and Hong Kong's PwC territories' respective data protections, General Data Protection Regulation ("GDPR") and The Personal Data (Privacy) Ordinance ("PDPO").

Under the DPA, the JPLs of FTX Digital are the "data controllers"; a person who determines the purpose and manner in which personal data is to be processed. In order to protect personal data the JPLs will take justifiable, considered and documented steps with the handling of data. "Data minimisation" will be undertaken to limit the collection of personal information to what is directly relevant and necessary

and the JPLs, and their instructed data processors, will retain the data only for as long as is necessary to fulfil that purpose.

13.4.Trading cash flow

The JPLs have established cash management controls including rolling cash flow forecasts, purchase order and payment approval controls and AML treasury controls. Pursuant to the Cooperation Agreement between the JPLs and the Chapter 11 Debtors, costs of safeguarding and protecting the real estate held in the name of FTX Property will be separately recorded as a cost of FTX Property and paid out of realisations.

At 31 January 2023, the balance in the JPLs' Accounts totalled \$19.5m. A summary of the JPLs' receipts and payments account during the period from 10 November 2022 to 31 January 2023 is set out below:

	USDm
Receipts	
Fidelity Bank (BSD)	2.1
Fidelity Bank (USD)	19.0
Deltec Bank	0.3
Total receipts	21.5
Payments	
Legal retainers	(1.0)
Other fees	(0.0)
Insurance	(0.0)
Payroll	(0.7)
Wages	(0.6)
National and health insurance	(0.1)
Security	(0.2)
Rent	(0.0)
Utilities	(0.0)
Bank charges and tax	(0.0)
Total payments	(2.0)
Cash as at 31 January 2022	19.5

Source: FTX Digital bank statements

The JPLs have and continue to utilise only free cash to settle expenses of the estate. The most material costs of the estate relate to the legal and professional costs of recovering and safeguarding the estate assets. In accordance with Paragraph 6 of the JPL Orders, the remuneration and expenses of the JPLs, including expenses associated with the exercise of their powers, are to be paid out of the assets of the Company subject to the approval of the Supreme Court. The JPLs' remuneration is set in accordance with The Bahamas - Insolvency Practitioners Rules 2012 on the basis of time properly incurred by them and their staff in managing the affairs of the provisional liquidation. To date, no fees or expenses have been paid to the JPLs. The JPLs intend to apply to the Supreme Court for approval to pay fees.

14. Data collection & investigations

- Data and information were predominantly housed on public cloud servers.
- Access to these servers is ultimately controlled by the Chapter 11 Debtors.
- The JPLs deployed a team of forensic technologists to preserve electronic data.
- The data gathered to date has been mainly imaged from FTX Digital employees' computers.
- Investigations to date have focused on: 1) FTX Digital assets; 2) Customer migration; 3) Cash management; and 4) International Platform IP ownership.

The JPLs responsibilities include capturing and preserving company data. At the time of the JPLs appointment in November 2022, FTX Digital employees' access to the majority of FTX Digital's virtual books and records had been revoked and so the JPLs had significantly limited access to key Company information. In order to build an understanding of the financial position and affairs of the Company the JPLs assigned a team of forensic technologists to identify and preserve electronic records of the Company.

14.1. Key areas of investigation

14.1.1. Estate assets

Events in early November 2022 led to a shortfall of liquidity to fund customer withdrawal requests from the FTX International Platform. The JPLs' initial investigation focused on developing an understanding of the International Platform and associated pool of assets. The JPLs performed interviews with senior employees. The focus of these enquiries was to establish the pool of assets to be safeguarded. The investigations conducted led to the identification of cash and non-cash assets that the JPLs have taken action to secure and preserve.

14.1.2. Customer migration

As part of the transition of the primary operations of FTX International to FTX Digital (see section 4.1), it was understood that all customers would be migrated (see section 4.4.4.3) to FTX Digital. The nature of such migration, as well as the scope of customers it included, impacts the JPLs' duties and obligations. The JPLs took steps to collect facts in order to establish the scope and completeness of the customer migration. To do so, the JPLs performed targeted searches to identify documents relating to the migration, reviewed certain platform codes to identify how customers interfaced with the International Platform and interviewed employees from FTX Digital's legal and compliance functions to understand steps taken during the migration process.

14.1.3. Cash management

FTX Digital held and operated bank accounts to transmit customer deposit and withdrawal requests from the FTX International Platform (and fund FTX Digital operating costs). Establishing the fact pattern

relating to the manner in which FTX Digital cash was managed is critical to the determination as to whether cash is a customer trust asset or an estate asset. The JPLs have used forensic technologists to review FTX International Platform code and conduct interviews with key individuals to identify how customers interacted with the FTX International Platform when depositing and withdrawing funds. The JPLs further reviewed how client monies were accounted for in the financial statements of the Company.

14.1.4. Investigation of ownership of and rights to Digital Assets

The JPLs have been investigating both who owns (legally and beneficially) digital assets in wallets which were, immediately prior to FTX's collapse, controlled by one or more entities in the FTX Group, as well as what are the rights, if any, reflected by the credit balance of digital assets on a customer's account maintained on the FTX International Platform. Further progress will be able to be made as further information is available, but as noted above, the JPLs intend to seek directions from the Supreme Court on these matters

14.1.5. International Platform IP ownership

The FTX International Platform code (and intellectual property) is a key asset of the FTX Group. At the time of the winding up petition, many of the senior programming team were working in The Bahamas under contracts with FTX Digital. The use of FTX Digital staff to code and maintain the International

Platform could have an impact on the ownership of, or rights to the IP of the platform. As such, the JPLs have taken steps to understand the IP ownership structure of the FTX International platform, including reviewing commercial contracts, IP agreements, and performing a review of the contribution of FTX Digital employees to the FTX International Platform, in order to seek advice as to any claim FTX Digital may have as to ownership of certain IP. The JPLs review of the GitHub code repository and change log has indicated that a material portion of the coding changes to the back end platform code (the “HKG” code), the order book matching engine, and the User Interface were authored by employees of FTX Digital.

14.1.6. Antecedent transactions

Antecedent transactions refer to transactions entered into by a company prior to the commencement of a liquidation, which may have had the effect of dissipating the value of the estate at the expense of creditors. In due course, the JPLs will review antecedent transactions of FTX Digital and consider whether any such transactions could be vulnerable to clawback or other remedies available to seek recovery for creditors. These investigations will be conducted once access to the electronic company data stored on public cloud servers has been granted to the JPLs by the Chapter 11 Debtors.

14.1.7. Identification of electronic records

On 15 November 2022, a team of forensic investigators employed by the JPLs arrived at the Company’s headquarters. An initial search of the site identified that the offices contained approximately 100 workstations, some of which had desktop computers, but most of which were set up for the docking of laptops.

At the time of the appointment, the Global Head of IT for the wider FTX Group, who was understood to have control/oversight of the Company’s IT systems, was not employed directly by FTX Digital, and was not immediately accessible to the JPLs. Therefore, the JPLs were unable to secure an orderly handover of electronic books and records. Information about IT systems was primarily obtained from interviews with FTX Digital employees who were not directly within the IT function.

14.1.8. Data capture & preservation (end user devices)

Around the time the JPLs were appointed, most employees were not reporting to the Company’s offices for work, and many were thought to have already left The Bahamas. Where possible, the JPLs took steps to take custody of devices and then capture and preserve electronic data within them. This included:

- The securing and/or forensic imaging of 12 laptops, 18 desktops and 18 other devices (for example USBs, mobile phones and sims) located at the main offices at Veridian Corporate Centre;
- The securing and/or forensic imaging of 17 laptops and 3 mobile phones returned by employees or located outside of the main corporate head office; and
- The securing and/or forensic imaging of 2 laptops and 13 desktops found at a storage facility, which appeared to have been used by ex-employees or are old machines.

Forensic imaging of devices was generally performed where possible. For certain devices imaging was not possible or practicable due to encryption of devices (with a lack of access to the employees who set up the encryption) a lack of clarity around data ownership. Forensic imaging was also not performed on devices used by employees deemed to be in roles where their information was not a priority.

14.1.9. Data capture & preservation

Notwithstanding the aforementioned challenges, the JPLs identified that the Company primarily used cloud-based systems to perform its operations, including the following key systems:

- Google Workspace (previously known as GSuite) stored on a Google Cloud Portal - emails and file Sharing;
- Slack - internal (and some external) communications;
- Amazon Web Services (“AWS”) - hosting of the FTX International Platform servers and data;
- Google Cloud Portal (“GCP”) - hosting of copies of the platform data for analytics purposes; and
- Quickbooks - accounting system.

It is understood that these systems were commonly used by multiple Group entities, and that none of the key IT systems were registered to, or paid for by, the Company directly. Therefore, it was not possible for the JPLs to immediately obtain control of these systems to capture and preserve electronic records.

14.1.10. Data processing & review

As the JPLs did not have access to the majority of the Company’s key IT systems, much of the Company’s corporate records were reconstructed from data collected from end users. The JPLs used electronic document discovery techniques to process the documents in order for them to be searched and catalogued. This process was used to reconstruct a set of the Company’s records required for the JPLs to review the Company’s current financial position including key assets, and to determine the initial strategy and approach of the Provisional Liquidation.

15. Legal proceedings

- A settlement agreement and information sharing protocol (“Cooperation Agreement”) has been reached with Chapter 11 Debtors.
- A Chapter 15 recognition application has been submitted and will be heard on 15 February 2023.
- There are numerous overseas proceedings which impact FTX Digital that the JPLs are actively monitoring.

15.1. Retention of legal counsel

The JPLs have and continue to retain Lennox Paton to act as local counsel in respect of the provisional liquidation proceedings before the Supreme Court and matters of Bahamian law, White & Case LLP to act as primary counsel relating to all US matters, specifically the Chapter 11 and Chapter 15 proceedings, which are discussed further below and special counsel to advise on other specific matters relevant to the conduct of the provisional liquidation.

On discrete legal issues the JPLs have also engaged further Bahamian, US and English counsel to assist.

15.2. Supreme Court applications

Since their appointment, the JPLs have instructed and participated in the following applications and hearings before the Supreme Court:

Supreme Court filing / hearing	Description
Sanction application	On 15 November 2022, the JPLs filed an application for Chapter 15 recognition of the Provisional Liquidation in The Bahamas as a foreign main proceeding.
Attendance at Hearing	On 21 November 2022, the JPLs attended a hearing to consider the position of the SCB, as Trustee, for assets transferred to Fireblocks (order expected to be granted on 15 February 2023).
Sanction application	On 22 November 2022, the JPLs filed an application to appear and be represented in respect of the Chapter 11 proceedings (order granted).
Attendance at Hearing	On 13 December 2022, the JPLs attended a hearing for the SCB’s winding up petition supporting affidavit to be unsealed (order granted).
Application for Directions	On 13 December 2022, the JPLs filed an application for directions that the JPLs be permitted to provide information to the SCB in conjunction with their ongoing investigations (order granted).
Application for Directions	On 21 December 2022, the JPLs filed an application that the JPLs be permitted to provide information to the office of the Attorney-General of The Bahamas, in conjunction with their ongoing investigations (order granted).
Attendance at Hearing	On 29 December 2022, the JPLs attended a directions hearing to consider application by the SCB regarding provision of certain information to the Chapter 11 Debtors (order conditionally granted).

15.3. Chapter 11 proceedings

Since their appointment, the JPLs have filed the various motions, declarations and notices with the Delaware Bankruptcy Court with respect to the Chapter 11 proceedings commenced by the Chapter 11 Debtors. Details of these motions can be found located at Appendix III to this report.

15.4. Chapter 15 proceedings

On 16 November 2022, the JPLs filed a petition under Chapter 15 of the US Bankruptcy Code (the “Chapter 15 Proceedings”) in the NY Bankruptcy Court to recognise the Provisional Liquidation as a foreign main proceeding.

On 17 November 2022, the Chapter 11 Debtors filed an Emergency Motion to transfer the Chapter 15 Case to the Delaware Bankruptcy Court. Shortly thereafter, the JPLs agreed to transfer the Chapter 15 Case from the NY Bankruptcy Court, and on 22 November 2022, an order was entered transferring the case.

A hearing at the JPLs’ request for the Provisional Liquidation proceeding of FTX Digital to be recognised in the US is scheduled to be heard by the Delaware Bankruptcy Court on 15 February 2023. It is anticipated that the Delaware Bankruptcy Court will grant an order recognising the Provisional Liquidation of FTX Digital as a foreign main proceeding

Since their appointment, the JPLs have filed the following motions, declarations and notices with either the NY Bankruptcy Court or the Delaware Bankruptcy Court with respect to the Chapter 15 proceedings:

Chapter 15 filing	Description
Chapter 15 Petition for Recognition of Foreign Proceeding [Dkt. 1].	Chapter 15 petition for recognition of a foreign proceeding filed in the Southern District of New York.
Declaration of Brian C. Simms KC in Support of the Chapter 15 Petition [Dkt. 2].	Declaration in Support of Chapter 15 petition at Dkt. 1.
Motion to Approve Order Shortening the Notice Periods for Emergency Hearing on Motions of Foreign Representatives [Dkt. 3].	Motion to have the Court consider on an expedited basis: (i) the motion to schedule the hearing on Chapter 15 petition at Dkt. 4; and (ii) the emergency motion for provisional relief at Dkt. 7.
Motion to Approve Order Scheduling Recognition Hearing [Dkt. 4].	Motion to schedule a hearing on Chapter 15 petition for recognition of a foreign proceeding.
Declaration of Sophia T. Rolle-Kapousouzoglou in Support of the Chapter 15 Petition [Dkt. 5].	Declaration in Support of Chapter 15 petition at Dkt. 1.
Emergency Motion for Provisional Relief [Dkt. 7].	Motion (i) staying execution against FTX Digital's assets; (ii) suspending the right to transfer, encumber or otherwise dispose of any assets of FTX Digital; (iii) entrusting the administration or realization of all or part of FTX Digital's assets located in the United States; (iv) authorizing urgent discovery measures; and (v) authorizing the JPLs to appear on behalf of FTX Digital until the Court rules on recognition.
Declaration of Brian C. Simms KC in Support of the Chapter 15 Petition [Dkt. 8].	Supplemental Declaration in Support of Chapter 15 petition at Dkt. 1.
Emergency Motion (i) for Relief from the Automatic Stay; and (ii) to Compel Turnover of Electronic Records [Dkt. 27].	Motion for relief from the automatic stay and to compel turnover of FDM's records and other recorded information related to FDM's property and financial affairs. Please refer to section 15.5 below.
Declaration of Peter Greaves in Support of Emergency Motion of the JPLs [Dkt. 28].	Declaration in Support of Emergency Motion at Dkt. 27.

Motion to Shorten the Notice and Objection Periods with respect to the Emergency Motion of the JPLs [Dkt. 29].	Motion to have the Court consider the JPLs Emergency Motion at Dkt. 27, on an expedited basis.
Reply in Support of Motion to Shorten the Notice and Objection Periods with respect to the Emergency Motion of the JPLs [Dkt. 33].	Reply in Support of Motion to Shorten at Dkt. 29.
Motion for Provisional Relief [Dkt. 55].	Motion to remove and safeguard FDM funds held in Moonstone Bank and Silvergate Bank.
Declaration of Peter Greaves in Support of Motion for Provisional Relief [Dkt. 56].	Declaration in Support of Motion for Provisional Relief at Dkt. 55.
Notice of Service of Discovery [Dkt. 83].	Notice of Service of deposition of Edgar W. Mosley II.
Notice of Entry into Agreement Regarding Mutual Cooperation [Dkt. 110].	Notice of Entry into cooperation agreement with Debtors.
Notice of Filing and Hearing on Chapter 15 Petition [Dkt. 122].	Notice of Filing of Chapter 15 petition and recognition hearing on February 15, 2023.
Notice of Filing of Revised Order Granting Recognition of Foreign Main Proceeding [Dkt. 124].	Notice of Filing of proposed order granting the Chapter 15 petition and recognition of foreign main proceeding.

15.5. Cooperation Agreement with Chapter 11 Debtors

On or about 12 November 2022, access to FTX Digital’s electronic records and other electronic and computerised information relating to FTX Digital’s property and financial affairs was restricted by the Chapter 11 Debtors.

On 9 December 2022, the JPLs filed an Emergency Motion for (i) relief from the automatic stay and (ii) to compel turnover of electronic records. The motion was supported by a declaration in support and a further motion to shorten the notice and objection period with respect to the Emergency Motion.

The Emergency Motion identified five categories of information to which the JPLs required urgent access to perform their duties:

- International Platform trading data;
- Email records for FTX Digital employees;
- Slack chat records for FTX Digital employees;
- All documents stored on the Company’s Google Drive (a company share drive); and
- Accounting system books and records (QuickBooks).

The JPLs and Chapter 11 Debtors entered into a Cooperation Agreement dated 6 January 2023. As set out in the Cooperation Agreement, the shared goal of the JPLs and Chapter 11 Debtors is maximising the recovery to the customers and creditors of each estate, which includes maximising the recoverable assets at each estate and returning value to the appropriate estate.

On 12 December 2022, the JPLs filed a motion to dismiss the Chapter 11 petition of FTX Property. Since then, as part of the Cooperation Agreement, the JPLs and Chapter 11 Debtors have agreed that (i) a liquidation proceeding for FTX Property will be opened in The Bahamas and (ii) the realisation of the property held by FTX Property shall be managed by the JPLs subject to coordination with the Chapter 11 Debtors, and therefore, upon approval of the Cooperation Agreement by the Delaware Bankruptcy Court, the FTX Property dismissal motion, will be dismissed with prejudice.

The JPLs and Chapter 11 Debtors have also agreed to share information in their respective possessions, subject to mutually satisfactory arrangements to preserve confidentiality and any privilege of any party. The sharing of information is subject to a Confidentiality Arrangement dated 30 January 2023 between FTX Digital and the Chapter

11 Debtors and information sharing between the estates is anticipated to begin imminently subject to appropriate non-disclosure protections.

The Cooperation Agreement is subject to the approval of the Supreme Court and the Delaware Bankruptcy Court and respective applications for both are in the process of being pursued.

15.6. Other overseas proceedings

15.6.1. Antigua and Barbuda: Emergent Fidelity Technologies Ltd. (“Emergent”)

Pursuant to an order by the High Court of Justice of Antigua and Barbuda, dated 2 December 2022, Ms Angela Barkhouse and Mr Toni Shulka, of Quantuma Cayman Islands and Quantuma British Virgin Islands respectively, were appointed Joint Provisional Liquidators (“Antiguan JPLs”) of Emergent, a company registered in Antigua and Barbuda.

Emergent is a holding company for SBF and is the owner of approximately 56m class A shares of Robinhood Markets Inc. (“Robinhood”), representing 7.6% of the share class as reported in a schedule 13D filing with the SEC on 12 May 2022. The register of directors reflects that SBF is the sole director of Emergent. The ownership of the shares held by Emergent continues to be disputed in proceedings by multiple parties, including but not limited to, BlockFi Inc, BlockFi Lending LLC, BlockFi International LLC, the Antiguan JPLs and SBF (c.90%).

On 22 December 2022, the Chapter 11 Debtors filed a motion to extend the automatic stay with respect to certain assets held by Emergent and specifically the sale of the Robinhood shares.

However, on 6 January 2023, the DOJ seized the Robinhood shares in connection with the criminal indictments of SBF, Gary Wang and Caroline Ellison. Therefore, the motion was suspended, reserving the rights of the Chapter 11 Debtors in respect of the Robinhood shares.

The Antiguan JPLs have asserted their intent to investigate the transactions leading to the capitalisation of Emergent, after which they will seek to have the different claims to the assets of Emergent adjudicated fairly and free from prejudice.

Given that the JPLs’ investigations surrounding the affairs and assets of FTX Digital are ongoing, it is possible that they may discover that assets held by FTX Digital and its customers may have been used by Emergent to acquire other assets. Thus, the JPLs are considering whether steps should be taken to be recognised in Antigua and Barbuda as foreign representatives in order to protect any interest that FTX Digital or its customers may have in Emergent given the recent seizure by the DOJ of the Robinhood shares.

16. Communications

- The JPLs advertised their appointment on 2 December 2022.
- A Provisional Liquidation case website and creditor portal were established to provide updates to stakeholders.
- The JPLs have written to approximately 2.4m customers and 50 trade creditors.

16.1. Public announcements

In accordance with the JPL Orders, the JPLs advertised their appointment in The Tribune and The Nassau Guardian on 2 December 2022.

16.2. Communications with customers and creditors

The JPLs launched a website on 13 December 2022 and creditor portal on 15 December 2022 in order to share updates and information and the JPLs established an email enquiry inbox to receive and respond to customer and creditor enquiries. The JPLs wrote to 2.4m customers of FTX International, who may be customers or creditors of FTX Digital, inviting them to register their contact information to receive updates from the JPLs on the progress of the liquidation. The creditor portal is available at <https://digitalmarketsclaim.pwc.com>. The JPLs further wrote to c.50 companies and individuals identified as potential trade creditors of FTX Digital.

16.3. Communications with regulators

Following their appointment, the JPLs have received requests for information from the SCB in respect of their ongoing investigations into the affairs of FTX Digital. An order was obtained from the Supreme Court on 13 December 2022 granting leave for the JPLs to assist the SCB with its investigations. The JPLs have, accordingly, complied with the requests from the SCB in their capacity as officers of the Supreme Court, in order to both act in the public interest and to comply with FTX Digital's obligations to the SCB under the DARE Act, so as to ensure that the suspended FTX Digital licence is not otherwise revoked.

In addition to requests for assistance from the SCB, the JPLs have also received correspondence from the Attorney-General of The Bahamas, who has requested assistance in connection with investigations into FTX Digital and related parties. Accordingly, the JPLs have also obtained an order of the Supreme Court, dated 21 December 2022, permitting the JPLs to assist the Attorney-General with its investigations.

Both the SCB and Attorney-General have requested that among other things, the JPLs provide information and / or documents in their possession, custody and / or control pertaining to FTX Digital.

The JPLs have and will continue to provide assistance to the SCB and the Attorney-General, in accordance with the terms of the Supreme Court orders.

16.4. Communications with current and former management

The JPLs have met with current and former officers and representatives of the management team in order to understand the business operations and identify, secure and safeguard the assets of FTX Digital. The JPLs will continue to liaise with current and former officers and representatives of the management team where necessary and expedient for the JPLs to advance recovery actions and discharge their duties to the Supreme Court and stakeholders generally.

17. Next steps

- The JPLs have a number of matters to consider and review regarding strategy.
- An extension of the Provisional Liquidation of 6 months is being sought.
- The next report of the JPLs will be no later than 10 May 2023.

17.1. Matters to consider

As noted throughout this report, there are several matters that require further review and consideration by the JPLs with a view to progressing key strategic decisions regarding the future conduct and direction of the Provisional Liquidation.

17.1.1. Customer migration

It is the JPLs' initial view, based on the limited electronic records available, and legal advice received to date, that certain customers of FTX International were migrated to FTX Digital, as it assumed responsibility for the delivery of certain services under the May Terms of Service. The JPLs have taken and continue to take legal advice as to whether the migration was effective. Further investigation will be required when the FTX International Platform data is made available to the JPLs.

The contractual relationship with international customers is governed by the May Terms of Service, which is an English law governed agreement. The JPLs will be filing an Application for Directions with the Supreme Court on this matter.

17.1.2. Customer trust claims

The JPLs will continue to collate evidentiary documentation and investigate whether the assets were held on trust for the customers or not. This is a matter on which the JPLs will be seeking the Supreme Court's directions on and the JPLs are presently considering the nature of this application as well as who the necessary parties would be to such an application.

17.1.3. Open trade contracts and valuing customer claims

If the JPLs are unable to restructure, relaunch and sell the business and assets of FTX Digital (principally its interest in the FTX International Platform), in such a way that the international customers transfer to the purchaser as part of the transaction, then the JPLs, or any subsequently appointed official liquidator, will need to close and settle all open trade contracts with customers.

The mechanics of closing and settling open contracts and the implications on the value of customer claims

against the estate are not yet known but will need to be determined with the assistance of legal counsel, and potentially the Supreme Court, should the consequences of closing open contracts on the valuation of customer claims be challenged and result in litigation.

It should also be noted that the allegations of fraud, mismanagement and misappropriation may provide the JPLs, or any subsequently appointed official liquidator, with powers to restate customer accounts to an equitable position, given that customer fiat and/or Digital Assets were allegedly fraudulently transferred to other entities within the FTX Group.

The JPLs / duly appointed official liquidator will need to seek legal advice on this matter at the proper time, and as above, may need to bring this matter before the Supreme Court for directions.

17.1.4. Antecedent transactions and clawback claims

While the JPLs have limited access to electronic books and records, they have identified certain transactions which prima facie require further investigation and explanation, and could result in either the JPLs, or FTX Digital, commencing legal action for either the recovery of the underlying asset being the subject of the transaction, or an alternative remedy.

17.1.5. Potential actions against the Chapter 11 Debtors

As part of the JPLs review of possible antecedent transactions, they have unveiled transactions with the Chapter 11 Debtors that require further investigation and explanation, to include, but not limited to, the cumulative gross transfer of up to \$5.6bn and \$2.1bn of fiat to FTX Trading and Alameda respectively.

17.1.6. Potential actions against directors and third parties

The JPLs will review and determine the prospects of claims against Directors and officers for misfeasance and the extent to which there are claims against third parties for negligence, breach of fiduciary duty or other causes of action.

17.2. Extension of the Provisional Liquidation

The JPLs recommend that the Provisional Liquidation is extended for a further 6 months to enable further work to:

- Maintain optionality regarding FTX Digital's licence (which is currently suspended) issued by the SCB, which would likely be terminated, in all the circumstances, if a winding up order was to be made in respect of FTX Digital;
- Develop options to maximise returns to creditors via a platform reorganisation, which could include restarting the International Platform in some format. The JPLs are cooperating with the Chapter 11 Debtors in this regard, but it is thought likely that it will take 3 – 4 months to agree a plan, that will then take time to implement; and
- Determine the position with respect to customer migration to FTX Digital, together with seeking legal advice and confirming whether the assets were held as trust assets or corporate assets will impact the options available in respect of restructuring the FTX International Platform.

Ordinarily, it might be expected that a Provisional Liquidation outcome would be concluded within 6 months of a petition date. However, given the complexity of the case and the need to review and implement the matters outlined above, in addition to the value and volume of the likely creditor claims, the JPLs' recommendation to the Supreme Court is an extension of the Provisional Liquidation for a further 6 months, in order to be able to determine and progress key matters.

17.3. Next report

The JPLs note that statute does not require them to conduct periodic hearings or reporting to the Supreme Court, but in acknowledgement of the significant public interest in this case, it is proposed that the JPLs next report is submitted to the Supreme Court by no later than 10 May 2023.

Appendix I – Glossary

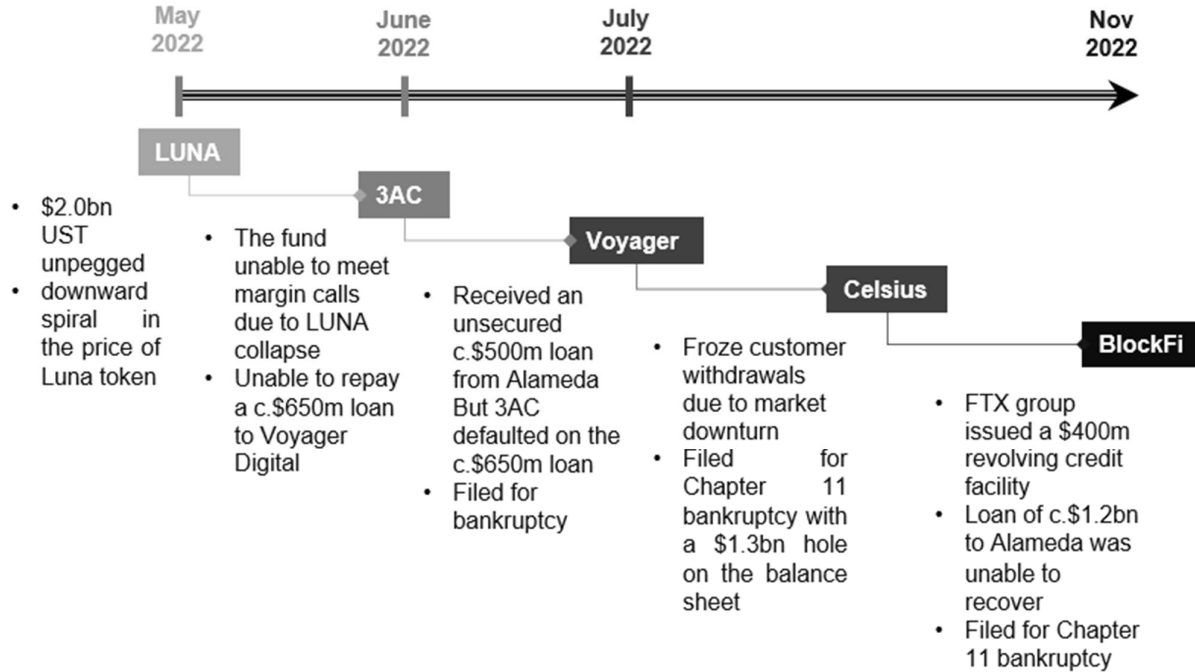
Term/Abbreviation	Description
3AC	Three Arrows Capital
Affiliates	In relation to a party, any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such party. A person shall be deemed to control another person if such person possesses directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other person, whether through the ownership of voting securities, by contract or otherwise.
Alameda	Collectively; Alameda Research LLC, Alameda Research Limited and North Dimension Inc.
AML	Anti-money laundering
AUM	Assets under management
AWS	Amazon Web Services
CEL	Native token of Celsius Network
Celsius	Celsius Network
CEO	Chief executive officer
Chapter 11 Debtors	Collective group of FTX affiliated entities filing for Chapter 11 relief under case number 22-11068
Chapter 15 Proceedings	Petition filed by the JPLs under Chapter 15 of the US Bankruptcy Code in the NY Bankruptcy Court to recognise the Provisional Liquidation as a foreign main proceeding
Company / FTX Digital	International Business Company incorporated in The Bahamas and licensed and registered under the DARE Act.
Cooperation agreement	Agreement between the JPLs and Chapter 11 Debtors for information sharing
CRS	Common Reporting Standard
DAB	Digital Assets Business
DARE Act	Digital Assets and Registered Exchanges Act, 2020 (as amended).
Data controllers	Under the DPA, the JPLs of FTX Digital
Delaware Bankruptcy Court	United States Bankruptcy Court for the District of Delaware
Digital Assets	BTC, ETH, FTT and any other digital asset, cryptocurrency, virtual currency, token (fungible or not), leveraged token, stable coin, tokenised stock, volatility token, tokenised futures contract, tokenised option or other tokenised derivatives product that is supported by and/or made available from time to time to transact in using the FTX International Platform.
DOJ	United States Department of Justice
DPA	Data Protection (Privacy of Personal Information) Act, 2003
E-money	Customer fiat
Emergent	Emergent Fidelity Technologies Ltd.
EUR	Euro
FATCA	Foreign Account Tax Compliance Act
FBO	For-Benefit-Of
FTT	Native token of FTX

Term/Abbreviation	Description
FTX campus	Veridian Corporate Center, Nassau, The Bahamas
FTX Digital / Company	International Business Company incorporated in The Bahamas and licensed and registered under the DARE Act.
FTX Group	FTX International group of companies, together with the FTX US group of companies.
FTX International	FTX Trading and its subsidiaries (especially including FTX Digital) that operate, maintain and administer the FTX International Platform.
FTX International Platform	The digital assets trading platform and exchange and network infrastructure, that consists of a User Interface ("UI") through the FTX international website (FTX.com) or any mobile application and order matching engine, through which customers, outside of the United States of America ("US") and certain other jurisdictions may transact, or exchange, Digital Assets.
FTX Property	FTX Property Holdings Ltd.
FTX Trading	A company incorporated in Antigua and Barbuda
FTX US	West Realm Shires Inc. and its subsidiaries, that operate, maintain and administer the FTX.us platform
FTX Ventures	A company incorporated in the British Virgin Islands
FY21	1 January 2021 to 31 December 2021
GCP	Google Cloud Platform
GDP	Gross domestic product
GDPR	General Data Protection Regulation
I/C	Intercompany
IP	Intellectual property
JPL Orders	Appointment orders for the JPLs of the Company issued by the Supreme Court
JPLs	Joint Provisional Liquidators of FTX Digital, Mr Brian Simms, KC, of Lennox Paton, Mr Kevin Cambridge of PwC Bahamas, and Mr Peter Greaves of PwC Hong Kong.
JPLs' Accounts	Operating accounts in the name of FTX Digital at Fidelity Bank and Scotiabank in The Bahamas
KC	King's Counsel
LT baskets	LT Baskets Ltd.
May terms of service	The updated Terms of Service was published to FTX.com's website, and mobile platforms, on 13 May 2022
NFT	Non-fungible token
NY Bankruptcy court	United States Bankruptcy Court for the Southern District of New York
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PDPO	The Personal Data (Privacy) Ordinance
Professional parties	Professional advisers or agents
PwC	PwC Bahamas, PwC Hong Kong or a member firm of PricewaterhouseCoopers International Limited (each a member firm of which is a separate legal entity)
PwC Bahamas	PricewaterhouseCoopers Advisory (The Bahamas) Limited
PwC Cayman	PwC Corporate Finance & Recovery (Cayman) Limited

Term/Abbreviation	Description
PwC Hong Kong	PricewaterhouseCoopers Limited, an entity incorporated in Hong Kong
PwC UK	PricewaterhouseCoopers LLP, a UK limited liability partnership
Regulated Services	The services performed by FTX Digital as part of the administration of the FTX International Platform are defined in Schedules 2 through 7 of the May Terms of Service, which are summarised below: <ul style="list-style-type: none"> • Schedule 2 - Spot Market; • Schedule 3 - Spot Margin Trading; • Schedule 4 - OTC / Off-exchange Portal; • Schedule 5 - Futures Market; • Schedule 6 - Volatility Market (Options [sic] Contracts); and • Schedule 7 - Volatility Market (MOVE Volatility Contracts).
Related Parties	Any entity within the group of companies owned and operated by SBF and his Co-founders, Nishad Singh, Gary Wang and other investors, including West Realm Shires Inc, and its Subsidiaries, Alameda Research LLC, and its subsidiaries, Paper Bird, Inc and its subsidiaries, including FTX Trading.
Robinhood	Robinhood Markets Inc.
Salameda	Salameda Ltd.
SBF	Samuel Bankman-Fried, the founder and Chairman of the Group.
SCB	Securities Commission of The Bahamas
SEC	United States Securities and Exchange Commission
SEN	Silvergate exchange network
SoA	Statement of Affairs
Supreme Court	The Commercial Division of the Supreme Court of The Commonwealth of The Bahamas
The Group	The collective ecosystem that includes Alameda, the FTX Group, and any Related Party.
UK	United Kingdom
US	United States of America
USD / \$	United States dollar currency
USDT	Tether
UST	TerraUSD
VAT	Value added tax
Voyager	Voyager Digital LLC
VP&E	Vehicles, property and equipment
W&C	White & Case LLP
Winding Up Act	Companies (Winding Up Amendment) Act 2011

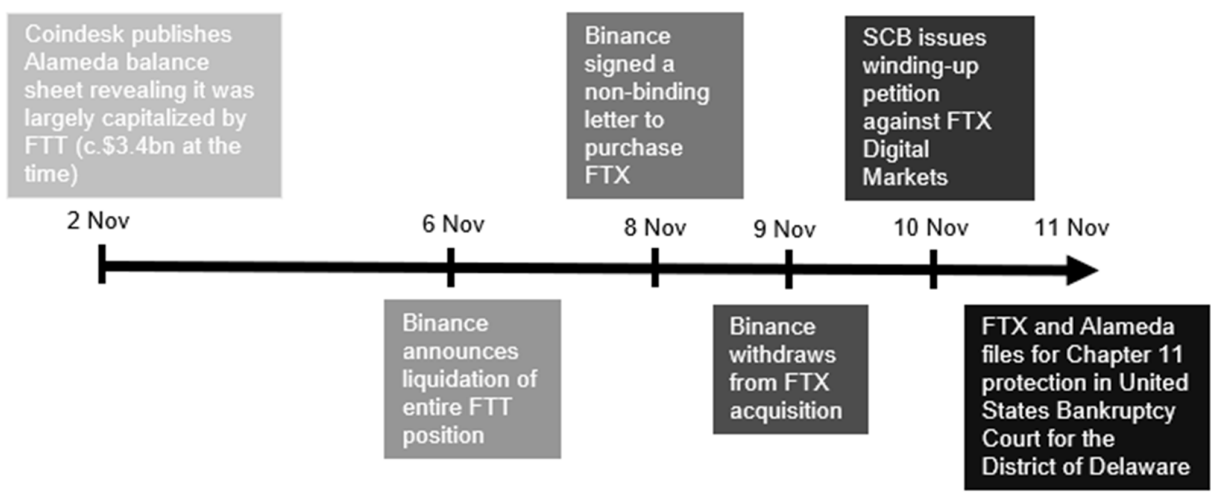
Appendix II - Notable events

Summary of key market events leading up to the collapse of FTX



Source: Bloomberg, CNBC, CoinDesk, Cointelegraph, Financial Times, The New York Times and Washington Post

Summary of key events pertained to the collapse of FTX

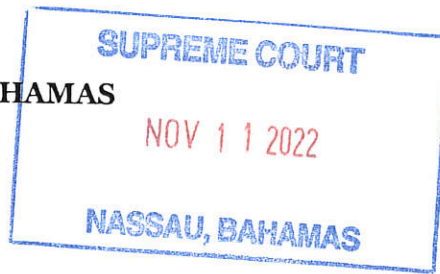


Source: Bloomberg, CNBC, CoinDesk, Cointelegraph, Financial Times, The New York Times and Washington Post

Appendix III – Chapter 11 filings

Chapter 11 filing	Description
Emergency Motion (i) for Relief from the Automatic Stay; and (ii) to Compel Turnover of Electronic Records [Dkt. 197].	Motion for relief from the automatic stay and to compel turnover of FDM's records and other recorded information related to FDM's property and financial affairs.
Declaration of Peter Greaves in Support of Emergency Motion of the JPLs [Dkt. 198].	Declaration in Support of Emergency Motion at Dkt. 197.
Motion to Shorten the Notice and Objection Periods with respect to the Emergency Motion of the JPLs [Dkt. 199].	Motion to have the Court consider the JPLs Emergency Motion at Dkt. 197, on an expedited basis.
Motion to Dismiss Case [Dkt. 213].	Motion to Dismiss the chapter 11 case of FTX Property Holdings Ltd.
Declaration of Brian C. Simms KC in Support of the Motion to Dismiss Case [Dkt. 214].	Declaration in Support of Motion to Dismiss Case at Dkt. 213.
Reply in Support of Motion to Shorten the Notice and Objection Periods with respect to the Emergency Motion of the JPLs [Dkt. 225].	Reply in Support of Motion to Shorten at Dkt. 199.
Notice of Service of Discovery [Dkt. 230].	Notice of Service of first set of interrogatories and first set of requests for production to Debtors.
Notice of Service of Discovery [Dkt. 325].	Notice of Service of first set of requests for production to Sullivan & Cromwell LLP and second set of requests for production to Debtors.
Notice of Service of Discovery [Dkt. 326].	Notice of Service of second set of interrogatories to Debtors and third set of requests for production to Debtors.
Reservation of Rights Regarding the Debtors' Motion (I)(A) Approving Bid Procedures, Stalking Horse Protections and the Form and Manner of Notices for the Sale of the Certain Businesses; (B) Approving Assumption and Assignment Procedures; and (C) Scheduling Auction(s) and Sale Hearing(s) and (II)(A) Approving the Sale(s) Free and Clear of Liens, Claims, Interests and Encumbrances and (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases [Dkt. 330].	Reservation of Rights regarding Debtors' Motion to Approve Bidding Procedures and Free and Clear Sales of Embed Business, LedgerX Business, FTX Europe Business, and FTX Japan Business.
Notice of Service of Discovery [Dkt. 341].	Notice of Service of deposition of Edgar W. Mosley II.
Limited Response and Reservation of Rights Regarding the Debtors' Motion to Enforce or Extend the Stay [Dkt. 383].	Reservation of Rights regarding the Debtors' Motion to Enforce or Extend the Stay with respect to the assets of Emergent Fidelity Technologies Ltd.
Notice of Entry into Agreement Regarding Mutual Cooperation [Dkt. 402].	Notice of Entry into cooperation agreement with Debtors.
Limited Objection Regarding the United States' Trustee's Motion to Appoint an Examiner [Dkt. 572].	Limited Objection to the United States Trustee's Motion to Appoint an Independent Examiner.

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
COMMERCIAL DIVISION



2022
COM/com/

**IN THE MATTER OF the Digital Assets and Registered Exchanges Act,
2020 (as amended)**

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

**AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)**

**ORDER FOR APPOINTMENT OF
PROVISIONAL LIQUIDATOR**

Before His Lordship, the Honourable Mr. Chief Justice Ian Winder

Dated the 10 day of November, A.D., 2022

UPON THE APPLICATION by an unfiled Summons for Directions dated 10th November 2022 on behalf of the Petitioner/Application, the Securities Commission of The Bahamas (**"the Applicant"**) for an Order that Mr. Brian Cecil Simms KC be appointed provisional liquidator of FTX Digital Markets Ltd. (**"the Company"**).

AND UPON HEARING Mr. Gladstone Brown of Counsel for the Applicant, and Mrs. Sophia T. Rolle-Kapousouzoglou with Mr. Valdere J. Murphy of Counsel for the proposed liquidator.

AND UPON reading the unfiled Petition of the Applicant.

AND UPON READING the unfiled Affidavit of Christina Rolle, Executive Director of the Securities Commission of The Bahamas and the unfiled Affidavit of Brian Cecil Simms KC.

AND UPON the Applicant undertaking by its counsel to pay any damage suffered by the Company, as a result of this order and/or the appointment of a provisional liquidator in the event that the winding up petition is ultimately withdrawn or dismissed.

AND UPON COUNSEL for the Applicant giving an undertaking to file the aforementioned unfiled Petition, Summons for Directions, Affidavit of Christina Rolle and Affidavit of Brian Simms KC as soon as reasonably practicable.

IT IS HEREBY ORDERED that: -

1. Mr Brian Cecil Simms KC of 3 Bayside Executive Park, West Bay Street and Blake Road, Nassau, N.P., The Bahamas be appointed provisional liquidator of the Company (**“the Provisional Liquidator”**).
2. The Provisional Liquidator is hereby authorised to take any action that he considers fit under the Companies (Winding Up Amendment) Act 2011 (**“the Act”**), section 199(4) to maintain the value of the assets owned or managed by the Company or to carry out the functions for which he was appointed including,
 - a. with the sanction of the court, those powers contained in Part I of the Fourth Schedule of the Act; and
 - b. with or without that sanction the exercise of the general powers specified in Part II of the Fourth Schedule of the Act.
3. For the avoidance of doubt, the above-mentioned powers include a power to dispense with the services of the directors and other management of the Company, but the exercise of that power is without prejudice to the duties of the directors and officers under section 230 of the Act.
4. Until further order the Company’s directors have no further authority to act or exercise any functions for or on behalf of the Company unless expressly instructed to do so in writing by the Provisional Liquidator.
5. Until further order of this Court the Provisional Liquidator is directed to take all and any necessary steps that he considers fit to protect the assets of the Company wheresoever situate including any assets held on trust by the Company.

6. The remuneration and expenses of the Provisional Liquidator shall be paid out of the assets of the Company in any event.
7. The Winding-Up Petition shall be adjourned to the 10th February 2023 at 10:00am.
8. The Affidavits of Christina Rolle and Brian Cecil Simms KC and other documents to be filed herein save for the petition, and provisional liquidation order shall be sealed and kept confidential until the return date which is set for 10th February 2023 or until further Order.

BY ORDER OF THE COURT

REGISTRAR

This Order was drawn up by the Securities Commission of The Bahamas, 2nd Floor Poinciana House, North Building, 31A East Bay Street, Nassau, N.P., The Bahamas, Attorneys for the Petitioner/Applicant

PENAL NOTICE

IF YOU FTX DIGITAL MARKETS LTD., WHETHER BY ITSELF, ITS DIRECTORS, EMPLOYEES, SERVANTS, AGENTS OR OTHERWISE DISOBEY THIS ORDER YOU MAY BE HELD TO BE IN CONTEMPT OF COURT AND MAY BE IMPRISONED, FINED OR HAVE YOUR ASSETS SEIZED.

ANY OTHER PERSON WHO KNOWS OF THIS ORDER AND DOES ANYTHING WHICH HELPS OR PERMITS THE BREACH OF THE TERMS OF THIS ORDER MAY ALSO BE HELD TO BE IN CONTEMPT OF COURT AND MAY BE IMPRISONED, FINED OR HAVE THEIR ASSETS SEIZED.

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

IN THE MATTER OF the Digital Assets and
Registered Exchanges Act, 2020 (as
amended)

AND IN THE MATTER OF
FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

AND IN THE MATTER OF the
Companies (Winding Up Amendment) Act, 2011

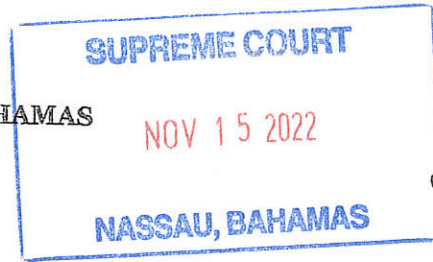
ORDER FOR APPOINTMENT OF
PROVISIONAL LIQUIDATOR

2022
COM/com

Securities Commission of The Bahamas

Securities Commission of The Bahamas
2nd Floor Poinciana House,
North Building
31A East Bay Street
Nassau, N.P., The Bahamas
Attorneys for the Petitioner/Applicant

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
COMMERCIAL DIVISION



2022
COM/com/

IN THE MATTER OF the Digital Assets and Registered Exchanges Act,
2020 (as amended)

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

ORDER FOR APPOINTMENT OF
ADDITIONAL PROVISIONAL LIQUIDATORS

Before His Lordship, the Honourable Mr. Chief Justice Ian Winder

Dated the 14th day of November, A.D., 2022

UPON THE APPLICATION by an Ex-Parte Summons filed herein on 14th November 2022 on behalf of Mr. Brian Cecil Simms KC, the Provisional Liquidation (“the Provisional Liquidator”) of FTX Digital Markets Ltd. (“the Company”).

AND UPON HEARING Mrs. Sophia T. Rolle-Kapousouzoglou with Mr. Valdere J. Murphy of Counsel for the Provisional Liquidator and Mr. Gawaine Ward with Mr. Gladstone Brown of Counsel for the Securities Commission of The Bahamas.

AND UPON reading the Affidavits of Brian Simms KC, Kevin Cambridge and Peter Greaves collectively filed herein on 14th November 2022.

IT IS HEREBY ORDERED that: -

1. Messrs. Kevin G Cambridge and Peter Greaves respectively of PricewaterhouseCoopers Advisory (Bahamas) Limited and PricewaterhouseCoopers

Limited (incorporated in Hong Kong) be appointed Joint Provisional Liquidators alongside Mr. Brian Cecil Simms KC (“**the JPLs**”).

2. The appointment of Messrs. Kevin G. Cambridge and Peter Greaves will take effect on the same terms as paragraphs 2 to 5 of the Order for Appointment of Provisional Liquidator made by this Honourable Court 10 November 2022 (filed herein on 11th November 2022) pursuant to which Mr. Brian Cecil Simms KC was appointed a provisional liquidator by the Honourable Mr. Chief Justice Ian Winder, specifically:

2.1. The JPLs are hereby authorised to take any action that they consider fit under the Companies (Winding Up Amendment) Act 2011 (“**the Act**”), section 199(4) to maintain the value of the assets owned or managed by the Company or to carry out the functions for which they were appointed including,

a. with the sanction of the court, those powers contained in Part I of the Fourth Schedule of the Act; and

b. with or without sanction of the Court the exercise of the general powers specified in Part II of the Fourth Schedule of the Act.

2.2. For the avoidance of doubt, the above-mentioned powers include a power to dispense with the services of the directors and other management of the Company, but the exercise of that power is without prejudice to the duties of the directors and officers under section 230 of the Act.

2.3. Until further order the Company’s directors have no further authority to act or exercise any functions for or on behalf of the Company unless expressly instructed to do so in writing by the JPLs.

2.4. Until further order of this Court the JPLs are directed to take all and any necessary steps that they consider fit to protect the assets of the Company wheresoever situate including any assets held on trust by the Company.

3. The JPLs are authorized to act jointly and severally.
4. That the Affidavit of Brian Simms KC filed herein on 14th November 2022 relied on in support of this application be sealed.
5. The remuneration and expenses of the JPLs shall be paid out of the assets of the Company in any event.
6. The costs of and occasioned by this application be paid out of the assets of the Company.

BY ORDER OF THE COURT

REGISTRAR

This Order was drawn up by Lennox Paton, Chambers, 3 Bayside Executive Park, West Bay Street and Blake Road, Nassau, The Bahamas, Attorneys for the Provisional Liquidator

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

**IN THE MATTER OF the Digital Assets and
Registered Exchanges Act, 2020 (as amended)**

**AND IN THE MATTER OF
FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)**

**AND IN THE MATTER OF the
Companies (Winding Up Amendment) Act, 2011**

**ORDER FOR APPOINTMENT OF
ADDITIONAL PROVISIONAL LIQUIDATORS**

2022
COM/com


LENNOX PATON

Chambers
No. 3 Bayside Executive Park
Blake Road and West Bay Street
Nassau, New Providence
The Bahamas
Attorneys for the Provisional Liquidator

Settlement and Cooperation Agreement

This Settlement and Cooperation Agreement, dated January 6, 2023 (this “*Agreement*”), between the Chapter 11 Debtors, as debtors and debtors in possession (the “*Chapter 11 Debtors*”), and FTX DM, in provisional liquidation, acting by its Joint Provisional Liquidators without personal liability (“*FTX DM*” and, together with the Chapter 11 Debtors, the “*Parties*”), will be effective when approved by the United States Bankruptcy Court for the District of Delaware (the “*U.S. Bankruptcy Court*”) in respect of the Chapter 11 Debtors and sanctioned by the Supreme Court of the Commonwealth of The Bahamas (the “*Bahamas Court*”) in respect of FTX DM. Once this Agreement is approved by each of the U.S. Bankruptcy Court and the Bahamas Court, it shall (a) constitute the entire agreement between the parties; (b) supersede any and all prior written and/or oral agreements among the parties; and (c) shall be enforceable pursuant to its terms. To the extent not so approved, this document and any communications, oral or written, regarding the subject matter hereof constitute (a) settlement communications within the meaning of U.S. Federal Rule of Evidence 408 and any equivalent rule in any relevant jurisdiction and (b) without prejudice discussions under the laws of The Commonwealth of The Bahamas.

Goals

1. The shared goal of the Parties is maximizing the recovery to the customers and creditors of each estate, which includes maximizing the recoverable assets at each estate and properly returning value to the appropriate estate.
2. The Parties also share the goals of avoiding redundant work, minimizing expense and respecting the sovereignty of different legal systems.
3. Accordingly, the Parties have determined to proceed with parallel proceedings in the U.S. Bankruptcy Court and the Bahamas Court, and to coordinate in so far as possible the prosecution of parallel proceedings to accomplish these goals.

Agreed Primary Recovery Functions

4. The Parties agree that FTX DM shall be primarily responsible for recovering value from (a) the assets and property in the name of FTX DM, including without limitation, all real and personal property and bank and security accounts in the name of FTX DM, regardless of where located; (b) the approximately \$45 million of USDT currently frozen in The Bahamas; (c) the sale or reorganization of FTX DM; (d) claims to the extent belonging to FTX DM under applicable law; (e) intercompany accounts and claims of FTX DM against any of the Chapter 11 Debtors or their affiliates; and (f) the sale of any businesses or investments in the name of FTX DM.

5. The Parties agree that the Chapter 11 Debtors shall be primarily responsible for recovering value from all assets and property not reserved in paragraph 4 above, including without limitation (a) assets and property not in the name of FTX DM; (b) the sale of businesses and investments of the Chapter 11 Debtors; (c) the sale or reorganization of the Chapter 11 Debtors; (d) cryptocurrency (subject to provisions hereof); (e) intercompany accounts and claims of any of the Chapter 11 Debtors or their affiliates against FTX DM; and (f) all claims to the extent belonging to the Chapter 11 Debtors under applicable law.

6. The Parties will work together in good faith during the next six months (commencing on the date hereof) in coordination with appropriate stakeholders in their respective proceedings to develop alternatives for the potential sale, reorganization or other monetization of (a) the international FTX.com platform (the “*International Platform*”) and (b) cryptocurrency held or managed by the Chapter 11 Debtors in accordance with this Agreement and associated with the International Platform (and not traceable to customers of FTX US). In order to allow for the foregoing, the Chapter 11 Debtors will not sell or otherwise monetize the cryptocurrency associated with the International Platform (other than stablecoins) during this period without prior consultation with the JPLs and either (x) the approval of the U.S. Bankruptcy Court or (y) the approval of the

JPLs, not to be unreasonably withheld, conditioned or delayed.

7. Save for the arrangements concerning PropCo that are provided for below, the Parties will discuss whether there may be cooperation or other arrangements between the JPLs and the Chapter 11 Debtors organized under U.S. law or the laws of The Commonwealth of The Bahamas that further the goals and objectives of this Agreement.
8. In furtherance of the shared goals described above, the Parties will consult reasonably and in good faith with respect to (a) claims in which there is a dispute as to which Party is the appropriate plaintiff or litigant and (b) litigation in which both Parties have, or may have, claims against the same defendant.
9. Each Party acknowledges that the other Party is a stakeholder and a party-in-interest in the Chapter 11 cases pending in respect of the Chapter 11 Debtors (collectively, the "*Chapter 11 Cases*"), any Bahamian proceedings related to FTX or the International Platform (the "*Bahamas Proceedings*") or any related proceedings in other jurisdictions. Each Party shall consult reasonably and in good faith with the other Party and assist where requested in supporting the appearance of either Party at motions/directions or other requested relief in any such proceedings in connection with the asset recovery functions relating to the International Platform for which it has primary responsibility, including without limitation to exercise the rights of a party-in-interest with respect to: (a) the reasonableness of the asset recovery decisions for which it has primary responsibility; (b) the settlement of intercompany claims; (c) the desirability or viability of a potential reorganization of the International Platform; and (d) the relative recovery of International Platform customers versus other creditors (including without limitation in connection with plan formation or distribution schemes in any jurisdiction). FTX DM will reasonably limit its involvement in the Chapter 11 Cases to matters where it has a bona fide interest affecting recoveries by the Parties for the benefit of customers of the International Platform.



10. This Agreement does not address or compromise any rights or obligations of any Party arising out of or related to the user agreements or other arrangements relating to the International Platform or any other matter not specifically addressed in this Agreement.
11. The Parties will work together in good faith to determine ownership of assets that are subject to competing claims and to ensure that any court process(es) relating to an adjudication of any dispute is conducted as efficiently as is possible. Where one Party wishes to resolve a dispute among the Parties as to any matter (including without limitation relating to the ownership of any asset, standing to pursue claims or the nature of customer claims), such Party may upon reasonable notice to the other party proceed with litigation in either the U.S. Bankruptcy Court or The Bahamas Court with respect to the applicable matters. Pending resolution of such matters, property will be administered as provided in paragraphs 4 and 5. Upon agreement by the Parties (or a final and binding court determination by both the U.S. Bankruptcy Court and the Bahamas Court) that one Party owns an asset the primary responsibility for which has been allocated to the other Party pursuant to paragraphs 4 and 5 above, this Agreement will be deemed modified such that the Party owning the asset will have primary responsibility to monetize such asset, with the Other Party having the rights set forth in this Agreement for a party that does not have primary responsibility for such asset.

Court Process

12. To implement the forgoing, the Parties agree to proceed as follows. First, the Chapter 11 Debtors shall support the continuation of FTX DM's provisional liquidation through Chapter 15 recognition in the U.S. Court and the enforcement and/or the recognition in the U.S. of all orders of the Bahamas Court and elsewhere that are consistent with the Agreement, on mutually agreed and reasonable terms, *provided* that recognition under Chapter 15 would not require the U.S. Bankruptcy Court to defer to the decisions of any foreign court (or alter a *de novo* standard of review) relating to any matter raised by the Chapter 11 Debtors in the Chapter 11 Cases with respect to property of the estate of the Chapter 11 Debtors (including without limitation the scope of property of the estate, the application or extension of the automatic stay or the compromise or discharge of estate or



third party claims in connection with a plan of reorganization). Recognition in the United States shall be subject to and effective only upon the entry of orders providing analogous relief to the Chapter 11 Debtors in the Bahamas Proceedings in form and substance reasonably satisfactory to the Chapter 11 Debtors.

13. Second, the JPLs shall support the continuation of the Chapter 11 Cases and the enforcement and/or recognition in the Commonwealth of The Bahamas of the Chapter 11 cases and all orders of the U.S. Bankruptcy Court and elsewhere that are consistent with the Agreement, on mutually agreed and reasonable terms, *provided* that recognition in The Bahamas would not require the Bahamas Court to defer to the decisions of any foreign court (or alter a *de novo* standard of review) relating to any matter raised by the JPLs in the Bahamas Proceedings with respect to property of the estate of FTX DM (including without limitation the scope of property of the estate, the application or extension of the automatic stay or the compromise or discharge of estate or third party claims in connection with a plan of reorganization). Recognition in The Bahamas shall be subject to and effective only upon the entry of a Chapter 15 recognition order in form and substance reasonably satisfactory to FTX DM.

14. Third, the JPLs agree that they will not seek dismissal of the Chapter 11 case of any Chapter 11 Debtor.

15. Fourth, the Parties agree that the value in the properties owned by FTX Property Holdings Ltd. ("*PropCo*") will be realized over time in one or more arm's-length marketing processes utilizing the services of one or more mutually acceptable independent brokers in a manner and on a timeframe designed to maximize the recovery. The Parties agree that either a liquidation proceeding with respect to PropCo will be opened in the Bahamas Court to run concurrently with the pending Chapter 11 case of PropCo or the Parties will determine another mutually acceptable arrangement for the sale of the applicable properties free and clear of claims against such properties. The JPLs' motion to dismiss the Chapter 11 case of Propco will be dismissed with prejudice. The JPLs (or any other person appointed as liquidator of Propco reasonably acceptable to

the Chapter 11 Debtors), shall take the lead in managing the properties, determining the appropriate strategy for the monetization of the properties, identifying buyers and conducting the marketing process, *provided* that the strategy, as well as the buyers and deal terms recommended by the JPLs, will be subject to approval by the Chapter 11 Debtors (such approval not to be unreasonably withheld or delayed).

16. Subject to the sanction of the Bahamas Court in respect of FTX DM and the approval of the U.S. Bankruptcy Court in respect of the Chapter 11 Debtors, as necessary, the Parties shall fund the carrying costs of PropCo (to the extent not funded from cash flow of the properties) by mortgage loans from third parties, the Chapter 11 Debtors and/or FTX DM. Such loans shall be fully collateralized and repaid from the first available sale proceeds.
17. Each Party shall bear its own expenses in all proceedings out of the unencumbered assets of its own estate. However, with respect to PropCo, each Party's reasonable and documented costs and expenses with respect to PropCo (including, without limitation, reasonable costs and expenses relating to PropCo that were incurred prior to the date hereof, and including the reasonable and documented fees of the professionals to the unsecured creditors committee in the Chapter 11 cases and any analogous creditors committee in the Bahamas Proceedings) shall be disclosed to all interested parties and charged to PropCo (and not to FTX DM or the other Chapter 11 Debtors) and paid or reserved for at sale from first available net sale proceeds. 100% of the proceeds from the sale of PropCo net of such reasonable costs and expenses shall be deposited in an escrow account under arrangements reasonably acceptable to the Parties and not released unless the Parties agree or such release is approved by each of the U.S. Bankruptcy Court and The Bahamas Court.

Claims and Distributions

18. The Chapter 11 cases and the provisional liquidation of FTX DM shall proceed in parallel. The Parties will propose procedures for court-to-court communication based on



international best practices and acceptable to each of the U.S. Bankruptcy Court and The Bahamas Court.

19. The Parties shall work in good faith to arrange matters so that, to the extent practicable under applicable law and consistent with each Party's fiduciary duties,
- a. the proceedings reach, in parallel, substantially similar conclusions as to common questions of fact and law, including the allowance and ranking of FTX.com customer claims and the nature of customer claims segregated, commingled and other property;
 - b. the applicable Chapter 11 plan in the United States and winding up or distribution plan in The Bahamas each involve a global settlement of all claims of the Parties arising out of or relating to the ownership of assets and property and the matters contemplated by this Agreement;
 - c. no FTX.com customer receives, in total, more than the allowed amount of their claim; and
 - d. no FTX.com customer receives greater or less total rateable distributions than any other FTX.com customer.
20. The Parties shall in good faith coordinate the timing of the prosecution of the applicable proceedings such that distributions are not made to any FTX.com customer in one proceeding prior to a determination of whether such claims are allowed in the other proceeding.
21. The Parties shall consider the feasibility of a joint claims process in which FTX.com customers are only required to file one claim that would be applicable in both the U.S. Chapter 11 Cases and the Bahamas Proceedings.

Information Sharing

22. The Parties will share information in their possession concerning the matters contemplated by this Agreement, subject to mutually satisfactory arrangements to



preserve confidentiality and any privilege of any party, and to respect the requests of their applicable regulators or law enforcement, *provided* that nothing in this Agreement shall oblige a Party to share privileged material with any other Party. Each Party will ensure that the other Party receives copies of any pleading, report, or information filed in the Chapter 11 Cases or the Bahamas Proceedings, subject to appropriate confidentiality arrangements for any sealed materials.

Dispute Resolution

23. In the event of a dispute as to the meaning or operation of this Agreement or the orders entered to give it effect in the applicable jurisdictions, each Party may, upon reasonable advance notice to the other party, seek relief from either the U.S. Bankruptcy Court or The Bahamas Court separately without any requirement to commence concurrent proceedings. Prior to commencing any action for relief, the Parties will consult in good faith whether mediation is appropriate and the place and manner of such mediation.

24. Neither Party waives any right, obligation, claim, or cause of action against any other Party, except as expressly provided in this Agreement.




71


Dated: January 6, 2023


THE CHAPTER 11 DEBTORS

By: 
Name: John J. Ray III
Title: Chief Executive Officer

THE JOINT PROVISIONAL LIQUIDATORS
OF FTX DIGITAL MARKETS, LTD.

By: 
Name: Brian Cecil Simms KC
Title: Joint Provisional Liquidator of FTX
Digital Markets Ltd.

By: 
Name: Peter Greaves
Title: Joint Provisional Liquidator of FTX
Digital Markets Ltd.

By: 
Name: Kevin G. Cambridge
Title: Joint Provisional Liquidator of FTX
Digital Markets Ltd.

March 9, 2023

VIA E-MAIL

Sullivan & Cromwell LLP
James Bromley
Andrew Deitderich
Brian Gluckstein

125 Broad Street
New York, NY 10004

**Re: Joint Provisional Liquidators (the “JPLs”) of FTX Digital Markets, Ltd. (“FTX Digital”)
Draft Application**

Counsel:

We write to inform you that the JPLs of FTX Digital intend to file an application for directions (the “**Application**”) in the Supreme Court of The Bahamas in connection with the provisional liquidation of the FTX Digital estate. The Application addresses several legal issues that are essential to identifying the creditors, assets and beneficiaries of FTX Digital. These are exactly the types of matters that the JPLs and the Chapter 11 Debtors agreed could be litigated in The Bahamas. The Cooperation Agreement expressly states that it does not “address or compromise any rights or obligations of any Party arising out of or related to the user agreements or other arrangements relating to the International Platform”. Cooperation Agreement ¶ 10.

Enclosed with this letter is a draft of the Application that the JPLs intend to issue in the Supreme Court. The requirement for the JPLs to seek directions in the Application has become urgent. Until the JPLs have some certainty as to who their customers are, the governing law of various agreements and the effect of such agreements, its provisional liquidation cannot progress. This is crucially important because there are various parties who withdrew sums from FTX Digital in the days immediately before the commencement of the provisional liquidation. The JPLs need confirmation that FTX Digital has standing to claw back those payments and needs to take action quickly. Moreover, a determination of the aggregate amount and nature of creditor claims that may be properly asserted against FTX Digital is critical to the progression of the liquidation process in The Bahamas, and to the JPLs’ ability to make reasoned and well-informed business decisions related thereto.

White & Case LLP
1221 Avenue of the Americas
New York, NY 10020-1095
T +1 212 819 8200

whitecase.com

Sullivan & Cromwell
March 9, 2023

The JPLs are eager to get these issues resolved as soon as possible and therefore intend to file the Application by March 14, 2023.

Sincerely,

A handwritten signature in black ink, appearing to read 'BP', is written over a horizontal line.

Brian Pfeiffer

E bpfeiffer@whitecase.com

COMMONWEALTH OF THE BAHAMAS

2022

IN THE SUPREME COURT

COM/com/

COMMERCIAL DIVISION

IN THE MATTER OF the Digital Assets and Registered Exchanges Act, 2020
(as amended)

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

Draft/ SUMMONS

LET ALL PARTIES concerned attend before _____
a Judge of the Supreme Court of the Commonwealth of The Bahamas, in Chambers at the
Supreme Court of The Bahamas, Annex 1, Nassau, The Bahamas on _____
the _____ day of _____ A.D., 2023 at _____ o'clock in the _____-noon
or as soon thereafter as Counsel can be heard on an application on behalf of the Joint Provisional
Liquidators (the "JPLs") of FTX Digital Markets Ltd ("FTX DM") pursuant to *the Companies
(Winding Up Amendment) Act 2011, section 199(4)* and *the Companies Liquidation
Rules 2012, O.4, r.5(2)*, and *Supreme Court Act, section 15* and/or under the inherent
jurisdiction of the Court for binding directions and declarations as to the following matters:

1. How the amendment of the applicable FTX Terms of Service (the "ToS") dated 28 February 2022 (the "Feb ToS") was effected (if it was) into the form of the ToS dated 13 May 2022 (the "May ToS"), and if so from what date did such amendment take effect?
2. What is the applicable governing law by which the questions set out at paragraph 1 fall to be determined?

3. Whether, in the events that have happened, on a proper construction of the applicable FTX ToS, and applying the applicable governing law:
 - a. Users of the FTX International Platform were migrated to FTX DM as from the effective date of the May ToS for each such User (or any other date, and if so which);
 - b. those Services listed in Schedules 2, 3, 4, 5 6 and 7 to the May ToS (the “**Schedules**”) were from that effective date (or any other date, and if so which) provided by FTX DM under the May ToS;
 - c. the rights and/or obligations in respect of the Account(s) for each User (each as defined in the relevant ToS) were from that effective date (or any other date, and if so which) rights and/or obligations of FTX DM under the May ToS (in whole or in part, and if in part, in what part);
 - d. digital assets and/or fiat transferred by Users to the FTX International Platform were from that effective date (or any other date, and if so which) assets and/or fiat of FTX DM in law (whether transferred before or after that date); and
 - e. digital assets and/or fiat presently held, or as may be held in the future, in the name of FTX DM are assets and/or fiat of FTX DM in law?

4. In what capacity does FTX DM hold any digital assets and/or fiat (“asset”). In particular:
 - a. what is applicable governing law ;
 - b. does FTX DM hold such assets for its own account or on trust;
 - c. if FTX DM holds any such assets on trust:
 - i. what assets are subject to the trust;
 - ii. how much flexibility does FTX DM as trustee have, for example:
 1. is there a requirement to segregate that asset;
 2. is there a right to use that asset for any purpose;
 - iii. is the trust over a fluctuating pool of assets for the benefit of all Users of FTX DM as co-owners as well as FTX DM itself to the extent that any of its assets are within such pool;
 - iv. does each User have the right to trace their property into specific assets held on trust; and

- v. what rights do Users have against FTX DM in respect of shortfalls in the assets held on trust; and
 - d. can cryptocurrency and/or fiat be held by FTX DM as bailee?
5. Whether the counterparty in respect of perpetual future contracts who transacted on the FTX International Platform on or after 13 May 2022 was FTX DM, a User or someone else (and if so who)?
6. For the purposes of determining the questions set out at paragraphs 1 to 5, a direction pursuant to **CPR Part 21.4**, that one or more persons who have an interest in the determination of the questions in this Summons be appointed for the purposes of making representations to the Court.
7. An order that the costs of and occasioned by this Summons be provided for.

DATED this **[X]** day of **March** A.D., **2023**

REGISTRAR

This Summons was taken out by Lennox Paton, Chambers, 3 Bayside Executive Park, West Bay Street and Blake Road, Nassau, The Bahamas, Attorneys for the Petitioner

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

**IN THE MATTER OF the Digital Assets and
Registered Exchanges Act, 2020 (as amended)**

**AND IN THE MATTER OF
FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)**

**AND IN THE MATTER OF the
Companies (Winding Up Amendment) Act, 2011**

EX-PARTE SUMMONS

2022
COM/com

LENNOX PATON
Chambers
No. 3 Bayside Executive Park
Blake Road and West Bay Street
Nassau, New Providence

The Bahamas
Attorneys for the Petitioner

SULLIVAN & CROMWELL LLP

TELEPHONE: 1-212-558-4000
FACSIMILE: 1-212-558-3588
WWW.SULLCROM.COM

125 Broad Street
New York, New York 10004-2498

LOS ANGELES • PALO ALTO • WASHINGTON, D.C.

BRUSSELS • FRANKFURT • LONDON • PARIS

BEIJING • HONG KONG • TOKYO

MELBOURNE • SYDNEY

March 11, 2023

Via E-mail

Brian Pfeiffer,
White & Case LLP,
1221 Avenue of the Americas,
New York, NY 10020.

Re: Joint Provisional Liquidators (the “JPLs”) of FTX Digital Markets Ltd. (“FTX DM”)

Dear Brian:

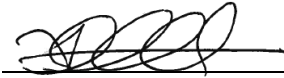
I have your letter of March 9 on behalf of the JPLs for FTX DM about commencing litigation in The Bahamas for “binding directions and declarations” on a list of very central topics to the proceedings in front of Judge Dorsey. At a minimum, this is exactly the sort of action that the Cooperation Agreement contemplated would first be handled by meet and confer, which I think the Cooperation Agreement and respect for the Delaware proceedings both require. As we have told you in the past, Mr. Ray and the FTX Debtors believe that all of the matters mentioned in the two-page “Application” attached to your letter—as well as a list of related other questions not raised—must be addressed in front of Judge Dorsey in Delaware to have any practical effect. These matters concern what is and is not property of the chapter 11 estates of the FTX Debtors in the United States bankruptcy proceeding, and also relate to assets that are subject to forfeiture to the United States in connection with the prosecution of the founders in United States criminal proceedings. They require a full adversary proceeding in Delaware and the involvement of all applicable parties in interest, including the Official Committee of Creditors, the various ad hoc committees of customers, the Australian JPLs and yourselves. We were clear in the Cooperation Agreement, that there could be no deference to Bahamian proceedings on FTX matters in which non-Bahamian stakeholders have an interest, especially in light of the history of why the founders went to The Bahamas in the first place and the harm they caused to non-Bahamians while there.

The FTX Debtors and many of the stakeholders with whom we consult also are concerned with statements by the JPLs publicly and to third parties and government officials outside of The Bahamas that are uncoordinated and inconsistent with the positions of the FTX Debtors, and in many cases appear to be intentionally

misleading. The Cooperation Agreement was not intended to condone interference by the JPLs with the Chapter 11 cases, almost the entirety of which involves non-Bahamian creditors, non-Bahamian assets and non-Bahamian recipients of avoidable transfers.

Rather than file papers to start a local legal process we have not discussed to resolve issues we have not discussed, we would like to offer a meet and confer next week at the convenience of yourself and the clients. When we last spoke we were planning that. The FTX Debtors have their own papers to file in front of Judge Dorsey and can do so if we must, but please let me know if you will agree to wait to file litigation papers until we can have that discussion and see if there is any common ground from at least a process perspective.

Sincerely,



Andy Dietderich

cc: Kris Hansen
Kenneth Pasquale
(Paul Hastings)

Sophia T. Rolle-Kapousouzoglou
(Lennox Paton)

Peter D. Maynard
Jason T. Maynard
(Peter D. Maynard Counsel & Attorneys)

James L. Bromley
Brian D. Glueckstein
Christopher J. Howard
(Sullivan & Cromwell)

March 13, 2023

VIA E-MAIL

Andrew Dietderich
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004

White & Case LLP
1221 Avenue of the Americas
New York, NY 10020-1095
T +1 212 819 8200

whitecase.com

Re: Joint Provisional Liquidators (the “JPLs”) of FTX Digital Markets, Ltd. (“FTX Digital”) Draft Application

Dear Andy:

We write in response to your letter of March 11.

As our letter of March 9 made clear, the Application to be filed in the Supreme Court of The Bahamas (the “Bahamas Court”) addresses matters of concern to the provisional liquidation of FTX Digital that is taking place in The Bahamas, not the U.S. Without the resolution of those matters by the Bahamas Court, which is the court with control and supervision of the provisional liquidation of FTX Digital and the JPLs, the restructuring and/or winding up of the FTX Digital estate cannot progress.

These matters concern FTX Digital and are not, as you assert, “*in front of*” Judge Dorsey. They fall squarely within the jurisdiction of the Bahamas Court in relation to a Bahamas-incorporated company in provisional liquidation in The Bahamas. The Application raises issues under the laws of the Bahamas, Antigua & Barbuda and England (not U.S.). The Application concerns stakeholders in FTX Digital’s insolvency in The Bahamas, not those of the Debtors in their chapter 11 cases. The JPLs are entitled to look to their own Court, with substantial experience of the routine application of the applicable laws, to determine issues that concern the provisional liquidation under the supervision of that Court.

The Application does not, as you suggest, interfere with the Debtors’ chapter 11 cases. Just as the Debtors would not ask the Bahamas Court to determine issues of U.S. law relating to their estates in Chapter 11, the JPLs are not required to ask the US court to determine issues integral to the FTX Digital estate.

While there may be similar issues that arise in the chapter 11 case of FTX Trading Ltd. and that Debtor may desire a “*full adversary proceeding in Delaware*”, that is a matter for FTX Trading Ltd. whose main proceedings are in Delaware. FTX Digital cannot be forced to have matters that concern its estate to be determined by a foreign U.S. court in a proceeding that concerns the separate estate of FTX Trading Ltd.

It is with some disappointment that, despite having repeatedly explained to you the features of FTX Digital’s provisional liquidation in The Bahamas, you continue to either misunderstand or ignore them. A provisional liquidation under the law of The Bahamas encompasses all stakeholders with a claim against FTX Digital wherever situated. The insolvency law of The Bahamas entitles “*non-Bahamian stakeholders*” full equality with Bahamian stakeholders in relation to their rights and interests. Your suggestion, therefore, that non-Bahamian stakeholders of FTX Digital will, in some way, be discriminated against or prejudiced by the Application is entirely wrong.

As to your assertion that the Application in some way violates the Cooperation Agreement, this is also not true. When negotiating the Agreement the parties were abundantly aware that these issues were not intended to be encompassed by it. As set forth in our March 9 letter, the text of the Cooperation Agreement also makes this point clear.

Regrettably, while the JPLs have lived up to their obligations under the Cooperation Agreement, the Debtors have not. Specifically:

- Clause 4(b): despite agreement that FTX Digital is to be responsible for recovering value from the Tether assets in The Bahamas, the Debtors contacted Tether’s counsel, Michael Hilliard, and claimed that those assets belong to the Debtors and not FTX Digital. This has had the predictable and obvious consequence that Tether has refused to release the assets into the control of the JPLs as agreed in the Cooperation Agreement.
- Clause 15: the Cooperation Agreement is clear that the value in properties owned by Propco would be realized by a liquidation proceeding opened in The Bahamas. Despite this fact, the Debtors have refused to cooperate with the JPLs’ efforts to begin this process. As a result, Propco’s assets in the Bahamas are devoid of management, and risk dissipation and depreciation in value.
- Clause 22: having agreed to share information, the Debtors have failed to make available to the JPLs Whatsapp, slack, emails and other messages passing between employees of FTX Digital and others. These communications are critical to fully understanding the parameters of FTX Digital’s estate. During our meetings on the Cooperation Agreement the Debtors expressly agreed to provide these communications, but now the Debtors have inexplicitly reversed their position to do so on the basis of privilege. The privilege in communications by employees FTX Digital is clearly the privilege of FTX Digital and not the Debtors. Even if joint privilege exists with respect to certain documents the parties entered into an NDA to cover these exact situations.
- Clause 9: the Cooperation Agreement also makes clear that the parties shall consult reasonably and in good faith about any action relating to proceedings for asset recovery

functions relating to the International Platform. Despite this and knowing the JPLs' position that such recovery actions seek the return of FTX Digital customer funds, the Debtors have not consulted with us on a single action that has been taken in the Chapter 11 Cases for recovery of assets, including:

- Alameda Adversary Proceeding Case No. 23-50084 (Delaware Bankruptcy Court)
- Voyager Stipulation [Dkt. 769]
- Greyscale Lawsuit Case No. 23-0276 (Delaware Chancery Court)

With respect to your vague, unspecified and unsubstantiated claim that the JPLs have made public statements and statements to third parties or public officials outside of The Bahamas that are somehow false or misleading, we refute this baseless allegation. All of the JPLs' statements have been true and correct. While it is certainly true that the JPLs may have views that differ from those of the Debtors that does not make them false. This is not the first time that the Debtors have made unsubstantiated and false statements about the JPLs, the Bahamian Court and The Bahamas.

With respect to your suggestion that we meet with you concerning the Application, we have made repeated requests over the past month to meet with the Debtors. We remain willing to meet in the hope that the Debtors will live up to the Cooperation Agreement and seek to work with the JPLs in moving matters forward. We propose to set up a zoom conference on Wednesday, March 15, 2023 at 3:00 p.m. EST.

While the JPLs are also happy to discuss the Application with you, the JPLs will not change their view that the Application should be issued in and resolved by the Bahamas Court. Given the positions taken in your letter, and in order to avoid doing anything that could even considerably give you any argument that we are violating the automatic stay, the JPLs are immediately asking the Bahamian Court for authority to file a motion asking Judge Dorsey for an order confirming that the automatic stay does not apply to the Application or, in the alternative, modifying the stay to allow for the Application to be litigated in The Bahamas. We will send you a courtesy copy of that application when filed.

Sincerely,



Brian Pfeiffer

E bpfeiffer@whitecase.com

cc: James Bromley
Brian Glueckstein

Christopher Shore
Jason Zakia

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 15
FTX DIGITAL MARKETS LTD., ¹)	Case No. 22-11217 (JTD)
)	
Debtor in a Foreign)	
Proceeding.)	Re: Dockets Nos. 1, 2, 5, 25, 26, 122 & 124
)	
)	

**ORDER GRANTING RECOGNITION OF FOREIGN MAIN PROCEEDING
AND CERTAIN RELATED RELIEF**

This matter was brought before the Court by Brian C. Simms, Kevin G Cambridge, and Peter Greaves (the “**Joint Provisional Liquidators**”), in their capacities as the joint provisional liquidators of FTX Digital Markets Ltd. (“**FTX Digital**”), in provisional liquidation in the Commonwealth of The Bahamas (the “**Bahamian Provisional Liquidation**”) pursuant to the Companies (Winding Up Amendment) Act, 2011 (the “**CWUA Act**”).

The Joint Provisional Liquidators filed a *Verified Petition for Recognition of Foreign Main Proceeding and Certain Related Relief* (together with the Official Form 401 Chapter 15 Petition for Recognition of a Foreign Proceeding filed therewith, the “**Petition**”)² on November 15, 2022, commencing the above-captioned case (the “**Chapter 15 Case**”) under chapter 15 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (as amended, the “**Bankruptcy Code**”),³ for entry of an Order (this “**Order**”) (a) granting the Petition and recognizing the Bahamian Provisional

¹ FTX Digital Markets Ltd. (in Provisional Liquidation) was incorporated in the Commonwealth of The Bahamas as an International Business Company, registered number 207269B.

² All capitalized terms not otherwise defined shall have the meanings ascribed to them in the Petition.

³ The Petition was filed on November 15, 2022 with the United States Bankruptcy Court for the Southern District of New York (the “**SDNY Bankruptcy Court**”). On November 22, 2022, this Court entered an agreed order [Docket No. 25] transferring venue of the Chapter 15 Case from the SDNY Bankruptcy Court to this Court.

Liquidation as the “foreign main proceeding” for FTX Digital pursuant to section 1517 of the Bankruptcy Code, and all relief included therewith as provided in section 1520 of the Bankruptcy Code; (b) recognizing the Joint Provisional Liquidators as the “foreign representatives” of FTX Digital, as defined in 11 U.S.C. § 101(24) of the Bankruptcy Code, in respect of the Bahamian Provisional Liquidation; (c) granting the Additional Relief (as defined below); and (d) granting such other and further relief as the Court deems just and proper; and it appearing that this Court has jurisdiction to consider the Petition pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States Court for the District of Delaware, dated February 29, 2012 (Sleet, C.J.) (the “**Amended Standing Order**”); and venue for this proceeding being proper before this Court under to 28 U.S.C. § 1410; and this being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P); and the Court having reviewed (i) the Petition, (ii) the Simms Declaration and the exhibits thereto, (iii) the STR Declaration and the exhibits thereto, and (iv) the statements of counsel and any evidence adduced with respect to the Petition at a hearing, if any, before this Court (the “**Hearing**”); and appropriate and timely notice of the Petition and the Hearing having been given, and no other or further notice being necessary or required; and upon the record of the Hearing and all of the proceedings had before the Court; and the Court having determined that the relief sought in the Petition is in the best interest of FTX Digital and all parties in interest; and that the legal and factual bases in the Petition establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND DETERMINES THAT:

A. The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To

the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order.

C. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P).

D. Venue for this proceeding is proper before this Court pursuant to 28 U.S.C. § 1410.

E. The Joint Provisional Liquidators properly commenced this Chapter 15 Case pursuant to sections 1504, 1509, and 1515 of the Bankruptcy Code.

F. The Joint Provisional Liquidators have satisfied the requirements of section 1515 of the Bankruptcy Code, Bankruptcy Rules 1007(a)(4), 2002(q), and 7007.1, and Rule 2002-1(h) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”).

G. FTX Trading Ltd. and its affiliated debtors and debtors-in-possession (the “**Chapter 11 Debtors**”) have objected to the recognition of the Bahamian Provisional Liquidation and the Joint Provisional Liquidators, and such objection has been consensually resolved pursuant to the Settlement and Cooperation Agreement, dated January 6, 2023 (the “**Cooperation Agreement**”), among the Chapter 11 Debtors and the Joint Provisional Liquidators, and the Chapter 11 Debtors have consented to the entry of this Order solely on the terms and conditions set forth herein, including without limitation Paragraph 9 of the Order.

H. The Chapter 11 Debtors have sought recognition of certain Chapter 11 cases pending before this Court in respect of the Chapter 11 Debtors (the “**Chapter 11 Cases**”) in The Bahamas, and the Chapter 11 Debtors and the Joint Provisional Liquidator have agreed in the

Cooperation Agreement that entry of this Order shall be subject to and effective only upon the entry of an order providing analogous relief to the Chapter 11 Debtors in The Bahamas in form and substance reasonably satisfactory to the Chapter 11 Debtors (a “**Bahamian Recognition Order**”).

I. The Bahamian Provisional Liquidation is a “foreign proceeding” as defined in section 101(23) of the Bankruptcy Code and is entitled to recognition by this Court pursuant to section 1517 of the Bankruptcy Code.

J. FTX Digital’s center of main interests is located in the Commonwealth of The Bahamas, which is also where the Bahamian Provisional Liquidation is pending. Accordingly, the Bahamian Provisional Liquidation is the “foreign main proceeding” of FTX Digital, as that term is defined in section 1502(4) of the Bankruptcy Code, and is entitled to recognition as such pursuant to section 1517(b)(1) of the Bankruptcy Code.

K. The Joint Provisional Liquidators are the duly appointed “foreign representatives,” within the meaning of section 101(24) of the Bankruptcy Code, of the Bahamian Provisional Liquidation for FTX Digital.

L. FTX Digital and the Joint Provisional Liquidators are entitled to the additional relief set forth in Paragraphs 6 through 7 below (the “**Additional Relief**”) pursuant to sections 1521(a)(4), 1521(a)(5), and 1521(b) of the Bankruptcy Code.

M. The relief granted hereby will not cause undue hardship or inconvenience to any party in interest and, to the extent that any hardship or inconvenience may result to such parties, it is outweighed by the benefits of the requested relief to the Joint Provisional Liquidators, FTX Digital, its estate, and all of its creditors.

N. The relief granted hereby is necessary and appropriate to effectuate the purposes and objectives of chapter 15 of the Bankruptcy Code and to protect FTX Digital, its creditors, and other parties in interest, is in the interests of the public and international comity, is not manifestly contrary to the public policy of the United States, and is warranted pursuant to sections 1517, 1520, and 1521 of the Bankruptcy Code.

O. The Additional Relief is necessary to protect and preserve the value of the assets of FTX Digital and the interests of their creditors as required by section 1521(a) of the Bankruptcy Code.

P. The Additional Relief is warranted pursuant to section 1521(e) of the Bankruptcy Code.

Q. The interests of FTX Digital's creditors and other interested entities, including FTX Digital, are sufficiently protected in the Court's grant of the Additional Relief, as required by sections 1521(b) and 1522(a) of the Bankruptcy Code.

R. The Joint Provisional Liquidators have demonstrated that there is a material risk that FTX Digital will suffer irreparable harm in the absence of the Additional Relief.

S. For purposes of this Order and the relief granted herein, the balance of harms favors granting the Additional Relief.

T. For purposes of this Order and the relief granted herein, the Additional Relief granted serves the public interest.

U. No security is required under Rule 65(c) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7065, or otherwise.

V. Appropriate notice of the filing of, and the Hearing on, the Petition was given. Such notice is deemed adequate for all purposes, and no further notice need be given.

For all of the foregoing reasons, and upon the record of the Hearing, if any, and all of the proceedings had before the Court, and after due deliberation and sufficient case appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Petition is granted as set forth herein.
2. All objections, if any, to the Petition or the relief requested therein that have not been waived or settled, and all reservations of rights included therein, are hereby overruled on the merits, subject to the terms and conditions of this Order.
3. The Bahamian Provisional Liquidation is granted recognition as the foreign main proceeding of FTX Digital pursuant to section 1517 of the Bankruptcy Code.
4. All relief and protection afforded to foreign main proceedings under section 1520 of the Bankruptcy Code is hereby granted to the Bahamian Provisional Liquidation, FTX Digital, FTX Digital's property located in the United States, and the Joint Provisional Liquidators, as applicable, including application of the sections 1520(a) and 362 of the Bankruptcy Code stay to bar actions against FTX Digital and/or property of FTX Digital located within the territorial jurisdiction of the United States upon entry of this Order, subject in each case to Paragraphs 9 and 15 below.
5. The Joint Provisional Liquidators are the duly appointed foreign representatives of the Bahamian Provisional Liquidation with respect to FTX Digital, within the meaning of section 101(24) of the Bankruptcy Code, and are authorized to act on behalf of FTX Digital in this Chapter 15 Case, including pursuant to section 1509(b) of the Bankruptcy Code.
6. All of the property of FTX Digital within the territorial jurisdiction of the United States is entrusted to the Joint Provisional Liquidators, and the Joint Provisional Liquidators are

appointed as the exclusive representatives of FTX Digital pursuant to sections 1521(a)(5) and 1521(b) of the Bankruptcy Code, subject to applicable U.S. law (including, without limitation, the Bankruptcy Code) and Paragraphs 9 and 15 below.

7. The Joint Provisional Liquidators shall have the ability to seek authority from the Court to examine witnesses, take evidence, and seek the production of documents from parties located in the United States concerning the assets, affairs, rights, obligations, or liabilities of FTX Digital to the full extent provided to a debtor in possession under Bankruptcy Rule 2004 and Local Rule 2004-1, as deemed appropriate in the Joint Provisional Liquidators' discretion pursuant to section 1521(a)(4) of the Bankruptcy Code, subject in each case to Bankruptcy Rule 2004 and Local Rule 2004-1 and to Paragraphs 9 and 15 below.

8. No action taken by the Joint Provisional Liquidators, FTX Digital, or their respective successors, agents, representatives, advisors, or counsel in preparing, disseminating, applying for, implementing, or otherwise acting in furtherance of, or in connection with, the Bahamian Provisional Liquidation, this Order, this Chapter 15 Case, or any adversary proceeding herein, or any further proceeding commenced hereunder, shall be deemed to constitute a waiver of the rights or benefits afforded such persons under sections 306 and 1510 of the Bankruptcy Code.

9. Nothing in this Order or any relief granted hereby: (a) shall constitute a determination that any property constitutes property or assets of FTX Digital; (b) constitutes relief from the automatic stay in the Chapter 11 Cases; (c) requires the Court in the Chapter 11 Cases to defer to any decision in the Bahamian Liquidation Proceeding with respect to (or alter the Court's *de novo* or other applicable standard of review of) any matter raised by the Chapter 11 Debtors before the Court in the Chapter 11 Cases with respect to property of the estate of the Chapter 11 Debtors (including without limitation the scope of property of the estate, the application or

extension of the automatic stay or the compromise or discharge of estate or third party claims in connection with a plan of reorganization); or (d) affects, limits or modifies the effectiveness of sections 362(b), 1519(d) or 1521(d) of the Bankruptcy Code.

10. A copy of this Order shall be served by the Joint Provisional Liquidators within seven business days of entry of this Order by facsimile, electronic mail, where available, or overnight express delivery on the parties listed on **Exhibit 1** attached hereto (the “**Notice Parties**”), and such service shall be good and sufficient service and adequate notice for all purposes.

11. The Court shall retain jurisdiction to hear and determine all matters arising from or related to implementation of this Order, including, but not limited to (a) the enforcement, amendment or modification of this Order; (b) any requests for additional relief or any adversary proceeding brought in or through this Chapter 15 Case; and (c) any request by an entity for relief from the provisions of this Order, for cause shown, as to any of the foregoing, and provided the same is properly commenced and within the jurisdiction of this Court.

12. This Order is without prejudice to the Joint Provisional Liquidators requesting any additional relief in the Chapter 15 Case, including seeking enforcement in the United States of any orders issued by a court in the Commonwealth of The Bahamas with jurisdiction over the Bahamian Provisional Liquidation, or the right of any party in interest to object to such additional relief.

13. Notwithstanding anything to the contrary contained herein or provision in the Bankruptcy Rules to the contrary, including, without limitation, Bankruptcy Rule 6004(h): (a) the terms and conditions of this Order shall be immediately effective and enforceable upon its entry and shall constitute a final order within the meaning of 28 U.S.C. § 158(a); (b) the Joint Provisional

Liquidators are not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (c) the Joint Provisional Liquidators are authorized to take all actions necessary to effectuate the relief granted by this Order.

14. To the extent that the Bahamian Recognition Order has not been entered, then the Chapter 11 Debtors (and only the Chapter 11 Debtors) may move the Court to rescind the recognition of the Bahamian Provisional Liquidation for FTX Digital based on any arguments or grounds that could have been asserted at the Hearing or otherwise, provided that any such motion must be made by the Chapter 11 Debtors within 30 days of entry this Order.

15. For the avoidance of doubt, nothing in this Order limits (1) the effectiveness of sections 362(b), 1519(d) or 1521(d) of the Bankruptcy Code or (2) the ability of the United States to assert any rights or powers it might have under applicable law, including, without limitation, its criminal, police or regulatory powers, with respect to any property or assets of FTX Digital located within the territorial jurisdiction of the United States.

16. The rights of the United States and the Joint Provisional Liquidators are preserved to assert any argument relating to the Court's jurisdiction in connection with any action or proceeding related to FTX Digital or its current or former management, officers, directors, affiliates or related parties.

Dated: February 15th, 2023
Wilmington, Delaware

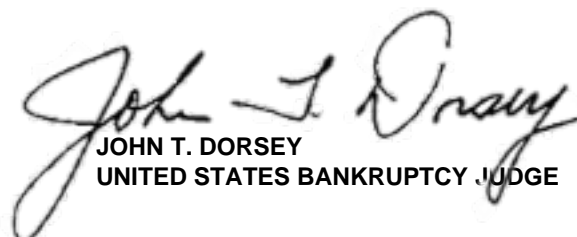

JOHN T. DORSEY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Notice Parties

Chapter 11 Debtors	
Landis Rath & Cobb LLP	919 MARKET STREET, SUITE 1800 WILMINGTON, DELAWARE 19801 ATTN: ADAM G. LANDIS LANDIS@LRCLAW.COM KIMBERLY A. BROWN BROWN@LRCLAW.COM MATTHEW R. PIERCE PIERCE@LRCLAW.COM
Sullivan & Cromwell LLP	125 BROAD STREET NEW YORK, NEW YORK 10004 ATTN: ANDREW G. DIETDERICH, DIETDERICHA@SULLCROM.COM JAMES L. BROMLEY, BROMLEYJ@SULLCROM.COM BRIAN D. GLUECKSTEIN, GLUECKSTEINB@SULLCROM.COM ALEXA J. KRANZLEY, KRANSLEYA@SULLCROM.COM

Chapter 15 Debtors	
FTX Digital Markets Ltd. (In Provisional Liquidation)	3 BAYSIDE EXECUTIVE PARK NASSAU, THE BAHAMAS ATTN: BRIAN C. SIMMS, BSIMMS@LENNOXPATON.COM KEVIN G. CAMBRIDGE, KEVIN.CAMBRIDGE@PWC.COM PETER GREAVES, PETER.GREAVES@HK.PWC.COM

Parties Authorized to Administer Foreign Proceedings	
FTX Australia Pty Ltd. & FTX Express Pty Ltd. (In Voluntary Administration)	CHIFLEY TOWER LEVEL 5, 2 CHIFLEY SQUARE SYDNEY NSW2000 AUSTRALIA GPO BOX 2523 SYDNEY NSW 2001 NASSAU, THE BAHAMAS ATTN: SCOTT LANGDON, SLANGDON@KORDAMENTHA.COM ATTN: JOHN MOUAWAD, JMOUAWAD@KORDAMENTHA.COM ATTN: RAHUL GOYAL, RGOYAL@KORDAMENTHA.COM

<p>Joint Provisional Liquidators of Emergent Fidelity Technologies Ltd.</p>	<p>Jody C. Barillare (Bar No. 5107) Morgan, Lewis & Bockius LLP 1201 N. Market Street, Suite 2201 Wilmington, DE 19801 Telephone: (302) 574-3000 Facsimile: (302) 574-3001 jody.barillare@morganlewis.com</p> <p>Joshua Dorchak David K. Shim Morgan, Lewis & Bockius LLP 101 Park Avenue New York, NY 10178 Telephone: (212) 309-6000 Facsimile: (212) 309-6001 joshua.dorchak@morganlewis.com david.shim@morganlewis.com</p> <p>John C. Goodchild III Matthew C. Ziegler Morgan Lewis & Bockius LLP 1701 Market Street Philadelphia, PA 19103 Telephone: (215) 963-5000 Facsimile: (215) 963-5001 john.goodchild@morganlewis.com matthew.ziegler@morganlewis.com</p>
---	---

Government Agencies	
<p>Office of the United States Trustee for the District of Delaware</p>	<p>844 KING STREET, ROOM 2207 LOCKBOX #35 WILMINGTON, DE 19899-0035 ATTN: JULIET M. SARKESSIAN, BENJAMIN A. HACKMAN, DAVID GERARDI JULIET.M.SARKESSIAN@USDOJ.GOV BENJAMIN.A.HACKMAN@USDOJ.GOV DAVID.GERARDI@USDOJ.GOV</p>
<p>The United States Securities and Exchange Commission (Headquarters)</p>	<p>100 F ST NE WASHINGTON, DC 20549 SECBANKRUPTCY@SEC.GOV</p>

The United States Securities and Exchange Commission (Division of Enforcement)	David S. Brown BrownDav@sec.gov Amy Flaherty Hartman hartmana@sec.gov Michael Brennan brennanmi@sec.gov Therese A. Scheuer scheuert@sec.gov
The United States Securities and Exchange Commission (Philadelphia Regional Office)	ONE PENN CENTER 1617 JFK BLVD, STE 520 PHILADELPHIA PA 19103 ATTN: BANKRUPTCY DEPT, SECBANKRUPTCY@SEC.GOV
The United States Securities and Exchange Commission (New York Regional Office)	100 Pearl Street, Suite 20-100 New York, New York 10004 (212) 336-0153 (Stewart) BANKRUPTCYNOTICESCHR@SEC.GOV NYROBANKRUPTCY@SEC.GOV
The United States Department of Justice	950 PENNSYLVANIA AVE NW WASHINGTON, DC 20530-0001 ATTN: BANKRUPTCY DEPT
The United States Department of Justice	WARD W. BENSON Trial Attorney, Tax Division U.S. Department of Justice P.O. Box 227, Ben Franklin Station Washington, DC 20044 Tel: (202) 514-9642 Fax: (202) 514-6866 Email: ward.w.benson@usdoj.gov

<p>The Commodity Futures Trading Commission</p>	<p>Commodity Futures Trading Commission Ralph Metcalfe Federal Office Building 77 W. Jackson, Suite 800 Chicago, Illinois 60604 (312) 596-0700 (312) 596-0714 (fax)</p> <p>Nina Ruvinsky, Senior Trial Attorney nruvinsky@cftc.gov Carlin Metzger, Senior Trial Attorney cmetzger@cftc.gov Elizabeth N. Pendleton, Chief Trial Attorney ependleton@cftc.gov Robert T. Howell, Deputy Director rhowell@cftc.gov</p> <p>John C. Murphy, Local Counsel jmurphy@cftc.gov 290 Broadway, 6th Floor New York, NY 10007 646-746-9700 646-746-9888 (fax)</p>
<p>The Securities Commission of the Bahamas</p>	<p>POINCIANA HOUSE, NORTH BUILDING, 2ND FLOOR 31A EAST BAY STREET P.O. BOX N-8347 NASSAU, THE BAHAMAS ATTN: PRESIDENT OR GENERAL COUNSEL INFO@SCB.GOV.BS</p>

Parties with Notice of Appearances Filed	
Party	Service Address
<p>BitGo Trust Company Cleary Gottlieb Steen & Hamilton LLP</p>	<p>Jane VanLare, Esq. Brandon M. Hammer, Esq. One Liberty Plaza New York, NY 10006 Tel: (212) 225-2872 Fax: (212) 225-3999 Email(s): jvanlare@cgsh.com bhammer@cgsh.com</p>

<p>BitGo Trust Company Ashby & Geddes, P.A.</p>	<p>Ricardo Palacio, Esq. 500 Delaware Avenue, 8th Floor P.O. Box 1150 Wilmington, DE 19899 Tel: (302) 654-1888 Fax: (302) 654-2067 Email: RPalacio@ashbygeddes.com</p>
<p>Washington State Department of Financial Institutions Office of the Attorney General for Washington</p>	<p>Stephen Manning Assistant Attorney General Office of the Attorney General of Washington Government Compliance and Enforcement Division P. O. Box 40100 Olympia, WA 98504-4010 Phone: 360-534-4846 Fax: 360-664-0229 stephen.manning@atg.wa.gov</p>

<p>Ad Hoc Committee of Non-US Customers of FTX.com EVERSHEDES SUTHERLAND (US) LLP</p>	<p>Peter A. Ivanick Sarah E. Paul Philip H. Ehrlich Lynn W. Holbert The Grace Building, 40th Floor 1114 Avenue of the Americas New York, New York 10036 Telephone: (212) 389-5000 Facsimile: (212) 389-5099 peterivanick@eversheds-sutherland.com sarahpaul@eversheds-sutherland.com philipehrlich@eversheds-sutherland.com lynnholbert@eversheds-sutherland.com</p> <p>Erin E. Broderick 227 West Monroe Street, Suite 6000 Chicago, Illinois 60606 Telephone: (312) 724-9006 Facsimile: (312) 724-9322 erinbroderick@eversheds-sutherland.com</p> <p>Mark D. Sherrill 1001 Fannin Street, Suite 3700 Houston, Texas 77002 Telephone: (713) 470-6100 Facsimile: (713) 654-1301 marksherrill@eversheds-sutherland.com</p> <p>Andrea L. Gordon 700 Sixth Street NW, Suite 700, Washington, District of Columbia Telephone: (202) 383-0100 Facsimile: (202) 637-3593 andreagordon@eversheds-sutherland.com</p>
<p>Ad Hoc Committee of Non-US Customers of FTX.com MORRIS, NICHOLS, ARSHT & TUNNELL LLP</p>	<p>Matthew B. Harvey Paige N. Topper 1201 North Market Street, 16th Floor Wilmington, Delaware 19801 Telephone: (302) 658-9200 Facsimile: (302) 658-3989 mharvey@morrisnichols.com ptopper@morrisnichols.com</p>

Celsius Network LLC Saccullo Legal	Anthony M. Saccullo Mary E. Augustine 27 Crimson King Drive Bear, Delaware 19701 (302) 836-8877 (302) 836-8787 (facsimile) ams@saccullolegal.com meg@saccullolegal.com
Voyager Digital LLC, and affiliates Potter Anderson & Corroon LLP	Christopher M. Samis Aaron H. Stulman Sameen Rizvi POTTER ANDERSON & CORROON LLP 1313 N. Market Street, 6th Floor Wilmington, Delaware 19801 Telephone: (302) 984-6000 Facsimile: (302) 658-1192 Email: csamis@potteranderson.com astulman@potteranderson.com srizvi@potteranderson.com
Illinois Department of Financial & Professional Regulation Office of the Illinois Attorney General	John P. Reding Office of the Illinois Attorney General 100 W. Randolph St., Suite 13-225 Chicago, Illinois 60601 Phone: (312) 848-5380 john.reding@ilag.gov
Georgia Department of Banking and Finance Office of the Georgia Attorney General	Amy L. Patterson Assistant Attorney General 40 Capitol Square, S.W. Atlanta, Georgia 30334 Telephone: (404) 458-3567 apatterson@law.ga.gov
Evolve Bank & Trust Cousins Law LLC	Scott D. Cousins, Esq. Scott D. Jones, Esq. COUSINS LAW LLC Brandywine Plaza West 1521 Concord Pike, Suite 301 Wilmington, DE 19801 Phone: (302) 824-7081 E-Mail: scott.cousins@cousins-law.com scott.jones@cousins-law.com

<p>Evolve Bank & Trust Butler Snow LLP</p>	<p>Martin Sosland BUTLER SNOW LLP 2911 Turtle Creek Blvd., Suite 1400 Dallas, TX 75219 Phone: (469) 680-5502 E-Mail: martin.sosland@butlersnow.com</p> <p>James E. Bailey III Robert Campbell Hillyer BUTLER SNOW LLP Crescent Center, Suite 500 6075 Poplar Avenue P.O. Box 171443 Memphis, TN 38187 Phone: (901) 680-7347 E-Mail: jeb.bailey@butlersnow.com cam.hillyer@butlersnow.com</p>
<p>Texas Department of Banking Texas Office of the Attorney General</p>	<p>Roma N. Desai Layla D. Milligan Abigail R. Ryan Assistant Attorneys General Office of the Attorney General of Texas Bankruptcy & Collections Division P. O. Box 12548 Austin, Texas 78711-2548 Phone: 512-463-2173 Fax: 512-936-1409 roma.desai@oag.texas.gov layla.milligan@oag.texas.gov abigail.ryan@oag.texas.gov</p>
<p>Texas State Securities Board Texas Office of the Attorney General</p>	<p>Roma N. Desai Layla D. Milligan Abigail R. Ryan Assistant Attorneys General Office of the Attorney General of Texas Bankruptcy & Collections Division P. O. Box 12548 Austin, Texas 78711-2548 Phone: 512-463-2173 Fax: 512-936-1409 roma.desai@oag.texas.gov layla.milligan@oag.texas.gov abigail.ryan@oag.texas.gov</p>

<p>U.S. Department of Justice</p>	<p>Seth B. Shapiro Senior Trial Counsel U.S. Department of Justice Civil Division 1100 L Street, NW – 7th Floor Room 7114 Washington DC, 20005 (202) 514-7164 (direct) seth.shapiro@usdoj.gov</p> <p>Stanton C. McManus Trial Attorney U.S. Department of Justice Civil Division 1100 L Street, NW Room 7208 Washington DC, 20005 (202) 307-5832 (direct) (202) 514-9163 (fax) stanton.c.mcmanus@usdoj.gov</p>
<p>The United States Internal Revenue Service</p>	<p>ELISABETH M. BRUCE Trial Attorney, Tax Division U.S. Department of Justice P.O. Box 227 Washington, D.C. 20044 202-598-0969 (t) 202-514-6866 (f) Elisabeth.M.Bruce@usdoj.gov</p>

<p>Digital Augean, LLC Venable LLP</p>	<p>Daniel A. O'Brien VENABLE LLP 1201 N. Market St. Suite 1400 Wilmington, DE 19801 Tel: (302) 298-3535 Fax: (302) 298-3550 daobrien@venable.com</p> <p>Jeffrey S. Sabin Xochitl S. Strohbehn Carol A. Weiner Arie A. Peled VENABLE LLP 1270 Avenue of the Americas 24th Floor New York, New York 10020 Tel: (212) 307-5500 Fax: (212) 307-5598 jssabin@venable.com xsstrohbehn@venable.com cweinerlevy@venable.com aapeled@venable.com</p> <p>Andrew J. Currie VENABLE LLP 600 Massachusetts Avenue, NW Washington, DC 20001 Tel: (212) 307-5500 Fax: (212) 307-5598 ajcurrie@venable.com</p>
---	--

<p>Philadelphia Indemnity Insurance Co. McElroy, Deutsch, Mulvaney, & Carpenter, LLP</p>	<p>Gary D. Bressler, Esq. McElroy, Deutsch, Mulvaney & Carpenter, LLP 300 Delaware Avenue, Suite 1014 Wilmington, DE 19801 (T): (302) 300-4515; (F): (302) 654-4031 gbressler@mdmc-law.com</p> <p>Michael R. Morano, Esq. (pro hac vice pending) McElroy, Deutsch, Mulvaney & Carpenter, LLP 1300 Mt. Kemble Avenue P.O. Box 2075 Morristown, NJ 07962 (T): (973) 993-8100; (F) (973) 425-0161 mmorano@mdmc-law.com</p>
<p>Philadelphia Indemnity Insurance Co. Manier Herod, P.C.</p>	<p>Jeffrey S. Price, Esq. (pro hac vice pending) Manier Herod, P.C. 1201 Demonbreun Street, Suite 900 Nashville, TN 37213 (T): (615) 742-9358; (F): (615) 242-4203 jprice@manierherod.com</p> <p>Melissa J. Lee, Esq. (pro hac vice pending) Manier Herod, P.C. 1201 Demonbreun Street, Suite 900 Nashville, TN 37213 (T): (615) 742-9372; (F): (615) 242-4203 mlee@manierherod.com</p> <p>Scott C. Williams, Esq. (pro hac vice pending) Manier Herod, P.C. 1201 Demonbreun Street, Suite 900 Nashville, TN 37213 (T): (615) 742-9370; (F) (615) 242-4203 swilliams@manierherod.com</p>
<p>Chainalysis, Inc. Reich Reich & Reich, P.C.</p>	<p>Nicholas A. Pasalides, Esq. REICH REICH & REICH, P.C. Attorneys for Creditor Chainalysis Inc. 235 Main Street, Suite 450 White Plains, NY 10601 (914) 949-2126 npasalides@reichpc.com</p>

<p>Cloudfare, Inc. Streusand, Landon, Ozburn & Lemmon, LLP</p>	<p>Sabrina L. Streusand Anh Nguyen Streusand, Landon, Ozburn & Lemmon, LLP 1801 S. MoPac Expressway Suite 320 Austin, Texas 78746 (512) 236-9904 (Facsimile) streusand@slollp.com nguyen@slollp.com</p>
<p>BlockFi Inc. and Affiliates Haynes & Boone, LLP</p>	<p>Richard Kanowitz 30 Rockefeller Plaza 26th Floor New York, NY 10112 Telephone: (212) 659-7300 Facsimile: (212) 918-8989 Email: Richard.Kanowitz@haynesboone.com</p> <p>Richard D. Anigian Charles M. Jones II 2323 Victory Avenue Suite 700 Dallas, TX 75219 Telephone: (214) 651-5000 Facsimile: (214) 651-5940 Email: Rick.Anigian@haynesboone.com Charlie.Jones@haynesboone.com</p>
<p>BlockFi Inc. and Affiliates Morris, Nichols, Arsht & Tunnell LLP</p>	<p>Derek C. Abbott (No. 3376) 1201 North Market Street, Suite 1600 Wilmington, DE 19801 Telephone: (302) 658-9200 Facsimile: (302) 658-3989 Email: dabbott@morrisnichols.com</p>
<p>Vermont Department of Financial Regulation State of Vermont</p>	<p>Jennifer Rood Assistant General Counsel Vermont Department of Financial Regulation 89 Main Street, Third Floor Montpelier, VT 05620 (802)828-5672 Jennifer.rood@vermont.gov</p>
<p>Word of God Fellowship, Inc. Sullivan Hazeltine Allinson, LLC</p>	<p>William D. Sullivan, Esq. SULLIVAN · HAZELTINE · ALLINSON LLC 919 North Market Street, Suite 420 Wilmington, DE 19801 Tel: (302) 428-8191 Fax: (302) 428-8195 wsullivan@sha-llc.com</p>

<p>Word of God Fellowship, Inc. Kelly Hart & Hallman LLP</p>	<p>Louis M. Phillips, Esq. Kelly Hart & Hallman LLP 301 Main St., Suite 1600 Baton Rouge, LA 70801 Tel: (225) 338-5308 louis.phillips@kellyhart.com</p> <p>Michael D. Anderson, Esq. Kelly Hart & Hallman LLP 201 Main Street, Suite 2500 Fort Worth, TX 76102 Tel: (817) 878-3506 michael.anderson@kellyhart.com</p>
<p>North America League of Legends Robinson & Cole LLP</p>	<p>Jamie L. Edmonson, Esq. 1201 N. Market Street, Suite 1406 Wilmington, DE 19801 Tel: (302) 516-1700 Fax: (302) 516-1699 Email: jedmonson@rc.com</p>
<p>North America League of Legends Greenberg Glusker Fields Claman & Machtinger LLP</p>	<p>Brian Davidoff (pro hac vice pending) 2049 Century Park East, Ste. 2600 Los Angeles, California 90067-4590 Telephone: 310.553.3610 Fax: 310.553.0687 Email: bdavidoff@greenbergglusker.com</p>
<p>Paradigm Operations LP Debevoise & Plimpton LLP</p>	<p>Sidney P. Levinson Jasmine Ball DEBEVOISE & PLIMPTON LLP 919 Third Avenue New York, New York 10022 Telephone: (212) 909-6000 Facsimile: (212) 909-6839 E-mail: slevinson@debevoise.com jball@debevoise.com</p>
<p>Paradigm Operations LP Troutman Pepper Hamilton Sanders LLP</p>	<p>Evelyn J. Meltzer Marcy J. McLaughlin Smith TROUTMAN PEPPER HAMILTON SANDERS LLP Hercules Plaza, Suite 5100 1313 N. Market Street Wilmington, Delaware 19899-1709 Telephone: (302) 777-6500 Facsimile: (302) 421-8390 E-mail: evelyn.meltzer@troutman.com marcy.smith@troutman.com</p>

<p>The Official Committee of Unsecured Creditors Paul Hastings LLP</p>	<p>Kristopher M. Hansen, Esq. Luc A. Despins, Esq. Kenneth Pasquale, Esq. Erez E. Gilad, Esq. Gabriel E. Sasson, Esq. PAUL HASTINGS LLP 200 Park Avenue New York, NY 10166 Telephone: (212) 318-6000 Facsimile: (212) 319-4090 Email: krishansen@paulhastings.com lucdespins@paulhastings.com kenpasquale@paulhastings.com erezgilad@paulhastings.com gabesasson@paulhastings.com</p>
<p>The Official Committee of Unsecured Creditors Young Conaway Stargatt & Taylor LLP</p>	<p>Matthew B. Lunn, Esq. Robert F. Poppiti, Jr., Esq. YOUNG CONAWAY STARGATT & TAYLOR, LLP 1000 North King Street Wilmington, DE 19801 Telephone: (302) 571-6600 Facsimile: (302) 571-1253 CM/ECF Noticing: bankfilings@ycst.com Email: mlunn@ycst.com rpoppiti@ycst.com</p>
<p>Gabriel Recchia Kashishian Law LLC</p>	<p>Ann Kashishian KASHISHIAN LAW LLC 501 Silverside Road, Suite 85 Wilmington, DE 19809 T. (484) 302-8417 F. (484) 930-0091 E. amk@kashishianlaw.com</p>
<p>Missouri Department of Revenue Attorney General, State of Missouri</p>	<p>Missouri Department of Revenue Bankruptcy Unit Attn: Steven A. Ginther 301 W. High Street, Room 670 PO Box 475 Jefferson City, MO 65105-0475 Telephone:(573) 751-5531 Fax: (573) 751-7232 deecf@dor.mo.gov</p>

<p>The Ad Hoc Committee of Customers and Creditors of FTX Trading Ltd. Venable LLP</p>	<p>Daniel A. O'Brien 1201 North Market Street, Suite 1400 Wilmington, DE 19801 Tel: 302.298.3535 Fax: 302.298.3550 daobrien@venable.com</p> <p>Jeffrey S. Sabin Carol A. Levy 1270 Avenue of the Americas, 24th Floor New York, New York 10020 Tel: (212) 307-5500 Fax: (212) 307-5598 jssabin@venable.com cweinerlevy@venable.com</p> <p>Andrew J. Currie 600 Massachusetts Avenue, NW New York, New York 10020 Tel: (212) 307-5500 Fax: (212) 307-5598 ajcurrie@venable.com</p>
<p>Ikigai Opportunities Master Fund, Ltd. Taft Stettinius & Hollister, LLP</p>	<p>Taft, Stettinius & Hollister, LLP Attn: Paul R. Hage 27777 Franklin Road, Suite 2500 Southfield, MI 48034 Phone: (248) 351-3000 phage@taftlaw.com</p>
<p>Massachusetts Department of Revenue Attorney General of Massachusetts</p>	<p>Celine E. de la Foscade-Condon Massachusetts BBO # 658016 Counsel to the Commissioner Massachusetts Department of Revenue Litigation Bureau 100 Cambridge Street, P. O. Box 9565 Boston, MA 02114 (617) 626-3854 delafoscac@dor.state.ma.us</p>

<p>Lightspeed Strategic Partners I L.P. and Lightspeed Opportunity Fund, L.P. Debevoise & Plimpton LLP</p>	<p>DEBEVOISE & PLIMPTON LLP M. Natasha Labovitz, Esq. Elie J. Worenklein, Esq. Michael C. Godbe, Esq. Debevoise & Plimpton LLP 66 Hudson Boulevard New York, NY 10001 Telephone: (212) 909 6000 Facsimile: (212) 909-6836 nlabovitz@debevoise.com eworenklein@debevoise.com mccgodbe@debevoise.com</p>
<p>Lightspeed Strategic Partners I L.P. and Lightspeed Opportunity Fund, L.P. Cole Schotz P.C.</p>	<p>COLE SCHOTZ P.C. Norman L. Pernick, Esq. Andrew J. Roth-Moore, Esq. 500 Delaware Avenue, Suite 1410 Wilmington, DE 19801 Telephone: (302) 652-3131 Facsimile: (302) 652-3117 npernick@coleschotz.com aroth-moore@coleschotz.com</p>
<p>Mercedes-Benz Grand Prix Limited Foley & Lardner LLP</p>	<p>Michael J. Small, Esq. 321 North Clark Street, Suite 3000 Chicago, IL 60654 Telephone: (312) 832-4700 mjsmall@foley.com</p> <p>Samantha Ruppenthal 90 Park Avenue New York, NY 10016 Telephone: (212) 338-3402 sruppenthal@foley.com</p>
<p>Mercedes-Benz Grand Prix Limited Ashby & Geddes, P.A.</p>	<p>Gregory A. Taylor, Esq. 500 Delaware Avenue, 8th Floor P.O. Box 1150 Wilmington, DE 19899 Telephone: (302) 654-1888 Fax: (302) 654-1067 gtaylor@ashbygeddes.com</p>

<p>BH Trading Ltd. Cozen O'Connor</p>	<p>Thomas J. Francella, Jr. COZEN O'CONNOR 1201 N. Market Street, Suite 1001 Wilmington, DE 19801 (T) 302-295-2000 tfrancella@cozen.com</p> <p>Frederick Schmidt COZEN O'CONNOR 3WTC, 175 Greenwich Street 55th Floor New York, NY 10007 (T) 212-509-9400 eschmidt@cozen.com</p>
--	--

Parties Against Whom Section 1519 Relief is Sought	
Party	Service Address
<p>Silvergate Bank Perkins Coie LLP</p>	<p>John D. Penn Perkins Coie LLP 500 N. Akard Street Suite 3000 Dallas, Texas 75201 Telephone: (214) 965-7734 Facismile: (214) 965-7784 E-Mail: JPenn@perkinscoie.com</p>
<p>Silvergate Bank</p>	<p>John Bonino (Chief Legal Officer) Paris Cribben (General Counsel) Silvergate Bank 4250 Executive Square, Suite 300 La Jolla, CA 92037 E-Mail: jbonino@silvergate.com E-Mail: pcribben@silvergate.com E-Mail: legal@silvergate.com</p>

<p>Moonstone Bank Baker, Donelson, Bearman, Caldwell & Berkowitz</p>	<p>Ty Kelly Frank C. Bonaventure, Jr. Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C. 100 Light Street 19th Floor Baltimore, MD 21202 Telephone: (410) 862-1049 Facismile: (410) 547-0699 E-Mail: tykelly@bakerdonelson.com E-Mail: fbonaventure@bakerdonelson.com</p> <p>Daniel Carrigan Baker, Donelson, Bearman, Caldwell & Berkowitz P.C. 901 K Street, N.W. Suite 900 Washington, D.C. 20001 Telephone: (202) 508-3423 Facismile: (202) 220-2223 E-Mail: dcarrigan@bakerdonelson.com</p>
<p>Moonstone Bank</p>	<p>Gary Rever (Chief Executive Officer) Joe Vincent (Chief Legal Officer) Farmington State Bank- dba Moonstone Bank North 103 First Street P.O. Box 67 Farmington, WA 99128 Telephone: (509) 287-2041 Facismile: (509) 287-2022 E-Mail: joe.vincent@moonstonebank.com E-Mail: gary.rever@moonstonebank.com</p>

Parties with Litigation Pending	
Party	Service Address
<p>FTX US Customer Declaratory Class Action (Adv. Pro. No. 22-50513) Chimicles Schwartz Kriner & Donaldson-Smith LLP</p>	<p>Robert J. Kriner, Jr. (Del. Bar. No. #2546) Scott M. Tucker (Del. Bar. No. #4925) 2711 Centerville Rd, Suite 201 Wilmington, Delaware 19808 Tel. (302) 656-2500 robertkriner@chimicles.com</p>

<p>FTX US Customer Declaratory Class Action (Adv. Pro. No. 22-50513) Entwistle & Cappucci LLP</p>	<p>Andrew J. Entwistle (pro hac vice pending) 500 W. 2nd Street, Suite 1900 Austin, Texas 78701 Tel: (512) 710-5960 aentwistle@entwistle-law.com</p> <p>Robert N. Cappucci (pro hac vice pending) Joshua K. Porter (pro hac vice pending) 230 Park Avenue, 3rd Floor New York, NY 10169 Tel: (212) 894-7200 Fax: (212) 894-7272 rcappucci@entwistle-law.com jporter@entwistle-law.com</p>
<p>FTX Non-US Customer Declaratory Class Action (Adv. Pro. No. 22-50514) EVERSHEDS SUTHERLAND (US) LLP</p>	<p>Peter A. Ivanick Sarah E. Paul Philip H. Ehrlich Lynn W. Holbert The Grace Building, 40th Floor 1114 Avenue of the Americas New York, New York 10036 Telephone: (212) 389-5000 Facsimile: (212) 389-5099 peterivanick@eversheds-sutherland.com sarahpaul@eversheds-sutherland.com philipehrlich@eversheds-sutherland.com lynnholbert@eversheds-sutherland.com</p> <p>Erin E. Broderick 227 West Monroe Street, Suite 6000 Chicago, Illinois 60606 Telephone: (312) 724-9006 Facsimile: (312) 724-9322 erinbroderick@eversheds-sutherland.com</p> <p>Mark D. Sherrill 1001 Fannin Street, Suite 3700 Houston, Texas 77002 Telephone: (713) 470-6100 Facsimile: (713) 654-1301 marksherrill@eversheds-sutherland.com</p> <p>Andrea L. Gordon 700 Sixth Street NW, Suite 700, Washington, District of Columbia Telephone: (202) 383-0100 Facsimile: (202) 637-3593 andragordon@eversheds-sutherland.com</p>

<p>FTX Non-US Customer Declaratory Class Action (Adv. Pro. No. 22-50514) MORRIS, NICHOLS, ARSHT & TUNNELL LLP</p>	<p>Eric D. Schwartz (No. 3134) Matthew B. Harvey (No. 5186) Paige N. Topper (No. 6470) Brian Loughnane (No. 6853) 1201 North Market Street, 16th Floor Wilmington, Delaware 19801 Telephone: (302) 658-9200 Facsimile: (302) 658-3989 eschwartz@morrisnichols.com mharvey@morrisnichols.com ptopper@morrisnichols.com bloughnane@morrisnichols.com</p>
<p>Media Intervenors (Bloomberg, L.P., Dow Jones & Company, The New York Times Inc., and the Financial Times, Ltd.) Finger & Slanina, LLC</p>	<p>David L. Finger (ID #2556) Finger & Slanina, LLC One Commerce Center 1201 N. Orange St., 7th fl. Wilmington, DE 19801 (302) 573-2525</p>
<p>Warren Winter and Richard Brummond Ferry Joseph, P.A.</p>	<p>John D. McLaughlin, Jr. Delaware Bar No. 4123 1521 Concord Pike, Suite 202 Wilmington, DE 19803 Tel: (302) 575-1555, ext. 107 Fax: (302) 575-1714 jmclaughlin@ferryjoseph.com</p>
<p>Warren Winter and Richard Brummond The Hoda Law Firm</p>	<p>Marshal J. Hoda Texas Bar No. 24110009 (Admitted pro hac vice) 12333 Sowden Road, Suite B, PMB 51811 Houston, TX 77080 Tel: (832) 848-0036 marshal@thehodalawfirm.com</p>
<p>Warren Winter and Richard Brummond Foster Yarborough, PLLC</p>	<p>Patrick Yarborough, Esq. Texas Bar No. 24084129 (Admitted pro hac vice) 917 Franklin Street, Suite 220 Houston, TX 77002 Tel: (713) 331-5084 patrick@fosteryarborough.com</p>

<p>Samuel Bankman-Fried Montgomery McCracken Walker & Rhoads LLP</p>	<p>Gregory T. Donilon (No. 4244) 1105 North Market Street, 15th Floor Wilmington, DE 19801 Telephone: (302) 504-7800 gdonilon@mmwr.com</p> <p>Edward L. Schnitzer, Esq. (pro hac vice application to be filed) David M. Banker, Esq. (pro hac vice application to be filed) 437 Madison Avenue, 24th Floor New York, NY 10022 Telephone: (212) 867-9500 eschnitzer@mmwr.com dbanker@mmwr.com</p>
<p>John Mallon Pro Se</p>	<p>John Mallon Heath Lodge Square Belfast United Kingdom BT13 3WG (914) 650-6782 john@onbrinkcapital.com</p>
<p>Leslie Stuart Pro Se</p>	<p>Leslie Stuart Telephone: (242)-810-5291 Email: lsassociates@outlook.com</p>

COMMONWEALTH OF THE BAHAMAS

2023

IN THE SUPREME COURT

COM/com/00006

Commercial Division

IN THE MATTER OF PART VIIA OF THE COMPANIES ACT CH.308

AND

IN THE MATTER OF

- 1 WEST REALM SHIRES INC.
 - 2 WEST REALM SHIRES SERVICES INC.
 - 3 ALAMEDA RESEARCH LLC
 - 4 ALAMEDA RESEARCH LTD.
 - 5 MACLAURIN INVESTMENTS LTD.
 - 6 CLIFTON BAY INVESTMENTS LLC
 - 7 FTX TRADING LTD.
- (Collectively, the "Debtors")

AND

IN THE MATTER OF THE FOREIGN PROCEEDINGS (INTERNATIONAL CO-OPERATION) LIQUIDATION RULES, 2012

=====

DECLARATORY ORDER

=====

BEFORE the Honourable Chief Justice Ian Winder of the Supreme Court of the Commonwealth of The Bahamas;

DATED the 14th day of February, A.D. 2023;

UPON APPLICATION by Mr. Kurt Knipp, of Valparaiso, Indiana, USA, (the "Foreign Representative") by Petition, filed 8th February 2023, for a declaratory order recognising his right to act in The Bahamas on behalf of or in the name of the Debtors;

AND UPON the proposed Chapter 15 Recognition Order (*for the recognition of Foreign Main Proceeding and Certain Related Relief to Brian Simms KC, Kevin Cambridge and Peter Greaves (the "Joint Provisional Liquidators" of FTX Digital Markets Ltd.)*) providing that the Debtors have sought recognition of certain Chapter



11 cases pending before the U.S. Bankruptcy Court for the District of Delaware in respect of the Debtors (the "Chapter 11 Cases") in The Bahamas, and the Debtors and the Joint Provisional Liquidators have agreed in the Settlement and Cooperation Agreement, dated as of 6 January 2023, that entry of the Chapter 15 recognition order (the "U.S. Chapter 15 Recognition Order") shall be subject to and effective only upon the entry of an order providing analogous relief to the Debtors in The Bahamas in form and substance reasonably satisfactory to the Debtors;

UPON HEARING Dr. Peter D. Maynard KC with Mr. Jason T. Maynard and Mr. Colin A. Jupp of counsel for the Foreign Representative;

UPON HEARING Mrs. Sophia Rolle-Kapousouzoglou with Mr. Valdere Murphy of counsel for the Joint Provisional Liquidators of FTX Digital Markets Ltd.;

AND UPON READING the Verifying Affidavit of the Foreign Representative, filed 10th February 2023, and the Affidavit of Foreign Law of Mr. Andrew G. Dietderich, exhibited to the Affidavit of Tamika Pinder, filed 8th February 2023;

IT IS HEREBY ORDERED AND DECLARED that:

1. Mr. Kurt Knipp is recognised as the Foreign Representative of the Debtors with the right to act in The Bahamas on behalf of or in the name of any and all of the Debtors.
2. To the extent that the U.S. Chapter 15 Recognition Order has not been entered, the Joint Provisional Liquidators (and only the Joint Provisional Liquidators) may move this Honourable Court to rescind the recognition of Mr. Kurt Knipp, (the Foreign Representative) in The Bahamas based on any arguments or grounds that could have been asserted at the Hearing of the recognition Application or otherwise, provided that any such motion must be made by the Joint Provisional Liquidators within 30 days of entry of this Order.
3. Nothing in this Order or any relief granted hereby: (a) shall constitute a determination that any property constitutes property or assets of the Debtors;

(b) constitutes relief from Section 193 of the *Companies Winding Up Amendment Act 2011*; (c) requires this Court in this recognition Application to defer to any decision in the Chapter 11 Cases with respect to (*or alter the Court's de novo or other applicable standard of review*) any matter raised by the Joint Provisional Liquidators in The Bahamas liquidation proceedings with respect to property of the estate of FTX Digital Markets Ltd. (including without limitation the scope of property of the estate, the application or extension of the Section 193 stay or the compromise or discharge of estate or third party claims in connection with a plan of restructuring).

BY ORDER OF THE COURT

R E G I S T R A R

This Order was filed by Peter D. Maynard, Counsel & Attorneys, Chambers, Bay & Deveau Streets, Nassau, Bahamas, attorneys for the Petitioner.

**COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT**

Commercial Division

**IN THE MATTER OF PART VIIA OF THE
COMPANIES ACT CH.308**

AND

IN THE MATTER OF

- 1 WEST REALM SHIRES INC.**
 - 2 WEST REALM SHIRES SERVICES INC.**
 - 3 ALAMEDA RESEARCH LLC**
 - 4 ALAMEDA RESEARCH LTD.**
 - 5 MACLAURIN INVESTMENTS LTD.**
 - 6 CLIFTON BAY INVESTMENTS LLC**
 - 7 FTX TRADING LTD.**
- (Collectively, the "Debtors")**

AND

**IN THE MATTER OF THE FOREIGN
PROCEEDINGS (INTERNATIONAL CO-
OPERATION) LIQUIDATION RULES, 2012**

=====

DECLARATORY ORDER

=====

2023/COM/com/00006

PETER D. MAYNARD
PETER D. MAYNARD
Counsel & Attorneys
Chambers
Bay & Deveaux Streets
Nassau, Bahamas

Attorneys for the Petitioner

LENNOX PATON
RECEIVED
FEB 23 2023
BY: *E. Lee*
Time 4:20

**IN THE MATTER OF the Digital Assets and Registered Exchanges Act, 2020
(as amended)**

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

**AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)**

SUMMONS

LET ALL PARTIES concerned attend before **His Lordship the Honourable Chief Justice Sir Ian Winder Chief Justice** of the Supreme Court of the Commonwealth of The Bahamas, in Chambers at the Supreme Court of The Bahamas, Annex 1, Nassau, The Bahamas on _____ the _____ day of _____ A.D., **2023** at _____ o'clock in the _____-noon or as soon thereafter as Counsel can be heard on an application on behalf of the Joint Provisional Liquidators (the "**JPLs**") of FTX Digital Markets Ltd ("**FTX DM**") pursuant to *the Companies (Winding Up Amendment) Act 2011, section 199(4)* and *the Companies Liquidation Rules 2012, O.4, r.5(2)*, and *Supreme Court Act, section 15* and/or under the inherent jurisdiction of the Court for binding directions and declarations as to the following matters:

1. How the amendment of the applicable FTX Terms of Service (the "**ToS**") dated 28 February 2022 (the "**Feb ToS**") was effected (if it was) into the form of the ToS dated

13 May 2022 (the “**May ToS**”), and if so from what date did such amendment take effect?

2. What is the applicable governing law by which the questions set out at paragraph 1 fall to be determined?
3. Whether, in the events that have happened, on a proper construction of the applicable FTX ToS, and applying the applicable governing law:
 - a. Users of the FTX International Platform were migrated to FTX DM as from the effective date of the May ToS for each such User (or any other date, and if so which);
 - b. those Services listed in Schedules 2, 3, 4, 5 6 and 7 to the May ToS (the “**Schedules**”) were from that effective date (or any other date, and if so which) provided by FTX DM under the May ToS;
 - c. the rights and/or obligations in respect of the Account(s) for each User (each as defined in the relevant ToS) were from that effective date (or any other date, and if so which) rights and/or obligations of FTX DM under the May ToS (in whole or in part, and if in part, in what part);
 - d. digital assets and/or fiat transferred by Users to the FTX International Platform were from that effective date (or any other date, and if so which) assets and/or fiat of FTX DM in law (whether transferred before or after that date); and
 - e. digital assets and/or fiat presently held, or as may be held in the future, in the name of FTX DM are assets and/or fiat of FTX DM in law?

4. In what capacity does FTX DM hold any digital assets and/or fiat (“asset”). In particular:
- a. what is applicable governing law ;
 - b. does FTX DM hold such assets for its own account or on trust;
 - c. if FTX DM holds any such assets on trust:
 - i. what assets are subject to the trust;
 - ii. how much flexibility does FTX DM as trustee have, for example:
 - 1. is there a requirement to segregate that asset;
 - 2. is there a right to use that asset for any purpose;
 - iii. is the trust over a fluctuating pool of assets for the benefit of all Users of FTX DM as co-owners as well as FTX DM itself to the extent that any of its assets are within such pool;
 - iv. does each User have the right to trace their property into specific assets held on trust; and
 - v. what rights do Users have against FTX DM in respect of shortfalls in the assets held on trust; and
 - d. can cryptocurrency and/or fiat be held by FTX DM as bailee?
5. Whether the counterparty in respect of perpetual future contracts who transacted on the FTX International Platform on or after 13 May 2022 was FTX DM, a User or someone else (and if so who)?
6. For the purposes of determining the questions set out at paragraphs 1 to 5, a direction pursuant to **CPR Part 21.4**, that one or more persons who have an interest in the determination of the questions in this Summons be appointed for the purposes of making representations to the Court.

7. An order that the costs of and occasioned by this Summons be provided for.

DATED this [x] day of **March A.D., 2023**

REGISTRAR

This Summons was taken out by Lennox Paton, Chambers, 3 Bayside Executive Park, West Bay Street and Blake Road, Nassau, The Bahamas, Attorneys for the Joint Provisional Liquidators

DRAFT

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

**IN THE MATTER OF the Digital Assets and
Registered Exchanges Act, 2020 (as amended)**

**AND IN THE MATTER OF
FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)**

**AND IN THE MATTER OF the
Companies (Winding Up Amendment) Act, 2011**

SUMMONS

2022
COM/com/00060

LENNOX PATON

Chambers

No. 3 Bayside Executive Park

Blake Road and West Bay Street

Nassau, New Providence

The Bahamas

Attorneys for the Joint Provisional Liquidators

TAB 2

COMMONWEALTH OF THE BAHAMAS

2022

IN THE SUPREME COURT

COM/com/00060

COMMERCIAL DIVISION

IN THE MATTER OF the Digital Assets and Registered Exchanges Act, 2020 (as amended)

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.

(A Registered Digital Asset Business)

FIFTH AFFIDAVIT OF BRIAN C. SIMMS KC

I, **BRIAN SIMMS KC**, of 3 Bayside Executive Park, West Bay Street and Blake Road, Nassau, N.P., The Bahamas make Oath and Say as follows:

Introduction

1. Kevin G. Cambridge, Peter Greaves, and I are the duly appointed joint provisional liquidators (“**JPLs**” or “**Joint Provisional Liquidators**”) of FTX Digital Markets Ltd. (“**FTX DM**”), a company incorporated in the Commonwealth of The Bahamas and operating as a digital assets business under the Digital Assets and Registered Exchanges Act, 2020 (as amended) (the “**DARE Act**”).
2. I make this affidavit in support of the JPLs’ application for directions pursuant to the Companies Liquidation Rules, 2019, O.4, r.5(2) in relation to a number of issues that have arisen concerning the rights and obligations of FTX DM as explained in more detail below.

3. The facts and matters referred to herein are, unless otherwise stated, within my own knowledge or are obtained from documents in my possession or the legal team at Lennox Paton or investigations carried out by, or on behalf of, the JPLs in relation to the affairs of FTX DM and are true to the best of my knowledge, information and belief. Those investigations are on-going. Nothing in this affidavit is intended to, or does, waive any legal professional or other privilege of FTX DM.
4. There is now produced and shown to me marked “**BCS-1**” a paginated bundle of documents to which I shall refer in the course of my affidavit. References to page numbers in this affidavit are references to page numbers in the said paginated bundle unless otherwise stated. The directions sought by the JPLs concern (i) the parameters of the FTX DM estate; (ii) the rights and obligations of the JPLs in relation to the FTX DM estate; (iii) who the users/customers of FTX DM are; (iv) the nature of the rights and obligations of the users/customers of FTX DM, including in particular are the FTX DM customer creditors of FTX DM or beneficiaries of assets held on any trust by FTX DM; and (v) the relationship of the users/customers of FTX DM to each other and/or other creditors or stakeholders of FTX DM.
5. The directions sought by the JPLs are central to the provisional liquidation of FTX DM. In the absence of directions from this Honourable Court the provisional liquidation cannot be satisfactorily progressed as required by the orders made by this Honourable Court.
6. The JPLs acknowledge that one or more of the issues raised by this Summons may touch on issues arising in the estates of the Chapter 11 Debtors and that they may seek the determination of those issues in the Delaware Bankruptcy Court. Should a conflict arise between directions given to the JPLs by this Honourable Court in relation to the FTX DM estate and any determination by the Delaware Bankruptcy Court in relation to the Chapter 11 Debtor estates, it may be necessary in due course for judicial communications to take place between this Honourable Court and the Delaware Bankruptcy Court pursuant to the Judicial Insolvency Network or other guidelines in order to resolve any conflict.
7. At this stage, however, the JPLs seek directions in relation to the further conduct of the provisional liquidation of FTX DM and on matters which are overwhelmingly likely to be governed by English law, the laws of The Bahamas or possibly the laws of Antigua and

Barbuda. The issues are complex and might well be subject to appeal from this Honourable Court to, eventually, the Privy Council. The Privy Council is the final court of appeal from the Courts of The Bahamas and Antigua and Barbuda. Rulings of the Privy Council on English law are also, in effect, final, because the justices of the Privy Council also sit as justices of the Supreme Court of England, Wales and Northern Ireland and, therefore, are highly unlikely to reach different conclusions on the same issues. The JPLs desire that the issues raised by this Summons are determined by this Honourable Court, being the Court with the conduct of the provisional liquidation of FTX DM and the Court from which, if necessary, an appeal will ultimately lie to the Privy Council with final authority to determine these issues.

8. The JPLs have had several conversations with Counsel for the Securities Commission of The Bahamas (the “SCB”) in relation to when the JPLs would make an application to determine the ownership of the digital assets currently held by the SCB. The SCB has been concerned about the administrative costs of holding the digital assets and wishes to have the ownership issue resolved.
9. The Supplemental Order of the Court filed on 21 November 2022 in a separate Action brought by the SCB (Supreme Court Action No. Com/com/ of 2022) provided that the SCB shall be regarded as acting as trustee in the administration of trust assets within the meaning of the Trustee Act, for the benefit of the clients and/or creditors of FTX DM, pending directions for the continued safe custody of the said assets issued by this Honourable Court to the JPLs and/or the Commission in the proceeding for the winding-up of FTX DM or further order.
10. The JPLs consider that in the event an application by the SCB was made it would be likely to cover a narrower range of issues than the Summons, leading to a fragmentation of issues and possible duplication. Accordingly, another reason for the issue of this Summons now is to address issues of concern to the SCB which the SCB desire to be resolved.

Background

11. FTX DM is a company within the meaning of the Companies (Winding Up Amendment) Act, 2011 and is in provisional liquidation in the Commonwealth of The Bahamas pursuant to a petition for the winding up of FTX DM presented on 10 November 2022 by

SCB which was accompanied by an application to appoint a provisional liquidator. On 10 November 2022 the Honourable Mr. Chief Justice Winder of the Supreme Court of the Commonwealth of The Bahamas made an order appointing me as a provisional liquidator of FTX DM. On 14 November 2022, on my application the Honourable Mr. Chief Justice Winder appointed Mr. Kevin G. Cambridge and Mr. Peter Greaves as additional provisional liquidators. The orders of appointment are at **BCS-1**, pages **[1]** to **[8]**).

12. At the time of appointment of the JPLs, FTX DM was registered to provide, and was providing, services on an on-line “*cryptocurrency derivatives exchange*” platform, (the “**FTX International Platform**”). FTX DM has been registered to provide such services since 10 September 2021.
13. On 11 and 14 November 2022, companies (other than FTX DM) in the FTX group (the “**Chapter 11 Debtors**”), filed in the United States Bankruptcy Court for the District of Delaware (the “**Delaware Bankruptcy Court**”) voluntary petitions (the “**Chapter 11 Cases**”) for relief under title 11 of the United States Code 11 U.S.C. §§101 *et seq* (the “**US Bankruptcy Code**”). The names of the Chapter 11 Debtors are contained in Annex A at pages **[9]**-**[11]** of Exhibit **BCS-1** and a group structure chart of the FTX group prepared by the US Debtors (not the JPLs) is at page **[12]** of Exhibit **BCS-1**.

The Summons for Directions

14. There are a number of issues pertaining to the rights of FTX DM, including in respect of its customers (the “**customers**”, “**Customers**”, or “**Users**”), which give rise to issues of fact and law in respect of which the JPLs respectfully seek this Court’s guidance.
15. The directions sought are as follows:
 - (1) How the amendment of the applicable FTX Terms of Service (the “**ToS**”) dated 28 February 2022 (the “**Feb ToS**”) was effected (if it was) into the form of the ToS dated 13 May 2022 (the “**May ToS**”), and if so from what date did such amendment take effect?
 - (2) What is the applicable governing law by which the questions set out at paragraph (1) fall to be determined?

- (3) Whether, in the events that have happened, on a proper construction of the applicable FTX ToS, and applying the applicable governing law:
- (a) Users of the FTX International Platform were migrated to FTX DM as from the effective date of the May ToS for each such User (or any other date, and if so which);
 - (b) those Services listed in Schedules 2, 3, 4, 5 6 and 7 to the May ToS (the “Schedules”) were from that effective date (or any other date, and if so which) provided by FTX DM under the May ToS;
 - (c) the rights and/or obligations in respect of the Account(s) for each User (each as defined in the relevant ToS) were from that effective date (or any other date, and if so which) rights and/or obligations of FTX DM under the May ToS (in whole or in part, and if in part, in what part);
 - (d) digital assets and/or fiat transferred by Users to the FTX International Platform were from that effective date (or any other date, and if so which) assets and/or fiat of FTX DM in law (whether transferred before or after that date); and
 - (e) digital assets and/or fiat presently held, or as may be held in the future, in the name of FTX DM are assets and/or fiat of FTX DM in law?
- (4) In what capacity does FTX DM hold any digital assets and/or fiat (“asset”). In particular:
- (a) what is applicable governing law ;
 - (b) does FTX DM hold such assets for its own account or on trust;
 - (c) if FTX DM holds any such assets on trust:
 - (i) what assets are subject to the trust;
 - (ii) how much flexibility does FTX DM as trustee have, for example:

- (A) is there a requirement to segregate that asset;
- (B) is there a right to use that asset for any purpose;
- (iii) is the trust over a fluctuating pool of assets for the benefit of all Users of FTX DM as co-owners as well as FTX DM itself to the extent that any of its assets are within such pool;
- (iv) does each User have the right to trace their property into specific assets held on trust; and
- (v) what rights do Users have against FTX DM in respect of shortfalls in the assets held on trust; and
- (d) can cryptocurrency and/or fiat be held by FTX DM as bailee?
- (5) Whether the counterparty in respect of perpetual future contracts who transacted on the FTX International Platform on or after 13 May 2022 was FTX DM, a User or someone else (and if so who)?
- (6) For the purposes of determining the questions set out at paragraphs (1) to (5), a direction pursuant to CPR Part 21.4, that one or more persons who have an interest in the determination of the questions in this Summons be appointed for the purposes of making representations to the Court.

16. This affidavit is divided into the following sections:

- (1) Brief overview of digital assets
- (2) The history of FTX.com
- (3) Transfer of fiat to (or from) the FTX International Platform (before migration)
- (4) Transfer of digital assets to (or from) the FTX International Platform
- (5) FTX private keys
- (6) Transactions in digital assets on the FTX International Platform

- (7) Migration to The Bahamas (including incorporation of FTX DM and its registration under the Digital Assets and Registered Exchanges Act, 2020 (“**DARE Act**”))
 - (8) FTX customer KYC update
 - (9) Company bank accounts used for the FTX International Platform
 - (10) Amendments to the Feb ToS
 - (11) Role of FTX DM in relation to the Specified Services
 - (12) Obligor in respect of Users’ Accounts
 - (13) Owner of assets (digital assets and fiat/account debts)
 - (14) Rights of owner to use such assets
 - (15) Nature of the rights of Users
 - (16) Appointment of representative parties.
- 17.** Certain of the matters summarised above are dependent upon legal analysis. This affidavit does not seek to set out the detail of that legal analysis, but indicates the broad outlines of it, which will be expanded upon in due course.
- 18.** At this time the JPLs have access to limited information but we envisage obtaining more information in relation to FTX DM held on Amazon Web Services (“**AWS**”) and Google Workspace servers, currently in the control of the Chapter 11 Debtors or one or more of them. While the Chapter 11 Debtors have recently shared substantial data pursuant to the Cooperation Agreement entered into by the JPLs and the Chapter 11 Debtors dated 6 January 2023 and approved by this Court on 10 February 2023, such data is still being evaluated. This process may take another month. Unfortunately, the Chapter 11 Debtors have not yet made available any of FTX DM’s emails or slack messages to which the JPLs believe they are entitled. Pending receipt and consideration of further information from the Chapter 11 Debtors, this affidavit sets out the factual position to the best of the JPLs’ present understanding. Upon receipt and review of the further information that the JPLs

expect the Chapter 11 Debtors will make available to them, the JPLs anticipate further evidence being filed in relation to the matters which are the subject of this affidavit.

(1) Brief overview of digital assets

19. Digital assets are increasingly important in modern society. They are used for an expanding variety of purposes — including as valuable things in themselves, as a means of payment, or to represent or be linked to other things or rights — and in growing volumes, *See* pages [x]-[x] of Exhibit “**BCS-1**”.
20. Perhaps the most well-known digital asset is Bitcoin. Although often spoken about as if it were a “coin”, it is at base just a ledger entry – a ledger entry on a public electronic ledger maintained on a decentralised basis by a self-defining group of computers which co-ordinate with one another through the application of particular software code. That code aims to ensure that in practice there is only one accurate copy of the ledger, which is achieved through cryptography and the application of “game theory”. The ledger is made up of blocks of data comprising transactions in Bitcoin, and when new transactions occur they are gathered together in a new block of data which then supersedes the previous one in the chain, with one block in the Bitcoin blockchain being added approximately every 10 minutes. The ledger of Bitcoin transactions is therefore commonly called a “blockchain”, and transactions in Bitcoin reflected in that ledger are commonly called “on-chain” transactions.
21. An on-chain transaction of, for example, the transfer of one Bitcoin from X to Y will at its simplest involve the following: X’s Bitcoin will be recorded on the ledger as being held at a particular “public address” specified on the blockchain. That public address (sometimes called a “public key”) is a string of 64 hexadecimal characters (0-9 and A-F), which does not name X. However, X can prove to Y that X owns that Bitcoin because X controls the “private key” necessary to authorise transactions in that Bitcoin held at that public address. The “private key” is like a password, and is another string of 64 hexadecimal characters. To effect the transaction, Y will give X the “public address” to which Y wishes the Bitcoin to “move” – that is, so that the next published block on the blockchain then shows that that Bitcoin is no longer held at the public address to which X controls the relevant private key, but is now held at another public address, being the public address nominated by Y. One assumes that Y controls the relevant private key of the public address nominated by Y (although it could be possible for Y to “give it away”

by transferring it to a public address to which a third party controls the private key).¹ Once X has the public address nominated by Y, then X can authorise that “transfer” (the publication of a new block with Bitcoin being recorded on the ledger as being held at the public address nominated by Y) by “signing” the transaction through application of X’s private key. This is discussed further, in relation to the FTX International Platform, in Section 6 below.

22. In practice, parties can and do also agree to transfer digital assets between themselves without involving the blockchain at all – often referred to as “off-chain” transactions. So, for example, X may simply agree by contract to transfer X’s Bitcoin to Y. There is a question as to how this contract would be performed, but it would be possible for X to provide control over the private key relating to the public address at which that Bitcoin is recorded on the ledger to Y, so that Y then controls the relevant private key (for instance, if the private key is saved onto a usb drive, X could physically transfer the usb drive to Y). This is discussed further, in relation to the FTX International Platform, in Section 6 below.
23. The question as to whether Bitcoin, and other digital assets like it, are “property” for the purposes of law, and if so, who owns such property, are questions of legal analysis which are beyond the scope of this affidavit. However, currently the weight of English judicial authority and commentary (including influential analyses by the Law Commission of England and Wales) is that digital assets like Bitcoin are “property”. Moreover, English and some Commonwealth case law recognises that it is property which can be held on trust – that is, it is property which satisfies the “first certainty” of the “three certainties” for the voluntary creation of a trust: it is subject-matter which is sufficiently certain to be able to be held on trust.
24. However, it is thought that the relevant private key is not itself property but is just a piece of information (the relevant 64 hexadecimal string) that gives access to the property that is the digital asset.
25. In this affidavit, I use the term “**digital assets**” to refer to what is commonly called “cryptocurrency”, “cryptotokens”, “cryptocoins”, “tokens”, “coins” and “virtual assets”,

¹ If Y did not want to “give it away” but simply got his public address wrong by mistake, such that Y does not control the private key of the incorrectly specified public address, then Y would “lose” the Bitcoin entirely.

and all tokens or coins accepted on the FTX International Platform, including FTT and Serum, two particular tokens created by entities related to FTX DM.

26. Fiat currency – that is, currencies issued by (or under the authority of) sovereign states – will be referred to as “**fiat**”.

(2) The history of FTX.com

27. FTX Trading Ltd (“**FTX Trading**”) was incorporated on 2 April 2019, and is a company organized under the International Business Company Act, CAP. 222 of Antigua and Barbuda (the “**Antigua Act**”). At page [13] of Exhibit “**BCS-1**” is a copy of FTX Trading’s Certificate of Incorporation.
28. Immediately following its formation, FTX Trading was then based in the Hong Kong Special Administrative Region of China (“**HKSAR**”), where the FTX group was headquartered. Its business was the provision of the FTX International Platform on the FTX.com website.
29. By 2021, a US version of the FTX Platform (the “**US Platform**”) had been created which was directed towards US users, as the original FTX Platform barred US users (and users from certain other jurisdictions). The original FTX platform, running via the FTX.com website, therefore became the digital asset exchange platform for all users located outside the United States (the FTX International Platform). Based on analysis of platform data reviewed to date, by 2022, over 9 million customers had Accounts on the FTX International Platform and on the US Platform, with most (possibly more than 7.5 million) being customers of the FTX International Platform. Issues arising from this Summons concern only the FTX International Platform.
30. The FTX International Platform permitted non-U.S. customers to engage in various trading activities, including spot trading of supported digital assets, spot margin trading, settlement of over-the-counter (or “off-exchange”) trades directly between users, trading in various derivative contracts, including futures (including in particular “**perpetual futures**”), call and put options, so-called “volatility” contracts (the value of which was tied to the overall price movements during a specified period for specified assets), “leveraged” tokens (i.e., tokens evidencing leveraged positions in relation to a futures contract), “volatility” tokens and trading in “non-fungible tokens” or NFTs, *See pages [x]-[x] of Exhibit “BCS-1”*

31. A description of how trades were carried out on the FTX International Platform is given in Section 6 below.
32. An early description of the FTX International Platform is that set out in the FTX White Paper dated 25 June 2019 at pages [14]-[22] of Exhibit “BCS-1”.
33. Prospective users of the FTX International Platform would have to register on the FTX.com website. US customers were not able to open accounts on the FTX International Platform, therefore the FTX International Platform never provided services to US customers. The process of that registration entailed such registered users accepting the then-current ToS.
34. Those ToS referred to accounts maintained on the FTX International Platform in those Users’ names into which both fiat and digital assets could (subject to the following) be credited or debited (“Accounts”).
35. The earliest ToS did not permit Users to transfer fiat to the FTX International Platform. The Accounts therefore would only have credits recorded in digital assets. At pages [23]-[41] of Exhibit “BCS-1” is a copy of the earliest ToS from March 2020. That is not surprising since, originally FTX Trading did not have a fiat bank account to which users of the FTX International Platform could be directed when transferring fiat.
36. By amendment to the ToS dated 3 December 2021, FTX Trading stated that the FTX International Platform did then “support” various fiat. At pages [42]-[59] of Exhibit “BCS-1” is a copy of the 3 December 2021 ToS.

(3) Transfer of fiat to (or from) the FTX International Platform – the “fiat@ftx.com” account

37. From a point in time that is presently unclear to the JPLs, but may in fact have pre-dated the 3 December 2021 amendment to the ToS, Users who wished to transfer fiat onto the FTX International Platform were directed to transfer fiat in USD (and possibly other currencies) to an account, or possibly a number of accounts, in the name of Alameda Research Ltd (“ARL”), Alameda Research LLC (“ARLLC”, parent of ARL) or other subsidiaries of ARLLC (the “Alameda Bank Account”, and the account-holder of that account or those accounts, the “Alameda Account-holder”). ARLLC is wholly owned by Sam Bankman-Fried (“SBF”), Gary Wang and Nishad Singh (all three, the “Co-

founders”). The Alameda Bank Account was, it seems, maintained with Silvergate Bank.

38. The fiat received in the Alameda Bank Account was not then transferred as a matter of course to FTX Trading. Rather such receipts were simply reflected as debits in an account on the FTX International Platform designated as “**fiat@ftx.com**”. It is a matter of legal analysis what that evidences, but it would appear to evidence at least a liquidated debt owing by ARL to FTX Trading. In addition, given the circumstances in which Users transferred fiat to ARL, it is possible that the Alameda Account-holder held such fiat under some form of trust, for FTX Trading and/or those Users.
39. Upon each such receipt of fiat from Users into the Alameda Bank Account, the Alameda Account-holder would notify FTX Trading, so as to enable FTX Trading then to credit the transferor User’s Account on the FTX International Platform. It is a matter of legal analysis whether the credits recorded in those Accounts evidenced a liquidated debt owing from FTX Trading to those Users or something more (that is discussed in Section 15 below).
40. Requests from Users to withdraw fiat standing to the credit of their Accounts, would trigger a request to the Alameda Account-holder to transfer that amount back to the User.
41. There is also evidence that an account with Silvergate Bank in the name of West Realm Shires Services Inc (“**West Realm**”) was opened in about April 2021 and used to receive USD from at least some Users of the FTX International Platform. (West Realm is a subsidiary of West Realm Shires Inc, 77.75% owned by the Co-founders. West Realm was the operator of the US Platform).
42. In fact, the FTX International Platform treated USD fiat as fungible (interchangeable) with certain USD-linked stablecoins, in particular USDC (USD Coin), BUSD (Binance USD), USDP (USD Paxos), GUSD (Gemini USD) and TUSD (True USD), and a User who had a credit balance in the User’s Account in USD fiat, could choose to withdraw the equivalent amount in any of those USD stablecoins, or vice versa.
43. Transfer of fiat to the FTX International Platform from the second half of 2021 is discussed in Section 9 below.

(4) Transfer of digital assets to (or from) the FTX International Platform

44. When a User wished to transfer digital assets to the FTX International Platform, the User would make a transfer request by selecting various options on the website of the FTX International Platform, and then the code on which the FTX International Platform runs would generate a unique public address on the relevant blockchain for the particular digital asset to be transferred.
45. Upon the digital asset being received at that public address, the code running the FTX International Platform would then credit that User's Account on the FTX International Platform with the same amount of digital assets. (The question of the nature of the User's rights in respect of credit balances in the Account is dealt with in Section 15 below.)
46. Turning back to the public address at which the digital assets were sent by the User: the private key associated with that public address was controlled entirely by code which ran the FTX International Platform and by individuals who, the JPLs' investigations so far reveal, were all based in the HKSAR until they re-located to The Bahamas and became employees of FTX DM in late 2021/early 2022.
47. It would appear that when a User effected an on-chain transfer of a digital asset to that public address generated by the FTX International Platform for the receipt of digital assets, that constituted (at least – but subject to the discussion in Section 15 below) the transfer of full legal title to the digital asset away from that User.
48. Once that digital asset was received at that public address, if the digital asset was something other than Bitcoin, then the balance of each such public address was regularly "swept" into one or more "omnibus accounts" – that is, it was transferred on the relevant blockchain from that initial public address which had been generated for just one User to a public address used by the FTX International Platform for the holding of digital assets of that type from multiple Users. As a consequence, the transferring User's digital assets were then mixed in that "omnibus account".
49. If the digital asset was Bitcoin, however, it would remain in an initial public address (because the transaction costs of a sweep of Bitcoin made it inefficient) but all such public addresses would be treated as if they were a single mixed fund of Bitcoin transferred by any User. Withdrawal requests by a User in respect of Bitcoin would be fulfilled by the transfer of any Bitcoin, not necessarily the same Bitcoin that that User may have originally transferred nor even from the same public address into which that User may

have originally transferred Bitcoin. All such public addresses would be controlled by a small number of private keys.²

50. Where a User wished to transfer digital assets standing to the credit of the User's Account off the FTX International Platform, the User would have to supply a public address to which that transfer could be made on-chain, and the transaction would be signed by application of the relevant private key held in the FTX International Platform's code.

(5) FTX private keys

51. The private keys for each of the "omnibus accounts" (at least one for each digital asset type for each blockchain) and each Bitcoin public address would be held on-line in a way in which the code could access, so that transactions requested on the FTX International Platform's website (principally, withdrawal requests) could be automatically executed (and approved by the application of the relevant private key). These "omnibus accounts" and Bitcoin public addresses were regarded as "hot wallets" since their private keys were held on-line.
52. Not all transactions could be executed automatically. The code had some in-built thresholds (such as size of transaction) which would require manual intervention by individuals before the transaction was executed.
53. If the aggregate of digital assets held in these hot wallets exceeded a certain amount, the excess would be transferred into "warm wallets". In practice these warm wallets would only hold Bitcoin, Ether, and FTT since the holding in other digital assets never triggered a transfer out of the hot wallets.
54. The warm wallets were other public addresses on the relevant blockchains, where the relevant private keys were not directly accessible by the code on which the FTX International Platform ran, but the private keys were in the control of the Co-founders. Those private keys were however still kept on line albeit in an encrypted form.
55. There were also "cold wallets" which held excess Bitcoin, Ether and FTT, where again the private keys were only accessible by the Co-founders, albeit that those private keys were (despite the designation as "cold") kept on-line in an encrypted form. The JPLs are still

² This is technically possible because the public address/private key pair is in fact always generated starting from a private key, and a private key can generate a number of public addresses controlled by the same private key.

investigating how in practice the warm and cold wallets differed from each other in practice.

56. In practice, if a hot wallet was short of a digital asset which a User had requested be withdrawn, then rather than the warm or cold wallets being drawn on, a “Slack”³ message would be sent by the FTX settlement team to (among others) Alameda (it is not clear whether this was ARLLC, ARL or another subsidiary of ARLLC), and the Alameda entity would transfer to the hot wallet the requisite quantity of digital assets. It does not appear that a fee was charged for providing this service.

(6) Transactions in digital assets on the FTX International Platform

57. Transactions in digital assets on the FTX International Platform, or transactions from fiat to digital assets or digital assets to fiat on the FTX International Platform, would typically be executed simply by way of debit and credit entries to the relevant Users’ Accounts on the platform. There would not be any matching transactions on the chain to mirror those recorded in the Accounts.
58. Some of the transactions were “futures” which would not involve the spot exchange of fiat or digital asset for other digital assets, but rather were contracts entered into on terms set out on the FTX International Platform’s website. The JPLs are still investigating the pattern of trading on the FTX International Platform but at present believe that the “perpetual future” was the service which generated the most income and volume on the FTX International Platform.
59. It is a question of legal analysis of the May ToS and the LTB Collateral Agreement (defined below), in light of the relevant factual background and any relevant market practice, whether such perpetual futures were contracts between a User and another User, or between a User and FTX DM which provided that service.
60. What is clear, however, is that futures trading like this required Users to post margin – that is, subject digital assets which they had standing to the credit of their Account to a security arrangement in favour of the counterparty to that futures trade (whoever that counterparty was).

³ Third party messaging service.

61. On 1 June 2020, FTX Trading and LT Baskets Ltd (a company incorporated in Antigua and Barbuda) (“**LTB**”) (now a Chapter 11 Debtor) entered a Collateral Agreement relating to the holding of collateral that Users would have to provide in respect of leveraged and margined products on the FTX International Platform (the “**LTB Collateral Agreement**”). This provides that when a User was required to post margin, FTX Trading would transfer certain tokens to LTB, who would hold them on behalf of the counterparty in whose favour that margin was being posted. It would appear that, once margin was posted and the digital assets transferred to LTB, LTB held them on trust for the User’s counterparty. At pages [141]-[144] of Exhibit “**BCS-1**” is a copy of the LTB Collateral Agreement.

(7) Migration to The Bahamas

62. In 2020, The Bahamas adopted a licensing and regulatory regime for the digital asset industry pursuant to the DARE Act.
63. On 22 July 2021, FTX DM was incorporated in The Bahamas.
64. In August 2021, FTX DM prepared a document entitled “FTX Digital Markets Limited Customer Migration Plan” (the “**Migration Plan**”), which stated that the objective was “to migrate customers to its business from FTX [Trading]”. The Migration Plan envisaged KYC on-boarding and new terms of service. “*Front end and back end systems should also reflect a shift of activity to FDM as smoothly as possible, subject to regulatory consideration*”. The Migration Plan also envisaged that users of the FTX International Platform would be required to accept the new terms of service, and that the migration would be complete by 2023, but with all “institutional” users being migrated by Q2 2022. At pages [145]-[149] of Exhibit “**BCS-1**” is a copy of the Migration Plan.
65. On 10 September 2021, FTX DM was registered as a digital asset business under the DARE Act. FTX DM was the only FTX entity licensed to run a digital assets business under the DARE Act and it was licensed to carry out the majority of the products on the FTX International Platform. On 10 November 2022, the SCB suspended FTX DM’s registration.
66. On 20 September 2021, SBF, the 100% owner of Paper Bird Inc, which was the 75% owner of FTX Trading, announced that “FTX” would be moving the headquarters of the FTX International Platform from the HKSAR to The Bahamas. Four days later, SBF re-

emphasized the relocation by tagging the official FTX twitter account and stating “[w]e’re really excited to be setting up @FTX_Official’s headquarters in the Bahamas!” At pages [150]-[151] of Exhibit “BCS-1” are copies of the tweets from SBF.

67. The incorporation of FTX DM and the move of the Co-founders to The Bahamas was principally in order to bring the FTX International Platform under the regulatory regime of the DARE Act.
68. The first employee of FTX DM was employed in September 2021. The Co-founders became employees of FTX DM, as did approximately 80 other individuals working for FTX DM in The Bahamas.
69. In October 2022, *The Bahamas Tribune* reported that FTX DM’s headquarters would be located on a “4.95 acre site, located between Bayside Executive Park’s existing buildings and the Orange Hill Beach Inn, will feature two boutique hotel buildings covering a total 77,000 gross square feet and spanning seven levels, with parking area 51,000 gross square feet in size. Residential and office spaces, also spread over seven levels, will cover 116,000 gross square feet and be accompanied by a 205,000 square feet parking area.” Additionally, it stated that “[o]ther planned facilities include an athletic and wellness area; a theatre; auditorium; conference centre; café/restaurant; retail; a daycare centre; and ‘vertical farm’.” At pages [152]-[153] of Exhibit “BCS-1” is a copy of *The Bahamas Tribune* article.
70. *The Bahamas Tribune* further reported that eventually “a total of 700 employees will work at the office building, of which 38 are expected to be housed in the boutique hotel and condo hotel. The remaining 662 employees are expected to live off-campus and commute to work. Large events will also be held at the conference centre and auditorium on a quarterly basis, which are expected to draw up to 800 additional guests to the site. The campus is expected to be fully built-out by 2025.” Further, “[t]he proposed development will include a total of 612 parking spaces: Twenty-five spaces for the hotel, 75 spaces for the condo hotel and the remaining 512 spaces for the office/convention buildings.”
71. *The Bahamas Tribune* stated that the campus headquarters would cost about \$60 million, and it published the proposed site plans that had been submitted to the

Department of Physical Planning. At page [154] of Exhibit “BCS-1” is a copy of the proposed site plans.

72. While this campus development was underway, employees of FTX DM worked from nearby offices at Veridian Corporate Centre.

(8) FTX customer KYC update

73. S. 5(1)(a) of the Register of Beneficial Ownership Act 2018 in The Bahamas requires KYC details of UBOs holding interests of 10% or more in a corporate User, whereas before the migration and when FTX Trading was the relevant FTX entity operating in the HKSAR, only KYC details of UBOs of corporate Users who had interests of 25% or more in a User were obtained.
74. The migration process, therefore, required the manual review of all KYC details held for corporate Users to check whether they already contained KYC for UBOs who had interests of 10% or more (which could incidentally have been obtained when previously obtaining KYC for UBOs with 25% or more). If KYC records were incomplete, then individual corporate Users were contacted and asked for the additional information. If that additional information was not forthcoming, then those corporate Users’ Accounts should and would (to the best of JPLs’ current knowledge) be closed. There was no possibility of Users remaining Users on the FTX International Platform unless the Bahamian KYC regulations were adhered to.
75. It would appear that the only purpose behind this KYC updating process was to enable existing Users of the FTX International Platform to become customers of FTX DM.

(9) Company bank accounts used for the FTX International Platform

76. Prior to November 2021, FTX Trading had set up a USD bank account with Signature Bank, which was used to receive and send USD fiat from and to Users of the FTX International Platform, especially in 2022.
77. However, in or around November 2021, FTX DM (not FTX Trading) opened accounts in USD, CAD, SGD, HKD, EUR, GBP and CHF with Equity Bank Bahamas (the “**Equity Bank Accounts**”). The Equity Bank Accounts were marked as “client accounts”, but there is evidence which makes it unclear as to the weight to be put upon those words.

However, only the accounts denominated in CAD and GBP appear to have been used, and then only to fund withdrawals. Withdrawals from those Equity Bank Accounts in those currencies were then reflected as debits to that User's Account on the FTX International Platform in the relevant currencies. The JPLs understand that, although the Equity Bank Accounts were opened, they were not used to any significant extent by the FTX International Platform.

78. In the meantime, in January 2022, FTX DM opened USD bank accounts in its name (the "**USD Silvergate Accounts**") at Silvergate Bank. The USD Silvergate Accounts comprised an account titled the "USD Custodial Account" (the bank statements for which included in their heading: "*For exclusive benefit of its customers*") and an account titled the "USD Network Account" which was designated to receive fiat from those Users who also had a Silvergate account and who participated in Silvergate's "SEN" programme, allowing for immediate transfers from a User's SEN account to the USD Network Account. ("SEN" refers to "Silvergate Exchange Network" and was an account which allowed account holders to send funds immediately, 24 hours a day, to the account of another SEN account holder, such as FTX DM's USD Network Account.)
79. From January 2022, it appears that the USD Silvergate Accounts began receiving USD fiat from Users of the FTX International Platform, instead of such fiat being sent to the Alameda Bank Accounts.
80. Credits to the USD Silvergate Account were then reflected as credits to that User's Account in USD, with deposits into either or both the USD Custodial Account and the USD Network Account appearing as a single USD credit balance in the User's Account on the FTX International Platform. It appears, therefore, that the two USD Silvergate Accounts were treated as a single mixed fund of USD.
81. At some stage prior to April 2022, FTX DM opened accounts with another financial institution in CAD, EUR, GBP and CHF (the "**FI Accounts**", and together with the Equity Bank Accounts and the USD Silvergate Accounts, the "**Digital Accounts**"). The FI Accounts were marked "FBO" without any express designation as to who they were "for the benefit of".
82. From at least early April 2022 (in respect of the CAD, EUR and GBP accounts) and from early June 2022 (in respect of the CHF account) those FI Accounts began receiving and

holding fiat in those currencies from Users of the FTX International Platform and became the primary accounts for the receipt of fiat, although some fiat was still sent to the Alameda Bank Accounts. Credits to the FI Accounts in those currencies were then reflected as credits to that User's Account on the FTX International Platform in the relevant currencies.

83. It would appear that the intention behind the opening of all of these bank accounts in FTX DM's name was that the existing Users of the FTX International Platform would become customers of FTX DM.

(10) Amendments to the Feb ToS

84. As noted above, the ToS before 3 December 2021 stated that the FTX International Platform did not accept fiat currency. Aside from that change, the ToS remained the same up to and including the ToS dated 28 February 2022 (the Feb ToS). The Feb ToS made reference to the facilities which the JPLs understand were available on the FTX International Platform for many or most customers:

Services	Clause/page
Convert Digital Asset to another Digital Asset	5/3
Futures Contracts – quarterly or perpetual	6/4
Leveraged Tokens	7/4

At pages [60]-[78] of Exhibit “BCS-1” is a copy of the Feb ToS.

85. The Feb ToS were expressed to be governed by the laws of Antigua and Barbuda, and contained an arbitration agreement by which the parties agreed to submit to arbitration in accordance with the Antigua and Barbuda Arbitration Act (Cap 33).
86. On 13 May 2022 the entirely new May ToS were posted on the FTX International Platform's website. The May ToS were clearly intended to replace the Feb ToS in their entirety. The May ToS set out more Services offered to Users (called Specified Services) and identified which of FTX DM, FTX Trading or LTB would be providing them:

Service Provider	Specified Service	Sched
FDM	Spot Market	2
FDM	Spot Margin Trading	3
FDM	OTC/OEP Portal	4

FDM	Futures Market	5
FDM	Volatility Market (Options Contract)	6
FDM	Volatility Market (MOVE Vol Contracts)	7
FTXT	Leveraged Tokens Spot Market	8
FTXT	Volatility Market (BVOL/iBVOL Tokens)	9
LT Baskets Ltd	Issuing/redeem Leveraged/BVOL/iBVOL Tokens	10
FTXT	NFT Market	11
FTXT	NFT Listing	12

At pages [79]-[140] of Exhibit “BCS-1” is a copy of the May ToS.

- 87.** The May ToS were expressed to be governed by English law, and contained an arbitration clause.
- 88.** It is a question of legal analysis as to whether, and if so when, the May ToS superseded the Feb ToS. That in part turns on whether the May ToS replaced the Feb ToS as a result of legal novation or an amendment or both, and whether that occurred under powers given under the Feb ToS or the May ToS or both.
- 89.** It would appear that:
- (1) all Users who registered for the first time after 13 May 2022 were bound by (and only ever by) the May ToS;
 - (2) Users who had registered before 13 May 2022 were bound by the May ToS from (at the latest) when they first logged onto the FTX International Platform after 13 May 2022 to use any Service;
 - (3) Users who had registered before 13 May 2022 but who never logged onto the FTX International Platform to use any Service after 13 May 2022 remained bound by the Feb ToS.
- 90.** The explanation why some Specified Services appear to have remained with FTX Trading under the May ToS appears to be that the SCB was not willing for FTX DM as a regulated entity to provide those services. For instance, NFTs fell outside the scope of the DARE Act (s. 3(2)(e)).

(11) Role of FTX DM in relation to the Specified Services

91. Some of the Services expressly referred to in the Feb ToS are stated in the May ToS to be provided by FTX DM (spot market, futures market, leveraged tokens). The other Specified Services in the May ToS are not referred to in the Feb ToS at all. The JPLs' investigations are on-going as to the extent to which some, or all, of such services not mentioned were nevertheless provided on the FTX International Platform prior to 13 May 2022.
92. It is a matter of legal analysis whether Services which, under the Feb ToS, were provided by FTX Trading and which under the May ToS were stated to be provided by FTX DM, were transferred to FTX DM, and if so by what means.
93. It appears, though, that FTX DM was intended to step into the shoes of FTX Trading in respect of those Specified Services allocated to it, to the extent that, prior to the commencement of the May ToS, they had been provided by FTX Trading. FTX DM was not acting, for example, as agent for FTX Trading, which would have been contrary to the entire purpose of the "migration".

(12) Obligor in respect of Users' Accounts

94. As noted above, in practice any credit balance on a User's Account in fiat gave the User the ability to withdraw that fiat and transfer it to an account off the FTX International Platform. Similarly, any credit balance in a digital asset gave the User the ability to request the transfer of that digital asset to a public address, in respect of which the User held the private key. This gives rise to two questions:
- (1) who is obliged to transfer that fiat or those digital assets, which is the question addressed in this section; and
 - (2) what is the legal nature of that obligation (is it a personal obligation or a proprietary/trust obligation). That is addressed in Section 15 below.
95. Under the Feb ToS (and its predecessors) there was only one FTX entity which would have been the obligor under Users' Accounts, being FTX Trading.

96. Under the May ToS there are two principal obligors: FTX DM or FTX Trading. In addition LTB is stated to provide token issuance and redemption services for leveraged tokens and BVOL/iBVOL tokens.

97. It would appear as regards the Accounts that there is a unified obligation in respect of any one User, and therefore the obligations can only sensibly be owed by *either* FTX Trading or FTX DM, not both. Furthermore, it is apparent that FTX DM assumed the obligations to Users in respect of the Accounts in light of the matrix of facts surrounding the “migration” including (without limitation):

- (1) that the KYC updating process was only necessary if Users were “migrating” to FTX DM, and the core contractual relationship was in respect of Users’ Accounts;
- (2) that, while “Accounts” were not part of the Services or Specified Services, nevertheless the majority of the Specified Services under the May ToS were provided by FTX DM, and the most used Specified Service (perpetual futures) was provided by FTX DM under the May ToS;
- (3) that the FTX group intended to move its headquarters from HKSAR to The Bahamas and to bring itself within the regulation of the DARE Act and the SCB and FTX DM was to be the only regulated entity within the FTX group of companies. It would have been inconsistent with that intention if the important Account obligations were to remain with the unregulated FTX Trading;
- (4) that the AML/CFT Risk Assessment document dated August 2021 stated (page 3) that “*FDM will operate a digital platform*” and the Marketing Policy dated August 2021 stated (page 7) that “*FDM operates one website ...*” which indicates that it is FTX DM that is principally responsible for the FTX International Platform, and hence for (among other things) the Accounts; and
- (5) (as discussed in Section 13 below) that insofar as FTX DM controlled the private keys to the digital assets which had been transferred by Users to the FTX International Platform, it would be assumed to have ownership of all relevant assets. It would, therefore, have been incongruous if FTX DM did not also have the obligation constituted by the Account to transfer equivalent digital assets to the User upon a withdrawal request. If FTX DM was the obligor in respect of

digital assets standing to the credit of a User's Account, it would have been similarly incongruous if FTX DM was not also the obligor in respect of fiat standing to the credit of a User's Account. All the more so in circumstances where USD fiat was regarded as interchangeable with certain USD-linked stablecoins.

At pages [155]-[175] and [176]-[185] respectively are copies of the AML/CFT Risk Assessment and Marketing Policy respective.

(13) Owner of assets (digital assets and fiat/account debts)

98. It would appear that the legal owner of digital assets is the person who controls the relevant private key. Prior to late 2021 or early 2022, that was clearly FTX Trading. From at least 13 May 2022, it was FTX DM who owned the digital assets in light of the matrix of facts surrounding the "migration" including (without limitation):

- (1) in August 2021, under the name of FTX DM, a "Safeguarding of Assets & Digital Token Management Policy" (the "**Policy Document**") was drafted which assumed that all relevant assets transferred by Users were held by FTX DM (it does not draw a distinction between new Users and existing Users);
- (2) insofar as the private keys were deployed by the code, then FTX DM clearly had authority to use at least that aspect of the code; and
- (3) insofar as the private keys were in the control of individuals who were based in The Bahamas and employed by FTX DM, then FTX DM had control over the private keys for that reason.

At pages [186]-[195] of Exhibit "**BCS-1**" is a copy of the Policy Document.

99. Once FTX DM opened its own bank accounts, fiat from Users was deposited in those accounts and so FTX DM was clearly the legal owner of those deposits as the account-holder.

100. As noted above, when Users transferred fiat to the Alameda Bank Accounts, that then constituted a debt from ARL to (originally) FTX Trading. The question is whether that cause of action against ARL then transferred to FTX DM. Since (as set out in Section 12

above), it would appear that FTX DM became the obligor under the Accounts in place of FTX Trading, it would be inconsistent with that obligation for the ARL debt not also to transfer from FTX Trading to FTX DM.

(14) Rights of owner to use such assets

101. FTX DM in fact:

- (1) mixed digital assets or fiat received from Users with other digital assets or fiat received from other Users; and
- (2) used such digital assets and fiat for its own purposes, without segregating them from its own digital assets/fiat.

It would seem that FTX DM, as legal owner, had the right to so deal with those assets, subject to the rights of Users discussed in Section 15 below.

(15) Nature of rights of Users

102. This is a key question for Users, as demonstrated by correspondence received from investors.

103. It is a matter of legal analysis whether Users' rights against the owner of the digital assets and fiat are personal or proprietary, in light of the relevant factual matrix, including the way in which FTX DM used the digital assets and fiat (see Section 14 above).

- (1) If merely personal rights then:
 - (a) in the case of fiat credit balances, they would be to pay fiat as a liquidated debt, in the same way as a bank has a personal obligation to pay a depositor;
 - (b) in the case of digital asset credit balances, they would be to transfer to the User equivalent digital assets, in the same way as a counterparty to a repo/repurchase agreement has a contractual obligation to transfer equivalent assets under the "off-leg" of that repo.
- (2) If proprietary rights then:

- (a) in the case of digital assets, it is a matter of legal analysis whether it is possible for Users:
 - (i) to retain full legal and beneficial title, in the same way that a bailor retains full beneficial and legal title to bailed goods; or
 - (ii) only to retain a beneficial interest, under a trust; and
- (b) in the case of fiat, whether it is a beneficial interest under a trust.

104. The situation might differ as between the Feb ToS (and previous ToS) and the May ToS.

105. The Feb ToS do not contain any express reference to Users retaining any proprietary interest in digital assets or fiat once the User has transferred them to the FTX International Platform.

106. It is presently unclear if and when the Policy Document was published on the FTX website but it states (among other things) that FTX DM “will ensure that”:

- (1) “Customer assets (both fiat and virtual assets) are segregated from its assets”;
- (2) “All third-party providers are aware that customer funds do not represent property of FDM [FTX DM] and are therefore protected from third-party creditors”; and
- (3) “All third-party providers are aware that customer assets are held in trust”.

107. It states that “Customer monies will be appropriately ring-fenced to protect from: ... The unlikely event FDM becomes insolvent”.

108. The May ToS introduced cl 8.2.6 which provides:

“All Digital Assets are held in your Account on the following basis:

(A) Title to your Digital Assets shall at all times remain with you and shall not transfer to FTX Trading. As the owner of Digital Assets in your Account, you shall bear all risk of loss of such Digital Assets. FTX Trading shall have no liability for fluctuations in the fiat currency value of Digital Assets held in your Account.

*(B) **None** of the Digital Assets in your Account are **the property of**, or shall or may be loaned to, **FTX Trading**; FTX Trading does not represent or treat Digital Assets in User's Accounts **as belonging to FTX Trading**.*

(C) You control the Digital Assets held in your Account. At any time, subject to outages, downtime, and other applicable policies (including the Terms), you may withdraw your Digital Assets by sending them to a different blockchain address controlled by you or a third party."

109. It is a question of legal analysis whether it is possible to have a bailment of digital assets and whether the May ToS creates a valid bailment of digital assets.
110. The Policy Document by contrast implies that a trust of both digital assets and fiat is intended. However, it is at present unclear to the JPLs whether the Policy Document was expressly incorporated into any ToS.
111. It is a question of legal analysis whether, in light of the Policy Document, cl 8.2.6 should be recharacterized as an intention merely to reserve to the Users the beneficial interest, not "title".
112. By contrast, the May ToS specifically refers to the creation of a trust in one particular, narrow circumstance (cl 9.2). Moreover, the LTB Collateral Agreement might be seen to be inconsistent with FTX Trading (and, to the extent FTX DM steps into FTX Trading's shoes, FTX DM) holding digital assets on trust prior to the relevant User posting them as collateral, since if those digital assets were always held on trust, then the trustee could simply declare that it now held them for the counterparty for so long as the margin had to be posted. It would not be necessary for the digital assets to be transferred to another entity entirely (LTB) to hold on trust for the counterparty.

(16) Appointment of representative creditors

113. It may be seen from the description of the various complex issues in this case that this application is one where the Court is likely to be assisted by adversarial argument.
114. Persons with claims or potential claims against FTX DM will, or may, wish to be heard on the following questions, including whether:
 - (1) Users who registered on the FTX International Platform for the first time on or after 13 May 2022 were bound only by the May ToS;

- (2) Users who registered on the FTX International Platform prior to 13 May 2022 and continued to use it after 13 May 2022 were bound by the May ToS from (at the latest) when they first logged onto the FTX International Platform after 13 May 2022 and used any Service;
 - (3) Users who had registered prior 13 May 2022 but who never logged onto the FTX International Platform to use any Service after 13 May 2022 remained bound by the Feb ToS;
 - (4) The counterparty in respect of perpetual future contracts transacted on the FTX International Platform on or after 13 May 2022 was FTX DM or a User; and
 - (5) Any User has a trust claim or other type of proprietary claim against FTX DM.
- 115.** As to sub-paragraph 114(5) above, certain people have made claims that their assets are held on trust. After this application has been issued the JPLs intend to contact these parties to inquire whether one or more would be prepared to act as a representative party to advance arguments that Users' assets are held on trust by FTX DM and, if yes, the rights and obligations associated with the trust.
- 116.** As to the appointment of representative parties in relation to the issues identified at subparagraphs 114(1) to (4) above, after issue of this Summons, prior to the first hearing of the application the JPLs will seek to engage with appropriate representative parties who might be willing to act in a representative capacity.
- 117.** In the event that the Court appoints one or more representative parties in relation to certain issues, in order to assist the Court and in the interests of ensuring that all arguments are canvassed before the Court and saving costs, the JPLs would propose advancing arguments against those being advanced by the representative parties. So, for example, the JPLs would advance arguments against the proposition that digital assets and fiat currency are held on trust, alternatively, if there is a trust, the JPLs would advance arguments on the type of trust and the availability or otherwise of tracing. JPLs reserve the right to put an affirmative case on any questions arising from this Summons which the JPLs consider affect issues fundamental to the liquidation including the rights of persons other than Users/Customers.

118. If no representative party is willing to appear on any particular issue the JPLs would seek to address both sides of the argument. It is obviously important for the Court to hear both sides of the argument. It is also important that the Court hears arguments on behalf of unsecured creditors.

Conclusion

119. There is some urgency in obtaining the directions sought in this Summons. Until directions have been given by this Honourable Court, there will be no clarity as to the rights of Users or of the assets to which FTX DM is entitled. The issues are complicated and are likely to take some time to unravel. Given the sums involved, as indicated above, there are also likely to be one or more appeals from the directions of this Honourable Court. For these reasons the JPLs have made this application without having information that is currently in the control of the Chapter 11 Debtors. However, as information is released by the Chapter 11 Debtors it is anticipated that the factual position will become clearer as the application progresses. If it does, then the JPLs will file further evidence updating the factual position.

SWORN TO before me this)
[x] day of March, 2023 at)
Nassau, N.P., The Bahamas)

.....

Before me,

.....

NOTARY PUBLIC

COMMONWEALTH OF THE BAHAMAS

2022

IN THE SUPREME COURT

COM/com/00060

COMMERCIAL DIVISION

IN THE MATTER OF the Digital Assets and Registered Exchanges Act, 2020
(as amended)

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

CERTIFICATE

I hereby certify that the attached are true copies of **Exhibits "BCS-1"** referred to in the Fifth Affidavit of Brian Simms KC sworn before me this **15th day of March A.D., 2023.**

NOTARY PUBLIC

TAB A

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
COMMERCIAL DIVISION



2022
COM/com/

IN THE MATTER OF the Digital Assets and Registered Exchanges Act,
2020 (as amended)

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

**ORDER FOR APPOINTMENT OF
PROVISIONAL LIQUIDATOR**

Before His Lordship, the Honourable Mr. Chief Justice Ian Winder

Dated the 10 day of November, A.D., 2022

UPON THE APPLICATION by an unfiled Summons for Directions dated 10th November 2022 on behalf of the Petitioner/Application, the Securities Commission of The Bahamas (**"the Applicant"**) for an Order that Mr. Brian Cecil Simms KC be appointed provisional liquidator of FTX Digital Markets Ltd. (**"the Company"**).

AND UPON HEARING Mr. Gladstone Brown of Counsel for the Applicant, and Mrs. Sophia T. Rolle-Kapousouzoglou with Mr. Valdere J. Murphy of Counsel for the proposed liquidator.

AND UPON reading the unfiled Petition of the Applicant.

AND UPON READING the unfiled Affidavit of Christina Rolle, Executive Director of the Securities Commission of The Bahamas and the unfiled Affidavit of Brian Cecil Simms KC.

AND UPON the Applicant undertaking by its counsel to pay any damage suffered by the Company, as a result of this order and/or the appointment of a provisional liquidator in the event that the winding up petition is ultimately withdrawn or dismissed.

AND UPON COUNSEL for the Applicant giving an undertaking to file the aforementioned unfiled Petition, Summons for Directions, Affidavit of Christina Rolle and Affidavit of Brian Simms KC as soon as reasonably practicable.

IT IS HEREBY ORDERED that: -

1. Mr Brian Cecil Simms KC of 3 Bayside Executive Park, West Bay Street and Blake Road, Nassau, N.P., The Bahamas be appointed provisional liquidator of the Company (**“the Provisional Liquidator”**).
2. The Provisional Liquidator is hereby authorised to take any action that he considers fit under the Companies (Winding Up Amendment) Act 2011 (**“the Act”**), section 199(4) to maintain the value of the assets owned or managed by the Company or to carry out the functions for which he was appointed including,
 - a. with the sanction of the court, those powers contained in Part I of the Fourth Schedule of the Act; and
 - b. with or without that sanction the exercise of the general powers specified in Part II of the Fourth Schedule of the Act.
3. For the avoidance of doubt, the above-mentioned powers include a power to dispense with the services of the directors and other management of the Company, but the exercise of that power is without prejudice to the duties of the directors and officers under section 230 of the Act.
4. Until further order the Company’s directors have no further authority to act or exercise any functions for or on behalf of the Company unless expressly instructed to do so in writing by the Provisional Liquidator.
5. Until further order of this Court the Provisional Liquidator is directed to take all and any necessary steps that he considers fit to protect the assets of the Company wheresoever situate including any assets held on trust by the Company.

6. The remuneration and expenses of the Provisional Liquidator shall be paid out of the assets of the Company in any event.
7. The Winding-Up Petition shall be adjourned to the 10th February 2023 at 10:00am.
8. The Affidavits of Christina Rolle and Brian Cecil Simms KC and other documents to be filed herein save for the petition, and provisional liquidation order shall be sealed and kept confidential until the return date which is set for 10th February 2023 or until further Order.

BY ORDER OF THE COURT

REGISTRAR

This Order was drawn up by the Securities Commission of The Bahamas, 2nd Floor Poinciana House, North Building, 31A East Bay Street, Nassau, N.P., The Bahamas, Attorneys for the Petitioner/Applicant

PENAL NOTICE

IF YOU FTX DIGITAL MARKETS LTD., WHETHER BY ITSELF, ITS DIRECTORS, EMPLOYEES, SERVANTS, AGENTS OR OTHERWISE DISOBEY THIS ORDER YOU MAY BE HELD TO BE IN CONTEMPT OF COURT AND MAY BE IMPRISONED, FINED OR HAVE YOUR ASSETS SEIZED.

ANY OTHER PERSON WHO KNOWS OF THIS ORDER AND DOES ANYTHING WHICH HELPS OR PERMITS THE BREACH OF THE TERMS OF THIS ORDER MAY ALSO BE HELD TO BE IN CONTEMPT OF COURT AND MAY BE IMPRISONED, FINED OR HAVE THEIR ASSETS SEIZED.

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

IN THE MATTER OF the Digital Assets and
Registered Exchanges Act, 2020 (as
amended)

AND IN THE MATTER OF
FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

AND IN THE MATTER OF the
Companies (Winding Up Amendment) Act, 2011

ORDER FOR APPOINTMENT OF
PROVISIONAL LIQUIDATOR

2022
COM/com

Securities Commission of The Bahamas

Securities Commission of The Bahamas
2nd Floor Poinciana House,
North Building
31A East Bay Street
Nassau, N.P., The Bahamas
Attorneys for the Petitioner/Applicant

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
COMMERCIAL DIVISION



2022
COM/com/

IN THE MATTER OF the Digital Assets and Registered Exchanges Act,
2020 (as amended)

AND IN THE MATTER OF the Companies (Winding Up Amendment) Act, 2011

AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

ORDER FOR APPOINTMENT OF
ADDITIONAL PROVISIONAL LIQUIDATORS

Before His Lordship, the Honourable Mr. Chief Justice Ian Winder

Dated the 14th day of November, A.D., 2022

UPON THE APPLICATION by an Ex-Parte Summons filed herein on 14th November 2022 on behalf of Mr. Brian Cecil Simms KC, the Provisional Liquidator ("the Provisional Liquidator") of FTX Digital Markets Ltd. ("the Company").

AND UPON HEARING Mrs. Sophia T. Rolle-Kapousouzoglou with Mr. Valdere J. Murphy of Counsel for the Provisional Liquidator and Mr. Gawaine Ward with Mr. Gladstone Brown of Counsel for the Securities Commission of The Bahamas.

AND UPON reading the Affidavits of Brian Simms KC, Kevin Cambridge and Peter Greaves collectively filed herein on 14th November 2022.

IT IS HEREBY ORDERED that: -

1. Messrs. Kevin G Cambridge and Peter Greaves respectively of PricewaterhouseCoopers Advisory (Bahamas) Limited and PricewaterhouseCoopers

Limited (incorporated in Hong Kong) be appointed Joint Provisional Liquidators alongside Mr. Brian Cecil Simms KC (“**the JPLs**”).

2. The appointment of Messrs. Kevin G. Cambridge and Peter Greaves will take effect on the same terms as paragraphs 2 to 5 of the Order for Appointment of Provisional Liquidator made by this Honourable Court 10 November 2022 (filed herein on 11th November 2022) pursuant to which Mr. Brian Cecil Simms KC was appointed a provisional liquidator by the Honourable Mr. Chief Justice Ian Winder, specifically:

2.1. The JPLs are hereby authorised to take any action that they consider fit under the Companies (Winding Up Amendment) Act 2011 (“**the Act**”), section 199(4) to maintain the value of the assets owned or managed by the Company or to carry out the functions for which they were appointed including,

a. with the sanction of the court, those powers contained in Part I of the Fourth Schedule of the Act; and

b. with or without sanction of the Court the exercise of the general powers specified in Part II of the Fourth Schedule of the Act.

2.2. For the avoidance of doubt, the above-mentioned powers include a power to dispense with the services of the directors and other management of the Company, but the exercise of that power is without prejudice to the duties of the directors and officers under section 230 of the Act.

2.3. Until further order the Company’s directors have no further authority to act or exercise any functions for or on behalf of the Company unless expressly instructed to do so in writing by the JPLs.

2.4. Until further order of this Court the JPLs are directed to take all and any necessary steps that they consider fit to protect the assets of the Company wheresoever situate including any assets held on trust by the Company.

3. The JPLs are authorized to act jointly and severally.
4. That the Affidavit of Brian Simms KC filed herein on 14th November 2022 relied on in support of this application be sealed.
5. The remuneration and expenses of the JPLs shall be paid out of the assets of the Company in any event.
6. The costs of and occasioned by this application be paid out of the assets of the Company.

BY ORDER OF THE COURT

REGISTRAR

This Order was drawn up by Lennox Paton, Chambers, 3 Bayside Executive Park, West Bay Street and Blake Road, Nassau, The Bahamas, Attorneys for the Provisional Liquidator

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

IN THE MATTER OF the Digital Assets and
Registered Exchanges Act, 2020 (as amended)

AND IN THE MATTER OF
FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)

AND IN THE MATTER OF the
Companies (Winding Up Amendment) Act, 2011

ORDER FOR APPOINTMENT OF
ADDITIONAL PROVISIONAL LIQUIDATORS

2022
COM/com


LENNOX PATON

Chambers
No. 3 Bayside Executive Park
Blake Road and West Bay Street
Nassau, New Providence
The Bahamas
Attorneys for the Provisional Liquidator

ANNEX A

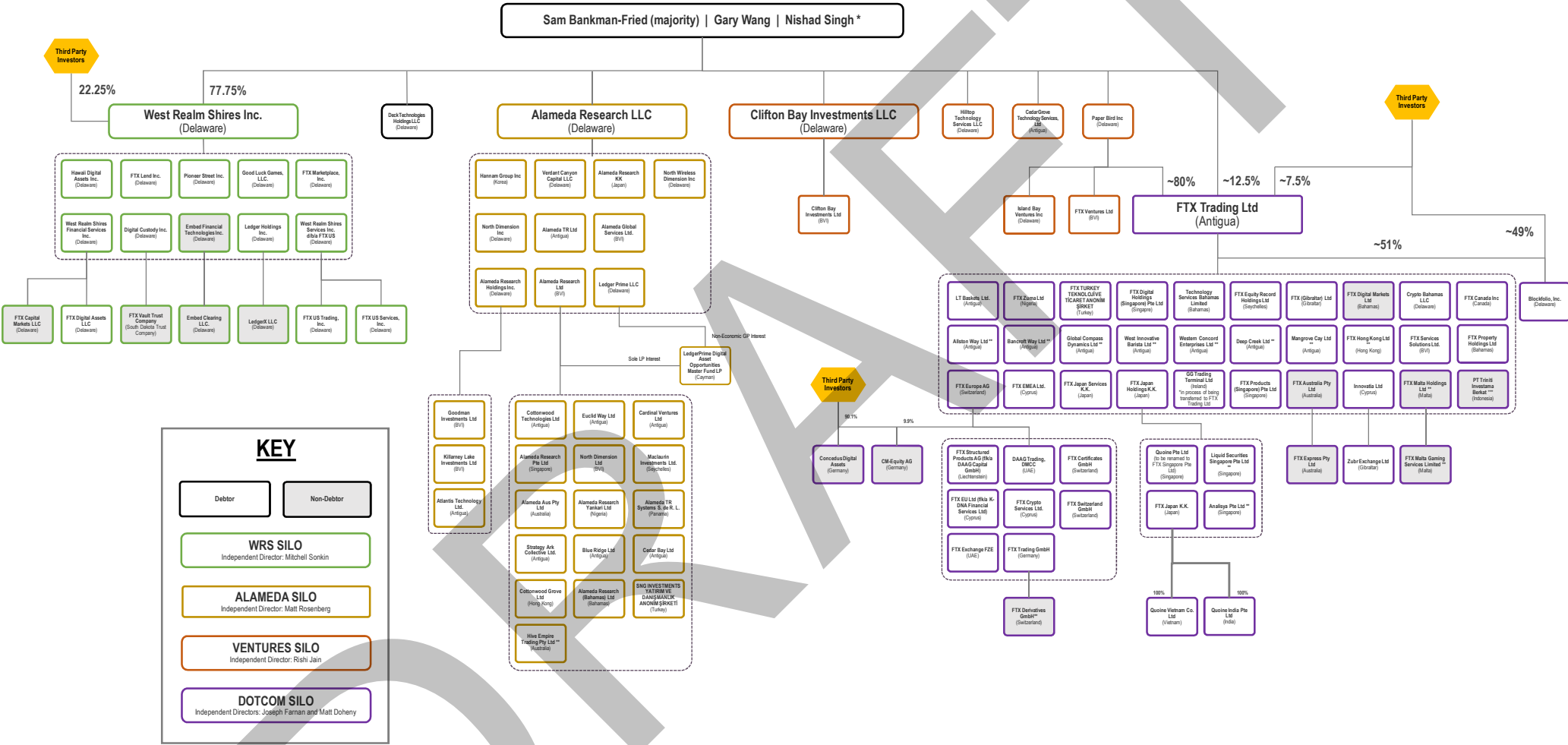
1. Alameda Aus Pty Ltd
2. Alameda Global Services Ltd.
3. Alameda Research (Bahamas) Ltd
4. Alameda Research Holdings Inc.
5. Alameda Research KK
6. Alameda Research LLC
7. Alameda Research Ltd
8. Alameda Research Pte Ltd
9. Alameda Research Yankari Ltd
10. Alameda TR Ltd
11. Alameda TR Systems S. de R. L.
12. Allston Way Ltd
13. Analisisya Pte Ltd
14. Atlantis Technology Ltd.
15. Bancroft Way Ltd
16. Blockfolio, Inc.
17. Blue Ridge Ltd
18. Cardinal Ventures Ltd
19. Cedar Bay Ltd
20. Cedar Grove Technology Services, Ltd
21. Clifton Bay Investments LLC
22. Clifton Bay Investments Ltd
23. Cottonwood Grove Ltd
24. Cottonwood Technologies Ltd.
25. Crypto Bahamas LLC
26. DAAG Trading, DMCC
27. Deck Technologies Holdings LLC
28. Deck Technologies Inc.
29. Deep Creek Ltd
30. Digital Custody Inc.
31. Euclid Way Ltd
32. FTX (Gibraltar) Ltd
33. FTX Canada Inc
34. FTX Certificates GmbH
35. FTX Crypto Services Ltd.
36. FTX Digital Assets LLC
37. FTX Digital Holdings (Singapore) Pte Ltd
38. FTX EMEA Ltd.
39. FTX Equity Record Holdings Ltd
40. FTX EU Ltd.
41. FTX Europe AG
42. FTX Exchange FZE
43. FTX Hong Kong Ltd
44. FTX Japan Holdings K.K.

45. FTX Japan K.K.
46. FTX Japan Services KK
47. FTX Lend Inc.
48. FTX Marketplace, Inc.
49. FTX Products (Singapore) Pte Ltd
50. FTX Property Holdings Ltd
51. FTX Services Solutions Ltd.
52. FTX Structured Products AG
53. FTX Switzerland GmbH
54. FTX Trading GmbH
55. FTX Trading Ltd
56. FTX TURKEY TEKNOLOJİ VE TİCARET ANONİM ŞİRKET
57. FTX US Services, Inc.
58. FTX US Trading, Inc
59. FTX Ventures Ltd
60. FTX Zuma Ltd
61. GG Trading Terminal Ltd
62. Global Compass Dynamics Ltd.
63. Good Luck Games, LLC
64. Goodman Investments Ltd.
65. Hannam Group Inc
66. Hawaii Digital Assets Inc.
67. Hilltop Technology Services LLC
68. Hive Empire Trading Pty Ltd
69. Innovatia Ltd
70. Island Bay Ventures Inc
71. Killarney Lake Investments Ltd
72. Ledger Holdings Inc.
73. LedgerPrime Bitcoin Yield Enhancement Fund, LLC
74. LedgerPrime Bitcoin Yield Enhancement Master Fund LP
75. LedgerPrime Digital Asset Opportunities Fund, LLC
76. LedgerPrime Digital Asset Opportunities Master Fund LP
77. Ledger Prime LLC
78. LedgerPrime Ventures, LP
79. Liquid Financial USA Inc.
80. LiquidEX LLC
81. Liquid Securities Singapore Pte Ltd
82. LT Baskets Ltd.
83. Maclaurin Investments Ltd.
84. Mangrove Cay Ltd
85. North Dimension Inc
86. North Dimension Ltd
87. North Wireless Dimension Inc
88. Paper Bird Inc

89. Pioneer Street Inc.
90. Quoine India Pte Ltd
91. Quoine Pte Ltd
92. Quoine Vietnam Co. Ltd
93. SNG INVESTMENTS YATIRIM VE
DANIŞMANLIK ANONİM
ŞİRKETİ
94. Strategy Ark Collective Ltd.
95. Technology Services Bahamas
Limited
96. Verdant Canyon Capital LLC
97. West Innovative Barista Ltd.
98. West Realm Shires Financial
Services Inc.
99. West Realm Shires Inc.
100. West Realm Shires Services Inc.
101. Western Concord Enterprises
Ltd.
102. Zubr Exchange Ltd

PRELIMINARY ORGANIZATIONAL CHART

Last updated: Draft of November 20, 2022



* Percentages directly held by each of Sam Bankman-Fried, Gary Wang and Nishad Singh in individual entities varies.
 ** Indicates non-operational subsidiary entity.
 *** 99% held by FTX Trading Ltd.

IBC No.: 17180



ANTIGUA AND BARBUDA
FINANCIAL SERVICES REGULATORY COMMISSION

CERTIFICATE OF INCORPORATION

FTX TRADING LTD.

The undersigned **HEREBY CERTIFIES**, pursuant to Section 9 of the International Business Corporations Act, Cap. 222, of the Revised Laws of Antigua and Barbuda, that the above named company was incorporated under the laws of Antigua and Barbuda and has complied with all the requirements of the said Act.

Chief Executive Officer
Financial Services Regulatory Commission

REGISTERED AT: **ST. JOHN'S ANTIGUA, ON APRIL 02, 2019**



Our Mission

FTX is a cryptocurrency derivatives exchange that offers futures, leveraged tokens and OTC trading. Currently, futures exchanges have many crippling flaws holding the space back. Our mission is to solve these problems and move the derivatives space toward becoming institutional grade. We launched FTX in April and already have among the world's most liquid orderbooks. FTX futures have traded more than \$100m per day recently, and FTX OTC has traded another \$30m. Our goal is to become as profitable as Bitmex and OKEx within a year. This is not an easy feat, but we've received overwhelming support from top industry players who have reaffirmed the demand for a well designed derivatives exchange. We want to scale up as quickly as possible and build a community of strong supporters, and so we are conducting a token raise for people who want to help grow FTX.

Why Invest? -- All-Star Team

FTX was built with a lot of features to differentiate us from our competitors, but its greatest strength lies in the team behind it. We are confident that FTX has massive potential to rise to the top because we have proven time and time again our ability to enter a crowded market, disrupt the status quo and become one of the dominant players. We have consistently demonstrated our ability to innovate, execute and grow rapidly. These qualities have served us well in helping us stay one step ahead of the competition. There is an enormous untapped potential in the derivatives market, and we are excited to repeat our success with FTX. We'd be ecstatic for investors and supporters to join us on this journey.

Track Record of Proven Success

Team Background

We come from leading Wall Street quant funds and tech companies: Jane Street, Optiver, Susquehanna, Facebook and Google. The traditional secondary market is our bread and butter. We have backgrounds in equity derivatives trading; we understand both how derivatives are traditionally designed, and what derivatives there is market demand for.

Alameda Research

FTX is backed by Alameda Research, a ~\$100million AUM quantitative cryptocurrency trading firm. Within a year, Alameda Research became the largest liquidity provider and market maker in the space. Alameda trades \$600 million to 1 billion a day, accounts for roughly 5% of global volume and is ranked 2nd on [the BitMEX leaderboard](#).

OTC

In 2018 we launched an automated [OTC RFQ system](#). In spite of the bear market and competitive OTC landscape, we were able to quickly scale our volume to \$30million per day without much marketing. Because we were able to offer some of the tightest spreads in the industry with fast settlement and no fees, we grew by word of mouth and became a source of liquidity for well known OTC desks and exchanges. We also built a world class portal, with an intuitive UI and API, and an easy to use settlement system. We expect our volumes to grow substantially when we start our marketing efforts. The OTC portal [has been integrated](#) into the FTX ecosystem, driving our OTC counterparties toward FTX.

FTX Features

History

Over the past 1.5 years, we have been one of the largest traders in the futures market. We ran into many problems with current futures exchanges that we believe are preventing the space from becoming sufficiently mature for institutions to trade in. Hoping to improve the ecosystem, we've written countless white papers and given hours of feedback to these exchanges, but to no avail. Finally, we decided to take matters into our own hands and built FTX.

Features

Preventing Clawbacks

Current futures exchanges have frequent large clawbacks leading to losses in the millions of dollars due to poorly designed risk management systems. FTX significantly reduces the likelihood of clawbacks from ever occurring by using a three-tiered liquidation model.

1. We first close positions down carefully with rate-limited liquidation orders in the market.
2. We have a unique backstop liquidity provider program which jumps in to provide to accounts in danger of bankruptcy.
3. We leverage the insurance fund to prevent customer losses.

See [here](#) for a detailed explanation.

Centralized Collateral Pool + Universal Stablecoin Settlement

With existing futures exchanges, collateral is required to be posted in separate margin accounts for different products (e.g. spot margin trading, futures and etc).

Additionally, the type of collateral required differs depending on what contract is being traded (e.g. Ripple perpetual swaps require XRP to be posted as collateral), resulting in capital being fractured across many different tokens. This makes it cumbersome to rebalance positions (e.g. having to liquidate another token to top up an XRP margin account). And in the case of short positions, this system is particularly counterintuitive since traders must purchase the very token they are intending to short.

Instead of posting collateral in multiple accounts and tokens, FTX uses a system similar to mature traditional futures markets today, whereby traders post collateral in a single currency.

FTX derivatives are stablecoin settled and share collateral in one universal margin wallet. This means that traders can deposit stablecoins as collateral for all derivative products, and their PNL is settled in stablecoins. Stablecoins allow traders to get legitimate USD-based price exposure and settlement, without needing a bank account. Using the same base currency as collateral for all of the contracts also makes it easier to shift positions around.

Side note:

However, not all stablecoins are eligible. In order for a stablecoin to be eligible for usage on the FTX platform, it must have proven itself to have a smooth redemption process and consistently trade close to par. Currently, USDC and TUSD are the stablecoins that best fit those requirements.

Non-inverted futures

FTX futures are standard, rather than inverted. This means that they are truly BTC/USD futures and not USD/BTC futures. Thus a user's USD PnL is simply (number of BTC contracts) * (change in price), the orderbook straightforwardly displays a number of BTC futures, and that closing a position just means selling off the number of BTC contracts you own.

Innovative New Product: Leveraged Tokens

Currently, there doesn't exist a way to short or put on leveraged positions on many spot exchanges. Traders have to trade on margin or futures exchanges like Bitfinex, Okex and Bitmex. This can be more complicated for retail traders because they need to deal with funding rates, borrowing costs, and constantly have to monitor their positions to avoid being margin called. Not only that, traders are also exposed to the risk of losing significant funds, especially given high-profile failures of liquidity we've seen on futures exchanges recently.

Leveraged Tokens allow traders to take short or leveraged positions without having to trade on margin or futures exchanges. Say a trader wants to 3x short bitcoin. They can simply buy a 3x short bitcoin leveraged token on FTX. This process is as easy as buying BTC or ETH on a spot exchange. We offer 3x, -1x and -3x leveraged tokens for BTC, ETH, XRP, EOS, USDT, BNB, TRX, LEO, and BCH, and looking to add more in the future. With these tokens, traders can put on leveraged tokens in a more capital efficient way, requiring none of their assets to be stored in a margin wallet.

Leveraged Tokens are ERC20, which means they can also be listed on other spot exchanges. This enables spot exchanges to offer inverse price action and leverage positions to their customers without needing to implement their own margin trading and liquidation engine.

See [here](#) for whitepaper and [here](#) for a detailed FAQ

OTC portal

FTX has an embedded [OTC portal](#), powered by Alameda Research. Users can buy and sell coins with the click of a button, accessing Alameda's deep liquidity pool with no fees. Users are already trading \$30m+ per day on the OTC portal.

Why FTX is Uniquely Good and Hard to Replicate

FTX is backed by Alameda Research, a thought leader and the largest liquidity provider in the secondary markets. This means:

Live Product

Unlike many exchanges and projects who are issuing a token raise, our exchange is already live and actually functional.

Liquidity

FTX is very liquid. It's already more liquid than every other futures exchange in crypto; only the BitMEX BTC perpetual futures are more liquid than FTX. This is *really* hard to replicate. No new exchanges will be able to, and those around for 5 years have only succeeded it doing it for a single contract.

Domain Expertise

FTX was designed by people who *really know the products*. Everything from collateral to maintenance margin to liquidation process to product offering was redesigned from the ground up by the heaviest user of the products.

The liquidation process in particular is very tricky and crucial to get right--see OKEx's clawbacks--and Alameda has spent thousands of hours understanding exactly how these work and how they could be altered to prevent liquidations and clawbacks.

FTX's liquidation process is the best in the class and makes heavy use of Alameda's backing as a backstop market maker--though others are encouraged to become a backstop as well!

Pioneering New Products

We are the first exchange to offer USDT futures. USDT futures are game changers; there are lots of large crypto firms who desperately need some way to hedge USDT deltas given the historic volatility of Tether. We estimate that there is a demand for something like \$200m/day of USDT hedging and right now there's basically no alternative.

The counterparts to Leveraged Tokens in traditional markets are extremely popular. In crypto, this market is completely unexplored. Product design and management for leveraged tokens is tricky but it offers traders and exchanges a huge opportunity.

We foresee many of the current futures exchanges eventually switching to a stablecoin settlement design. Using stablecoins as collateral vastly simplifies the user experience, and also substantially decreases margin requirements and trading costs.

Strong Reputation and Network

Alameda plays an integral role in the crypto secondary markets. Because of this, Alameda has very strong relationships with existing desks and exchanges (Binance, Okex, Huobi, Circle, Trust Token and etc), and can leverage this to form valuable partnerships. It already has partnership offers from multiple large crypto institutions and exchanges.

Fast Development Cycle

FTX can leverage Alameda's tech team--an experienced, battle-tested group used to building complex crypto-trading systems under time pressure. This means that our development cycle is much shorter than others; we can roll out multiple large features per day.

Many of these things rely on Alameda's expertise, and that is very hard to replicate elsewhere.

Revenue Model

Exchange Fees

Maker and taker fees are 2bps and 7bps. To become a VIP, an account must trade over a certain volume and/or hold a certain number of FTT.

Leveraged Token Fees

Creation and redemptions fees are 10bps. Daily management fees are 3bps.

Other Fees

There will be a different fee structures for new FTX products like options, spot exchange, and margin trading.

Exemptions

There are no fees for deposit, withdrawal or futures settlement.

OTC

The OTC portal on FTX trades tens of millions of dollars per day and is quickly growing.

Strategies to Acquire Users and Grow Volume

Conventional PR/Marketing

For many new futures exchanges, the plan to acquire users and drive volume is typically a combination of the following:

- Release PR articles on traditional and established crypto news outlets for English, Chinese and Korean audiences.
- Employ influencers from social apps like Twitter, Reddit, Bitcointalk, Wechat, Kakaotalk, Telegram, Youtube, Medium, etc.
- Community Management
- AMA, interviews, 'ICO reviews'
- Affiliate programs
- Affiliate marketing and SEO
- Hosting meetups
- Bounty programs and Smart airdrops
- Trading competitions

FTX will employ a combination of the above to aggressively expand our brand.

While many new futures exchanges are limited to the conventional strategies listed above, FTX has access to other methods to acquire users and increase volumes effectively:

FTX OTC - One of the Tightest Spreads in the Industry

Without much marketing, our OTC volumes has been growing quickly. Our OTC desk is recommended by top crypto institutions and exchanges by word of mouth. With more marketing efforts, we are confident that the number of counterparties, large crypto institutions, trading firms and whales, will increase exponentially.

[We've integrated our OTC portal into FTX](#), giving all of our OTC counterparties easy access to derivatives. We estimate that our existing OTC user base account for something like \$350m/day of futures volume. We think we have a pretty good shot at getting at least \$75m/day of that.

FTX OTC - Stablecoin Fiat Gateway

We have strong relationships with the team behind TUSD and USDC. Through FTX OTC, our counterparties will be able to exchange between USD and TUSD/USDC at size. This is another reason why people will sign up for FTX.

Partnerships

We have brought on TUSD and USDC to become our stablecoin partners. We are on track to bringing on more strategic partners given our strong connections key players in the crypto primary and secondary market.

Listing New Leveraged Tokens on FTX

We will be reaching out to projects with huge communities to list their leveraged tokens. For example 10x bnb or tron leveraged tokens.

Listing Leveraged Tokens on Other Exchanges

We expect leveraged tokens to be listed on other venues within the next month or two. Leveraged tokens achieved their target exposure by buying and selling futures on FTX. Increasing leveraged tokens volume will also increase FTX futures volume. The BTC leveraged tokens are already listed on [ZBG](#).

Future Initiatives

In the future we are planning to add options, exchange traded tokens, lending, and spot margin trading to FTX.

Token Utility

FTT is the backbone of the FTX ecosystem. We have carefully designed incentive schemes to increase network effects and demand for FTT, and to decrease its circulating supply.

Increasing Utility of FTT

Token Burn

One third of all fees generated on FTX will be used for an FTT repurchase, until at least half of all FTT is burned. Any FTT bought this way will be burned.

Collateral

FTT can be used as collateral for futures positions. This increases utility and demand for FTT. The same applies when we launch margin trading in the future.

Discount on Trading Fees

Customers who hold a certain amount of FTT for a period of time will receive lower FTX futures fees. This will further increase demand for FTT. More information please click [here](#).

OTC rebates

Customers who hold enough FTT will receive rebates from all of their OTC trading on FTX.

OTC burn

There will be a repurchase and burning of FTT based on OTC volumes and revenue from the FTX OTC portal, powered by Alameda Research.

Socialized Gains

We've performed backtests and live simulations to see how FTX will fare during large market movements. While other futures exchanges suffered from clawbacks, FTX managed to net increase their insurance fund by a sizeable amount thanks to its unique backstop liquidity provider program. For instance, during a recent market move, Okex incurred ~\$3 million of clawbacks. Meanwhile, our demo simulation which mirrored positions on OKEx demonstrated no clawbacks and a net gain of a million to our insurance fund.

We are confident in FTX's ability to handle endangered accounts and will redistribute a portion of net insurance fund gains to FTT holders.

White Label Solutions

Several crypto institutions have expressed strong interest in purchasing a white label version of our OTC portal and futures exchange. We foresee that this trend will continue when we release other derivatives products like options. These white label solutions can be purchased in FTT.

Future Expansion

FTT is the backbone of the FTX ecosystem. There are many ways FTT will be used as we add more products and features to FTX. For instance, when we launch a spot exchange in the future, FTT will be used for initial exchange offerings.

Growth Potential

The top futures exchanges right now (BitMEX, OKEx, and Bitflyer) charge roughly 5bps/trade on roughly \$5b per day of volume, making roughly \$600m/year in revenue. That includes a moderately well designed product with a large existing userbase but no marketing, and two poorly designed ones with large userbases and substantial outreach.

The second tier involves exchanges like Deribit, which has a decent but unimaginative product, no marketing, no userbase, and little liquidity; it trades about \$300m/day and makes about \$100m/year in fees.

We think that FTX will be the most well thought out product among these; in the top tier of liquidity; have more appealing products; have built in flow from large institutional counterparties of ours; and have substantial room to innovate and grow over time. On the other hand it currently does not have a large built-in retail user base or marketing.

FTX has only existed for two months and it is already trading over \$100m/day, putting it in the second tier of derivatives exchanges.

Estimated FTX Volume

We are planning to get initial FTX volume from the following sources:

OTC

Alameda Research trades about \$30m/day OTC through its [RFQ portal](#). We have recently [integrated the portal into FTX](#) so that all of our counterparties have automatic access for FTX futures markets. Our counterparties trade hundreds of millions of dollars per day of futures, and so we are optimistic that we will be able to generate at least \$50m/day of FTX volume through our counterparties.

Crypto Trading Firms

FTX offers a lot of features that high volume crypto traders have been asking for: stablecoin settlement, portfolio margin, and a way to hedge USDT risk. We are reaching out to all of the major crypto trading firms, and have been getting very positive feedback and begun onboarding clients. We are hoping to get \$50m/day of volume from this initial batch of firms.

Leveraged Tokens

We have been in discussions with spot crypto exchanges about listing leveraged tokens. We believe that at least some will have listed leveraged tokens within the next month or two, giving their users easy access to FTX's futures. We believe this will get at least \$10m/day of FTX volume.

OTC Growth

We are reaching out to more and more firms about our OTC trading and onboarding them to the FTX portal. We hope to double our OTC volumes in the next few months and similarly add another \$25m/day of FTX volume through the new clients.

Because of these we are optimistic that \$250m/day of volume represents a floor for the exchange, with \$5b/day a real possibility. We are also optimistic that the initial growth in FTX volume will quickly encourage most of the top volume futures traders to onboard with the platform and see for themselves what the major advantages of our futures are.

In Closing

So far FTX has been offered exclusive partnerships and acquisition interest from various crypto institutions. We have turned down these opportunities because we strongly believe in our ability to make FTX a success. We are excited for you to join us on our journey to becoming a leading derivatives exchange. We are also looking to partner with strategic advisors and investors.

FTX EXCHANGE: TERMS OF SERVICE

The following terms and conditions of service (the “Terms”) constitute an agreement between you and FTX Trading LTD (“FTX Trading,” “we,” or “us”), a company incorporated in Antigua and Barbuda, and apply to your use of FTX Cryptocurrency Derivatives Exchange (“FTX” or the “Exchange”) as a user (“User”, “you” or “your”) to buy, sell, exchange, hold, or otherwise transact in Digital Assets (as defined below), use the FTX Application Programming Interface (“API”), or use any other services offered through the FTX website (ftx.com) (the “Site”) (together, the “Services”). By registering for an FTX account (“Account”) or using the Services, you agree that you have read, understood, and accept these Terms as well as our [Privacy Policy](#) and [Security Policy](#), and you acknowledge and agree that you will be bound by such terms and policies.

Our Services are not offered to entities or persons who have their registered office or place of residence in the United States of America or any Restricted Territory as defined in Section 33.

As used throughout these Terms, “Digital Assets” means bitcoin, ethereum or any other digital asset, cryptocurrency, virtual currency, or token that are available to transact in using the Exchange. [FTT](#) is the exchange token of the FTX ecosystem and is not offered in the United States or to U.S. persons. Before beginning to use the Exchange or any other products or services offered by FTX Trading, you should ensure you have reviewed the [fee schedule](#).

Section 27 of these Terms governs how they may be changed over time. If after reading these Terms in their entirety you are still unsure of anything or you have any questions, please feel free to [contact us](#).

1. APPLICABLE LAWS AND REGULATIONS

Your conduct on the Exchange is subject to the laws, regulations, and rules of any applicable governmental or regulatory authority, including, without limitation, all applicable tax, anti-money laundering (“AML”) and counter-terrorist financing (“CTF”) provisions.

You agree and understand that by opening an Account and using the Services in any capacity, you shall act in compliance with and be legally bound by these Terms and all applicable laws and regulations (including without limitation those stated in this Section 1, where applicable), and failure to do so may result in the suspension of your ability to use the Services or the closure of your Account. For the avoidance of doubt, continued use of your Account, and the receipt of all trading fee discounts and rebates, is conditioned on your continued compliance at all times with these Terms and all applicable laws and regulations.

2. ELIGIBILITY

If you are registering to use the Services as an individual, you must be at least 18 years of age, and you must not have been previously been suspended or removed from the Exchange or any other service or product offered by FTX Trading or its affiliate entities, to enter into this Agreement.

If you are registering to use the Services on behalf of a legal entity, you represent and warrant that (i) such legal entity is duly organized and validly existing under the applicable laws of the jurisdiction of its organization; (ii) you are duly authorized by such legal entity to act on its behalf; and (iii) such organization (and any affiliate entity) must not have been previously suspended or removed from the Services or any other service or product offered by FTX Trading or its affiliate entities, to enter into this Agreement.

By accessing or using the Services, you further represent and warrant that you are not a Restricted Person nor are you a resident of a Restricted Territory (each as defined in Section 33) and you will not be using the Services for any illegal activity including, but not limited to, those Restricted Activities listed under Section 19.

Notwithstanding the foregoing, FTX Trading may determine not to make the Services, in whole or in part, available in every market, either in its sole discretion or due to legal or regulatory requirements, depending on your location.

3. REGISTRATION PROCESS; IDENTITY VERIFICATION

When registering your Account, you must provide current, complete, and accurate information for all required elements on the registration page, including your full legal name. You are the only person authorized to use your Account and you may not share your Account credentials with any other person. You also agree to provide us, when registering an Account and on an ongoing basis, with any additional information we request for the purposes of identity verification and the detection of money laundering, terrorist financing, fraud, or any other financial crime, including without limitation a copy of your government issued photo ID or evidence of residency such as a lease or utility bill. You permit us to keep a record of such information and authorize us to make any inquiries, directly or through third parties, that we consider necessary to verify your identity or protect you and/or us against fraud or other financial crime, and to take action we reasonably deem necessary based on the results of such inquiries. When we carry out these inquiries, you acknowledge and agree that your personal information may be disclosed to credit reference and fraud prevention or financial crime agencies and that these agencies may respond to our inquiries in full.

In certain circumstances, we may require you to submit additional information about yourself, your business, or your transactions, provide records, and complete other verification steps (such process, "Enhanced Due Diligence"). You represent and warrant that any and all information provided to us pursuant to these Terms or otherwise is true, accurate and not misleading in any respect. If any such information changes, it is your obligation to update such information as soon as possible. Failure to provide such information in a timely fashion may result in the suspension of your ability to use the Services (until you provide such information) or the closure of your Account. We reserve the right to maintain your account registration information after you close your Account for business and regulatory compliance purposes, subject to applicable law and regulation.

4. AML AND CTF COMPLIANCE

Our AML and CTF procedures are guided by all applicable rules and regulations regarding AML and CTF. These standards are designed to prevent the use of the FTX platform for money laundering or terrorist financing activities. We take compliance very seriously and it is our policy to take all the necessary steps to prohibit fraudulent transactions, report suspicious activities, and actively engage in the prevention of money laundering and any related acts that facilitate money laundering, terrorist financing or any other financial crimes.

5. INITIAL FUNDING; THIRD PARTY TRANSFERS

In order to fund your Account and begin trading, you must first procure Digital Assets. FTX supports deposits and withdrawals for a number of Digital Assets, including certain U.S. Dollar pegged Digital Assets (each a “Stablecoin”). You may deposit Stablecoins that you already own by generating an address within your Account and sending your Stablecoins to such address, after which they should appear in your “USD Stablecoins (USD)” balance. The Exchange does not directly support the deposit of fiat currencies, but subject to eligibility requirements, you may be able to convert fiat currencies to Stablecoins using FTX’s separate [OTC Service](#) and subsequently transfer such Stablecoins to the Exchange for trading.

FTX enables you to exchange (“Convert”) one Digital Asset for another Digital Asset. When you request to Convert a Digital Asset or Stablecoin, you will be quoted a price for such conversion. The price quoted will depend on market conditions, and you are under no obligation to execute a trade at any price quoted to you. FTX Trading makes no promises as to the timing or availability of the ability to convert Digital Assets via the Exchange.

It is your responsibility to ensure you send all Digital Assets, including Stablecoins, to the correct address provided for that particular Digital Asset. If you send a Digital Asset to an address that does not correspond to that exact Digital Asset (such as an address not associated with your account or the specific Digital Asset sent), such Digital Asset may be lost forever. If you send a Digital Asset from your Account to an external address that does not correspond to that exact Digital Asset, such Digital Asset may be lost forever.

You assume all liability for any losses incurred as a result of sending Digital Assets to an incorrect address (such as an address not associated with your account or an address not associated with the specific Digital Asset). FTX Trading is not responsible for any losses or for taking any actions to attempt to recover such Digital Assets. If the funds are recoverable, we may in our sole discretion attempt to recover the funds, but such recovery efforts are in no way guaranteed. Please also be aware that if you attempt to deposit ETH to your Account by sending it via a smart contract, your funds may not be automatically credited, and may take time to recover. Should you encounter any of these issues, you may [contact us](#) to request assistance.

FTX Trading makes no representations or warranties regarding the amount of time that may be required to complete transfer of your Digital Assets from a third party wallet or other source and have said Digital Assets become available in your Account.

When you elect to transfer Digital Assets from your Account to a third party wallet or other

location, it is always possible the party administering the new location may reject your transfer or that the transfer may fail due to technical or other issues affecting our platform. You agree that you shall not hold FTX Trading liable for any damages arising from a rejected transfer.

6. FUTURES CONTRACTS

The futures listed by FTX include three contracts for each Digital Asset or index (each a “Futures Contract”). These include two quarterly Futures Contracts (with expiration at the end of the current and subsequent quarters) as well as perpetual Futures Contracts.

Futures trading on FTX is high risk. In order to trade Futures Contracts on FTX, you must post collateral. Depending on market movements, your position may be liquidated and you may sustain a total loss of Digital Assets. This is because futures trading is highly leveraged, with a relatively small amount of funds used to establish a position in a Digital Asset or index having a much greater value. If you are uncomfortable with this level of risk, you should not trade futures contracts.

You agree to maintain a sufficient amount of Digital Assets at all times to meet FTX’s margin requirements, as such requirements may be modified from time to time. If the value of the collateral in your Account falls below the maintenance margin requirement, FTX Trading may seize and liquidate any or all of your positions and assets to reduce your leverage. If, after your positions and assets are liquidated, your Account still contains insufficient Digital Assets to restore your margin ratio to the required amount, you will be responsible for any additional Digital Assets owed.

FTX Trading may, in its sole discretion, perform measures to mitigate potential losses to you on your behalf, including, but not limited to closing futures positions held in any Digital Asset or index that FTX Trading plans to delist from the Exchange in accordance with Section 20.

Under certain market conditions, it may be difficult or impossible to liquidate a position. This can occur, for example, if there is insufficient liquidity in the market or due to technical issues on our platform. In the event that market conditions make it impossible to execute such orders, you may be unable to limit your losses. The use of leverage can lead to large losses as well as gains.

7. LEVERAGED TOKENS

Leveraged Tokens are “ERC-20” digital tokens issued by FTX Trading that operate on the Ethereum blockchain (“Leveraged Tokens”). FTX offers Leveraged Tokens for each underlying Digital Asset or index (“Underlying”). Each Leveraged Token has an associated account on FTX that takes leveraged positions on perpetual futures contracts, and can be created or redeemed for its share of the Digital Assets of that account.

Users may create Leveraged Tokens by depositing Stablecoins and redeem Leveraged Tokens for an equivalent amount of Stablecoins. The Leveraged Token will automatically rebalance to add or remove exposure based on the size of the creation or redemption. Users are charged or credited an amount of Stablecoins equal to the number of Leveraged Tokens being created or

redeemed multiplied by the Net Asset Value of the Leveraged Token as of the creation or redemption time.

Leveraged Tokens seek (but under no circumstances guarantee) daily results, before fees and expenses, that correspond to 300% or 3x (“BULL”), -100% or -1x (“HEDGE”), or -300% or -3x (“BEAR”) of the daily return of the Underlying (in U.S. Dollars) for a single day, not for any other period. A Leveraged Token’s returns for a period longer than a single day will be the result of its return for each day, compounded over that period, and could differ in amount and direction from the return of the Underlying over the same period.

A Leveraged Token’s returns may also deviate from expected returns in a period shorter than a single day for reasons including, but not limited to, scheduled or unscheduled rebalancing. Scheduled rebalancing occurs once daily in order to maintain the Leveraged Token’s intended exposure to the market price of the Underlying. Unscheduled rebalancing may occur, for example, if the market price of the Underlying moves more than 10% in either direction within a single day in order to maintain the Leveraged Token’s intended returns.

8. FORKS AND DISTRIBUTIONS

As a result of the decentralized and open source nature of Digital Assets it is possible that sudden, unexpected, or controversial changes (“Forks”) can be made to any Digital Asset that may change the usability, functions, value or even name of a given Digital Asset. Such Forks may result in multiple versions of a Digital Asset and could lead to the dominance of one or more such versions of a Digital Asset (each a “Dominant Digital Asset”) and the partial or total abandonment or loss of value of any other versions of such Digital Asset (each a “Non Dominant Digital Asset”).

FTX Trading is under no obligation to support a Fork of a Digital Asset that you hold in your Account, whether or not any resulting version of such forked Digital Asset is a Dominant Digital Asset or Non-Dominant Digital Asset or holds value at or following such Fork. Forks of Digital Assets can be frequent, contentious and unpredictable, and therefore cannot be consistently supported on FTX. When trading or holding Digital Assets using your Account, you should operate under the assumption that FTX will never support any Fork of such Digital Asset.

If FTX Trading elects, in its sole discretion, to support a Fork of a Digital Asset, it may choose to do so by making a public announcement through its Site or otherwise notifying customers, and shall bear no liability for any real or potential losses that may result based on the decision to support such Fork or the timing of implementation of support. If FTX Trading, in its sole discretion, does not elect to support a Fork of a given Digital Asset, including the determination to support, continue to support, or cease to support any Dominant Digital Asset or Non Dominant Digital Asset, FTX Trading assumes no responsibility or liability whatsoever for any losses or other issues that might arise from an unsupported Fork of a Digital Asset.

FTX does not generally offer support for the distribution of assets based on a triggering fact or

event, such as the possession of another asset (each an “Airdrop”), the provision of rewards or other similar payment for participation in a Digital Asset’s protocol (“Staking Rewards”), or any other distributions or dividends that Users might otherwise be entitled to claim based on their use or possession of a Digital Asset outside of the FTX platform (collectively, “Digital Asset Distributions”). FTX Trading may, in its sole discretion, elect to support any Digital Asset Distribution, but is under no obligation to do so and shall bear no liability to Users for failing to do so, or for initiating and subsequently terminating such support.

In the event of a Fork of a Digital Asset, we may be forced to suspend all activities relating to such Digital Asset (including trades, deposits, and withdrawals) on FTX for an extended period of time, until FTX Trading has determined in its sole discretion that such functionality can be restored (“Downtime”). This Downtime may occur at the time that a Fork of a given Digital Asset occurs, potentially with little to no warning. During such Downtime, you understand that you may not be able to trade, deposit, or withdraw the Digital Asset subject to such Fork. FTX Trading does not bear any liability for losses incurred during any Downtime due to the inability to trade or otherwise transfer Digital Assets.

9. ATTACKS ON BLOCKCHAIN NETWORKS

FTX Trading cannot prevent or mitigate attacks on blockchain networks and has no obligation to engage in activity in relation to such attacks. In the event of an attack, FTX Trading reserves the right to take commercially reasonable actions, including, but not limited to, if we confirm that a Digital Asset’s network is compromised or under attack, immediately halting trading, deposits, and withdrawals for such Digital Asset. If such an attack caused the Digital Asset to greatly decrease in value, we may discontinue trading in such Digital Asset entirely.

Resolutions concerning deposits, withdrawals and User balances for a Digital Asset that has had its network attacked will be determined on a case-by-case basis by FTX Trading in its sole discretion. FTX Trading makes no representation and does not warrant the safety of FTX and you assume all liability for any lost value or stolen property.

10. API USE

Subject to your compliance with these Terms and any other agreement which may be in place between you and FTX Trading related to your use of the API, FTX Trading hereby grants you a limited, revocable, non-exclusive, non-transferable, non-sublicensable license, to use the API solely for the purposes of trading on FTX. You agree to not use the API or data provided through the API for any other commercial purpose. You access and use the API entirely at your own risk, and FTX Trading will not be responsible for any actions you take based on the API.

FTX Trading may, at its sole discretion, set limits on the number of API calls that you can make, for example, to maintain market stability and integrity. You acknowledge and agree that if you exceed these limits, FTX Trading may moderate your activity or cease offering you access to the API (or any other API offered by FTX Trading), each in its sole discretion. FTX Trading may immediately suspend or terminate your access to the API without notice if we believe you are in violation of these Terms or any other agreement which may be in place between you and FTX Trading related to your use of the API.

11. ACCOUNT SUSPENSION AND CLOSURE

FTX Trading may, in its sole and absolute discretion, without liability to you or any third party, refuse to let you open an Account, suspend your Account, or terminate your Account or your use of one or more of the Services. Such actions may be taken as a result of a number of factors, including without limitation account inactivity, failure to respond to customer support requests, failure to positively identify you, a court order, or your violation of these Terms. We may also temporarily suspend access to your Account, in the event that a technical problem causes system outage or Account errors, until the problem is resolved.

You may terminate this agreement at any time by closing your Account in accordance with these Terms. In order to do so, you should [contact us](#) for assistance in closing your Account. You may not close an Account if we determine, in our sole discretion, that such closure is being performed in an effort to evade a legal or regulatory investigation or to avoid paying any amounts otherwise due to FTX Trading.

We encourage you to withdraw any remaining balance of Digital Assets prior to issuing a request to close your Account. We reserve the right to restrict or refuse to permit withdrawals from your Account if (i) your Account has otherwise been suspended or closed by us in accordance with these Terms; (ii) to do so would be prohibited by law or court order, or we have determined that the Digital Assets in your Account were obtained fraudulently; or (iii) you have not completed the required identity verification procedure. You can check whether or not your identity has been verified by reviewing your verification status under the “Settings” section of your Account. Upon closure or suspension of your Account, you authorize FTX Trading to cancel or suspend pending transactions.

In the event that you or FTX Trading terminates this agreement or your access to the Services, or deactivates or closes your Account, you remain liable for all activity conducted with or in connection with your Account while it was open and for all amounts due in connection with such activity.

12. RISK DISCLOSURES

The following risks associated with Digital Assets and the Services is not exhaustive.

No advice

FTX Trading does not advise on the merits of any particular transactions, trading risks, or tax consequences, and FTX Trading does not provide any other financial, investment, or legal advice in connection with the Services. To the extent that we or our representatives provide trading recommendations, market commentary, or any other information, the act of doing so is incidental to your relationship with us and such information should not be construed as investment or financial advice. Any decision to buy or sell Digital Assets is the User’s decision and FTX Trading will not be liable for any loss suffered.

You accept the risk of trading Digital Assets. In entering into any transaction on FTX, you represent that you have been, are, and will be solely responsible for making your own

independent appraisal and investigations into the risks of the transaction and the underlying Digital Asset. You represent that you have sufficient knowledge, market sophistication, professional advice and experience to make your own evaluation of the merits and risks of any transaction or any underlying Digital Asset.

Digital Asset transfers and volatility

Trading in Digital Assets can be extremely risky and volatile. Digital Assets may have unique features that make them more or less likely to fluctuate in value. Factors beyond FTX Trading's control, such as regulatory activity, market manipulation, or unexplainable price volatility, may affect market liquidity for a particular Digital Asset. Blockchain networks may go offline as a result of bugs, Forks, or other unforeseeable reasons. As a general matter, Users with limited trading experience and low risk tolerance should not engage in active trading on FTX. Speculating on the value of Digital Assets is high risk and Users should never trade more than they can afford to lose.

Understanding Digital Assets requires advanced technical knowledge. Digital Assets are often described in exceedingly technical language that requires a comprehensive understanding of applied cryptography and computer code in order to appreciate the inherent risks. The listing of a Digital Asset on FTX does not indicate FTX Trading's approval or disapproval of the underlying technology regarding any Digital Asset and should not be used as a substitute for your own understanding of the risks specific to each Digital Asset. We provide no warranty as to the suitability of the Digital Asset traded under these Terms and assume no fiduciary duty to Users in connection with such use of the Services.

Users accept all consequences of sending Digital Assets to an address off the FTX platform. Digital Asset transactions may not be reversible. Once you send Digital Assets to an address, you accept the risk that you may lose access to your Digital Assets indefinitely. For example, an address may have been entered incorrectly and the true owner of the address may never be discovered, or an address may belong to an entity that will not return your Digital Assets, or may return your Digital Assets but first requires action on your part, such as verification of your identity.

Futures and leveraged products

Trading of Futures Contracts and Leveraged Tokens may not be suitable for all Users and should only be used by those who understand the consequences of seeking daily inverse or leveraged results.

Futures Contracts involve margin and leverage, and as such, you may feel the effects of any losses immediately. If movements in the markets for a Futures Contract or the underlying Digital Asset decrease the value of your position in such Future Contract, you may be required to have or make additional collateral available as margin. If your Account is under the minimum margin requirements set by the Exchange, your position may be liquidated at a loss, and you will be liable for the deficit, if any, in your Account.

Unlike Futures Contracts, Leveraged Tokens do not require Users to trade on margin. However, they remain subject to certain risks that you should understand before trading, including but not limited to:

- **Market Price Variance Risk:** Holders buy and sell Leveraged Tokens in the secondary market at market prices, which may be different from the value of the underlying Digital Asset. The market price for a Leveraged Token will fluctuate in response to changes in the value of the token's holdings, supply and demand for the token and other market factors.
- **Inverse Correlation Risk:** Holders of Leveraged Tokens that target an inverse return will lose money when the price of the Digital Asset rises, a result that is opposite from holding the underlying asset.
- **Portfolio Turnover Risk:** Leveraged Tokens may incur high portfolio turnover to manage the exposure to the underlying Digital Asset. Additionally, active market trading of a Leveraged Token's holding may cause more frequent creation or redemption activities that could, in certain circumstances, increase the number of portfolio transactions. High levels of transactions increase transaction costs. Each of these factors could have a negative impact on the performance of a Leveraged Token.
- **Interest Rates:** Leveraged Tokens take positions in futures contracts to achieve their desired leverage. These futures might trade at a premium or discount to spot markets in the applicable Digital Asset as a reflection of prevailing interest rates in cryptocurrency markets. Thus, a Leveraged Token could outperform or underperform the Digital Asset's returns due to a divergence between the two markets.

Supply and value of Digital Assets

The value of Digital Assets may be derived from the continued willingness of market participants to exchange Digital Assets for Digital Assets, which may result in the potential for permanent and total loss of value of a particular Digital Asset should the market for that Digital Asset disappear.

You acknowledge and agree that Digital Assets and/or FTX features available in one jurisdiction may not be available for trading or to access, as applicable, in another.

Blacklisted addresses and forfeited funds

Leveraged Tokens are Digital Assets built on the Ethereum blockchain. FTX Trading reserves the right to "blacklist" certain addresses and freeze associated Leveraged Tokens (temporarily or permanently) that it determines, in its sole discretion, are associated with illegal activity or activity that otherwise violates these Terms ("Blacklisted Addresses"). In the event that you send Leveraged Tokens to a Blacklisted Address, or receive Leveraged Tokens from a Blacklisted Address, FTX Trading may freeze such Leveraged Tokens and take steps to terminate your Account.

In certain circumstances, FTX Trading may deem it necessary to report such suspected illegal activity to applicable law enforcement agencies and you may forfeit any rights associated with your Leveraged Tokens, including the ability to redeem your Leveraged Tokens for U.S. Dollars. FTX Trading may also be forced to freeze Leveraged Tokens in the event that we receive a legal order from a valid government authority requiring us to do so.

Software protocols and operational challenges

The software protocols that underlie Digital Assets are typically open source projects, which means that (i) the development and control of such Digital Assets is outside of FTX's control and (ii) such software protocols are subject to sudden and dramatic changes that might have a significant impact on the availability, usability or value of a given Digital Asset.

You are aware of and accept the risk of operational challenges. FTX may experience sophisticated cyber attacks, unexpected surges in activity or other operational or technical difficulties that may cause interruptions to the Services. You understand that the Services may experience operational issues that lead to delays. You agree to accept the risk of transaction failure resulting from unanticipated or heightened technical difficulties, including those resulting from sophisticated attacks. You agree not to hold FTX Trading accountable for any related losses.

All Users understand that the technology underlying Digital Assets is subject to change at any time, and such changes may affect your assets stored on our platform. You claim full responsibility for monitoring such technological changes and understanding their consequences for your Digital Assets. Users conduct all trading on their own account and FTX Trading does not take any responsibility for any loss or damage incurred as a result of your use of any Services or your failure to understand the risks involved associated with Digital Assets use generally or your use of our Services.

Compliance

You are responsible for complying with applicable law. You agree that FTX is not responsible for determining whether or which laws may apply to your transactions, including but not limited to tax law. You are solely responsible for reporting and paying any taxes arising from your use of the Services.

Legislative and regulatory changes

Legislative and regulatory changes or actions at the domestic or international level may adversely affect the use, transfer, exchange, and value of Digital Assets.

No deposit protection

Digital Assets held in your Account are not eligible for any public or private deposit insurance protection.

Digital Asset Distributions not supported

Certain Digital Assets are built on protocols that support Digital Asset Distributions, including, but not limited to, Forks, Staking Rewards and Airdrops (as defined in Section 8 above). FTX Trading is not obligated to support any such Digital Asset Distributions for Users. If you hold these Digital Assets in your Account, you thereby forfeit the ability to claim any Digital Asset Distributions from FTX. If you hold Digital Assets with proof-of-stake or delegated proof-of-stake consensus algorithms, FTX Trading may in its sole discretion stake these Digital Assets without any obligation to distribute Staking Rewards to you. Staking may subject your Digital Assets to additional risks and FTX is not responsible for losses you may incur related to staking.

13. RIGHT TO CHANGE OR REMOVE FEATURES AND SUSPEND OR DELAY TRANSACTIONS

We reserve the right to change, suspend, or discontinue any aspect of the Services at any time and in any jurisdiction, including hours of operation or availability of any feature, without notice and without liability. We may decline to process any order and may limit or suspend your use of one or more Services at any time, in our sole discretion. Suspension of your use of any of the Services will not affect your rights and obligations pursuant to these Terms.

We may, in our sole discretion, decline to process orders if (i) we believe the transaction is suspicious; (ii) the transaction may involve fraud or misconduct; (iii) it violates applicable laws; or (vi) it violates these Terms. Where permitted by law, we will notify you by the end of the business day if we have suspended processing your orders and, if possible, provide our reasons for doing so and anything you can do to correct any errors leading to the stoppage.

14. FEES

In consideration for the use of the Services, you agree to pay to FTX the appropriate fees, as set forth in our [fee schedule](#) displayed on the Site (“Fee Schedule”), which FTX Trading may revise or update in its sole discretion from time to time. On request, FTX may make available an alternative fee schedule (“Alternative Fee Schedule”) to Users who satisfy certain criteria (such as in relation to trading volume), which are determined by FTX in its sole discretion from time to time. You authorize FTX to deduct any applicable fees from your Account at the time you make a given transaction. Changes to the Fee Schedule or Alternative Fee Schedule are effective as of the date set forth in any revision and will apply prospectively from that date forward.

15. PROMOTIONS

FTX Trading does not, as a general rule, participate in promotions without an official pronouncement, either on the Site or elsewhere. You shall obtain prior written approval prior to releasing any statements, written media releases, public announcements and public disclosures, including promotional or marketing materials, relating to FTX.

16. SECURITY OF USER INFORMATION

You are responsible for maintaining the confidentiality and security of any and all account names, User IDs, passwords, and any other security feature that you use to access the Services. You are responsible for (i) keeping your email address up to date in your Account profile and (ii) maintaining the confidentiality of your User information and the security of your Account, which includes the enabling of all relevant security features. You agree to notify FTX immediately if you become aware of any unauthorized use of the Services or any other breach of security regarding the Services. FTX Trading will not be liable for any loss or damage arising from your failure to protect your Account or your User information.

We shall not bear any liability for any damage or interruptions caused by any computer viruses, spyware, or other malware that may affect your computer or other equipment, or any phishing, spoofing, or other attack. If you question the authenticity of a communication purporting to be from FTX, you should login to your Account through the Site, not by clicking links contained in emails.

17. PRIVACY POLICY

We are committed to protecting your personal information and to helping you understand exactly how your personal information is being used. You should carefully read our [Privacy Policy](#), which provides details on how your personal information is collected, stored, protected, and used.

18. RESTRICTED ACTIVITIES

In connection with your use of the Services, you will not:

- violate or assist any party in violating any law, statute, ordinance, regulation or any rule of any self-regulatory or similar organization of which you are or are required to be a member through your use of the Services;
- provide false, inaccurate, incomplete or misleading information;
- infringe upon FTX's or any third party's copyright, patent, trademark, or intellectual property rights;
- engage in any illegal activity, including without limitation illegal gambling, money laundering, fraud, blackmail, extortion, ransoming data, the financing of terrorism, other violent activities or any prohibited market practices;
- distribute unsolicited or unauthorized advertising or promotional material, written media releases, public announcements and public disclosures, junk mail, spam or chain letters;
- use a web crawler or similar technique to access our Services or to extract data;
- reverse engineer or disassemble any aspect of the Site, the API, or the Services in an effort to access any source code, underlying ideas and concepts and algorithms;
- perform any unauthorized vulnerability, penetration or similar testing on the API;
- take any action that imposes an unreasonable or disproportionately large load on our infrastructure, or detrimentally interfere with, intercept, or expropriate any system, data or information;
- transmit or upload any material to the Site that contains viruses, Trojan horses, worms, or any other harmful or deleterious programs;

- otherwise attempt to gain unauthorized access to or use of the Site, the API, other FTX Accounts, computer systems, or networks connected to the Site, through password mining or any other means;
- transfer any rights granted to you under these Terms;
- engage in any other activity which, in our reasonable opinion, amounts to or may amount to market abuse including without limitation the carrying out of fictitious transactions or wash trades, front running or engaging in disorderly market conduct; or
- engage in any behavior which is unlawful, violates these Terms, or is otherwise deemed unacceptable by FTX Trading in its sole discretion.

19. ELECTRONIC TRADING TERMS

FTX Trading may, in its sole discretion, choose to discontinue support for a currently listed or supported Digital Asset, Leveraged Token, or Futures Contract at any time, based on a number of factors, including changes in characteristics.

A transaction on FTX may fail for several reasons, including without limitation to change in prices, insufficient margin, or unanticipated technical difficulties. FTX Trading makes no representation or warranty that any transaction will be executed properly. We are under no circumstances liable for any loss or injury suffered by a failure of a transaction to complete properly or in a timely manner. Further, we are in no way responsible for notifying you of a transaction failure, although you are able to see any such failures on the Site. You have full responsibility to determine and inquire into the failure of any transaction which you initiate.

In the event that you receive any data, information, or software through our Services other than that which you are entitled to receive pursuant to these Terms, you will immediately notify us and will not use, in any way whatsoever, such data, information or software. If you request a withdrawal of Digital Assets and we cannot comply with it without closing some part of your open positions, we will not comply with the request until you have closed sufficient positions to allow you to make the withdrawal.

We may refuse to execute a trade, or impose trade amount limits or restrictions at any time, in our sole discretion without notice. Specifically, we reserve the right to refuse to process, or the right to cancel or reverse, any transaction, as well as to revoke access to a User's deposit address on FTX, where we suspect the transaction involves money laundering, terrorist financing, fraud, or any other type of crime or if we suspect the transaction relates to a prohibited use as stated in these Terms. FTX Trading reserves the right to halt deposit activity at our sole discretion. A User may not change, withdraw, or cancel its authorization to make a transaction, except with respect to partially filled orders.

FTX Trading may correct, reverse, or cancel any trade impacted by an error in processing a User's transaction or otherwise. The User's remedy in the event of an error will be limited to seeking to cancel an order or obtaining a refund of any amounts charged to the User. FTX Trading cannot guarantee such cancellations or refunds will always be possible.

FTX provides Users with a platform that allows their orders to be matched with the orders of other

Users. Orders may be partially filled or may be filled by a number of orders, depending on the trading activity at the time an order is placed. FTX's relationship with you under these Terms is as a trading platform provider only and does not act as principal or counterparty with respect to trades entered into on the platform. Notwithstanding the foregoing, (i) FTX Trading may act as a counterparty for limited trades made for the purpose of liquidating fees collected on User trades, and (ii) affiliates of FTX may execute trades on the platform; provided, however, that such affiliates shall not be afforded any priority in trade execution.

The Digital Assets available for purchase through the Services may be subject to high or low transaction volume, liquidity, and volatility at any time for potentially extended periods. You acknowledge that while FTX Trading uses commercially reasonable methods to provide exchange rate information to you through our Services, the exchange rate information we provide may differ from prevailing exchange rates made available by third parties. Similarly, the actual market rate at the time of your trade may be different from the indicated prevailing rate. You agree that you assume all risks and potential losses associated with price fluctuations or differences in actual versus indicated rates.

20. COMMUNICATIONS

These Terms are provided to you and concluded in English. We will communicate with you in English for all matters related to your use of our Services unless we elect, in our sole discretion, to provide support for other languages.

21. FEEDBACK

You acknowledge and agree that any materials, including without limitation questions, comments, feedback, suggestions, ideas, plans, notes, drawings, original or creative materials or other information or commentary you provide on our platform or one of our social media accounts, regarding FTX or the Services (collectively, "Feedback") that are provided by you, whether by email, posting to the Site or social channels, or otherwise, are non-confidential and will become the sole property of FTX Trading. FTX Trading will own exclusive rights, including all intellectual property rights, and will be entitled to the unrestricted use and dissemination of such Feedback for any purpose, commercial or otherwise, without acknowledgment or compensation to you.

22. OWNERSHIP OF DIGITAL ASSETS

You hereby represent and warrant to us that any Digital Assets used by you in connection with the Services are either owned by you or that you are validly authorized to carry out transactions using such Digital Assets and that all transactions initiated with your Account are for your own Account and not on behalf of any other person or entity.

23. TAXES

You will be able to see a record of your transactions via your Account which you may wish to use

for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to your activities on the Exchange, and to collect, report, and remit the correct tax to the appropriate tax authority. FTX Trading is not responsible for determining whether taxes apply to your transaction, or for collecting, reporting, or remitting any taxes arising from any transaction.

24. INDEMNIFICATION; RELEASE

You agree to indemnify and hold FTX Trading, its affiliates, and service providers, and each of their officers, directors, agents, joint venturers, employees, and representatives harmless from any claim or demand (including attorneys' fees and any losses, fines, fees, or penalties imposed by any regulatory authority) arising out of your breach of these Terms, or your violation of any law or regulation.

For the purpose of this Section 24, the term "losses" means all net costs reasonably incurred by us or the other persons referred to in this Section which are the result of the matters set out in this Section 24 and which may relate to any claims, demands, causes of action, debt, cost, expense or other liability, including reasonable legal fees (without duplication).

If you have a dispute with one or more Users or third parties, you release FTX Trading (and its affiliates and service providers, and each of their officers, directors, agents, joint ventures, employees, and representatives) from any and all claims, demands, and damages (actual and consequential) of every kind and nature arising out of or in any way connected with such disputes. If you have a dispute with anyone other than FTX Trading, you release us from liability associated with that dispute.

25. LIMITATION OF LIABILITY; NO WARRANTY

YOU EXPRESSLY UNDERSTAND AND AGREE THAT FTX TRADING AND OUR AFFILIATES AND SERVICE PROVIDERS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS, EMPLOYEES, AND REPRESENTATIVES WILL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY DAMAGES, OR DAMAGES FOR LOSS OF PROFITS INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF GOODWILL, USE, DATA, OR OTHER INTANGIBLE LOSSES (EVEN IF FTX TRADING HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), WHETHER BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE, RESULTING FROM: (I) THE USE OR THE INABILITY TO USE THE SERVICES; (II) THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES RESULTING FROM ANY GOODS, DATA, INFORMATION, OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO THROUGH OR FROM THE SERVICES; (III) UNAUTHORIZED ACCESS TO OR ALTERATION OF YOUR TRANSMISSIONS OR DATA; OR (IV) ANY OTHER MATTER RELATING TO THE SERVICES.

SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES OR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES. ACCORDINGLY, SOME OF THE LIMITATIONS SET FORTH ABOVE MAY NOT

APPLY TO YOU. IF YOU ARE DISSATISFIED WITH ANY PORTION OF THE SERVICES OR WITH THIS AGREEMENT, YOUR SOLE AND EXCLUSIVE REMEDY IS TO DISCONTINUE USE OF THE SERVICES AND CLOSE YOUR ACCOUNT. THE SERVICES ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED. FTX TRADING, OUR AFFILIATES, AND OUR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS, EMPLOYEES, AND SUPPLIERS SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. FTX TRADING MAKES NO WARRANTY THAT (I) THE SERVICES WILL MEET YOUR REQUIREMENTS, (II) THE SERVICES WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE, OR (III) THE QUALITY OF ANY PRODUCTS, SERVICES, INFORMATION, OR OTHER MATERIAL PURCHASED OR OBTAINED BY YOU WILL MEET YOUR EXPECTATIONS.

26. FORCE MAJEURE

FTX Trading shall have no liability for any failure or delay resulting from any abnormal or unforeseeable circumstances outside our reasonable control, the consequences of which would have been unavoidable despite all efforts to the contrary, including without limitation governmental action or acts of terrorism, earthquake, fire, flood, or other acts of God, labor conditions, delays or failures caused by problems with another system or network, mechanical breakdown or data-processing failures or where we are bound by other legal obligations.

27. GOVERNING LAW; VENUE AND ARBITRATION

The laws of Antigua and Barbuda shall govern these Terms. Except as otherwise required by local law, any dispute between you and FTX Trading related in any way to, or arising in any way from, our Services or these Terms ("Dispute") shall be finally settled on an individual, non representative basis in binding arbitration in accordance with the Antigua and Barbuda Arbitration Act (Cap 33), as modified by these Terms or in accordance with rules on which we may mutually agree. Any arbitration shall take place in Antigua and Barbuda. The arbitrator may award any relief that a court of competent jurisdiction could award, including attorneys' fees when authorized by law.

28. AMENDMENTS

We may amend any portion of these Terms at any time by posting the revised version of these Terms with an updated revision date. The changes will become effective, and shall be deemed accepted by you, the first time you use the Services after the initial posting of the revised agreement and shall apply on a going-forward basis with respect to transactions initiated after the posting date. In the event that you do not agree with any such modification, your sole and exclusive remedy is to terminate your use of the Services and close your Account. You agree that we shall not be liable to you or any third party as a result of any losses suffered by any modification or amendment of these Terms.

29. ASSIGNMENT

You may not transfer or assign these Terms or any rights or obligations you have under these Terms without our prior written consent or otherwise and any such attempted assignment shall be

void. We reserve the right to freely assign or transfer these Terms and the rights and obligations of these Terms, to any third party at any time without notice or consent. If you object to such transfer or assignment, you may stop using our Services and terminate this agreement by [contacting us](#) and requesting to close your account.

30. SURVIVAL

Upon termination of your Account or this agreement for any other reason, all rights and obligations of the parties that by their nature are continuing will survive such termination.

31. THIRD PARTY APPLICATIONS

If you grant express permission to a third party to connect to your Account, either through the third party's product or through FTX, you acknowledge that granting permission to a third party to take specific actions on your behalf does not relieve you of any of your responsibilities under this agreement. Further, you acknowledge and agree that you will not hold FTX Trading responsible for, and will indemnify FTX Trading from, any liability arising from the actions or inactions of such third party in connection with the permissions you grant.

32. SITE; THIRD PARTY CONTENT

FTX Trading strives to provide accurate and reliable information and content on the Site, but such information may not always be correct, complete, or up to date. FTX Trading will update the information on the Site as necessary to provide you with the most up to date information, but you should always independently verify such information. The Site may also contain links to third party websites, applications, events or other materials ("Third Party Content"). Such information is provided for your convenience and links or references to Third Party Content do not constitute an endorsement by FTX Trading of any products or services. FTX Trading shall have no liability for any losses incurred as a result of actions taken in reliance on the information contained on the Site or in any Third Party Content.

33. LIMITED LICENSE; IP RIGHTS

FTX Trading grants you a limited, non-exclusive, non-sublicensable, and non-transferable license, subject to these Terms, to access and use the Services solely for approved purposes as determined by FTX Trading. Any other use of the Services is expressly prohibited. FTX Trading and its licensors reserve all rights in the Services and you agree that these Terms do not grant you any rights in, or licenses to, the Services except for the limited license set forth above.

Except as expressly authorised by FTX Trading, you agree not to modify, reverse engineer, copy, frame, scrape, rent, lease, loan, sell, distribute, or create derivative works based on the Services, in whole or in part. If you violate any portion of these Terms, your permission to access and use the Services may be terminated pursuant to these Terms. "FTX.com," "FTX" and all logos related to the Services are either trademarks, or registered marks of FTX Trading or its licensors. You may not copy, imitate, or use them without FTX Trading's prior written

consent. All right, title, and interest in and to the Site, any content thereon, the Services, and any and all technology or content created or derived from any of the foregoing is the exclusive property of FTX Trading and its licensors.

34. UNCLAIMED OR ABANDONED PROPERTY

If FTX Trading is holding funds in your Account, and we are unable to contact you and have no record of your use of the Services for a prolonged period of time, applicable law may require us to report these funds as unclaimed property to the applicable jurisdiction. If this occurs, FTX Trading will try to locate you at the address shown in our records, but if FTX Trading is unable to locate you, we may be required to deliver any such funds to the applicable jurisdiction as unclaimed property. FTX Trading reserves the right to deduct a dormancy fee or other administrative charges from such unclaimed funds, as permitted by applicable law.

35. LEGAL COMPLIANCE

The Services are subject to all applicable export control restrictions, and, by using the Services, you represent that your actions are not in violation of such export control restrictions. Without limiting the foregoing, you may not use the Services if (i) you are a resident, national or agent of Cuba, Crimea and Sevastopol, Germany, Iran, North Korea, Pakistan, Sudan, Syria, Vietnam, or any other country to which the United States, the United Kingdom or the European Union embargoes goods or imposes similar sanctions ("Restricted Territories"); (ii) you are a member of any sanctions list or equivalent maintained by the United States government, the United Kingdom government or by the European Union ("Restricted Persons"); (iii) you intend to transact with any Restricted Territories or Restricted Persons; (iv) you are located, incorporated or otherwise established in, or a citizen or resident of a jurisdiction where it would be illegal under Applicable Law for you (by reason of your nationality, domicile, citizenship, residence or otherwise) to access or use the Services; or (v) the publication or availability of the Services is prohibited or contrary to local law or regulation, or could subject FTX to any local registration or licensing requirements.

36. ENTIRE AGREEMENT; THIRD PARTY RIGHTS

The failure of FTX Trading to exercise or enforce any right or provision of the Agreement shall not constitute a waiver of such right or provision. If any provision of these Terms shall be adjudged by any court of competent jurisdiction to be unenforceable or invalid, that provision shall be limited or eliminated to the minimum extent necessary so that these Terms shall otherwise remain in full force and effect and remain enforceable between the parties.

The headings and any explanatory text are for reference purposes only and in no way define, limit, construe, or describe the scope or extent of such section. These Terms, including FTX's policies governing the Services referenced herein, the [Privacy Policy](#), and the [Security Policy](#), constitute the entire agreement between you and FTX Trading with respect to the use of the Services.

These Terms are not intended and shall not be construed to create any rights or remedies in any parties other than you and FTX Trading and other affiliates of FTX Trading, which each shall be a third party beneficiary of these Terms, and no other person shall assert any rights as a third

party beneficiary hereunder. If some future court judgment deems any particular provision of these Terms unenforceable, the rest of the Agreement is still valid.

37. QUESTIONS AND CONTACT INFORMATION

We often post notices and relevant Services information in our Telegram channel and on our Twitter account, so we advise Users to check those channels before contacting support.

Telegram: https://t.me/FTX_Official
Twitter: https://twitter.com/FTX_Official
WeChat: ftexchange
Blog: <https://blog.ftx.com/>
Email: support@ftx.com

To contact us, please visit one of the links or channels above. For support with your Account, you may email us at support@ftx.com. Please provide all relevant information, including your FTX username and transaction IDs of any related deposits. Although we make no representations or provide no warranties as to the speed of response, we will get back to you as soon as possible.

FTX EXCHANGE: TERMS OF SERVICE

The following terms and conditions of service (the “**Terms**”) constitute an agreement between you and FTX Trading LTD (“**FTX Trading**,” “**we**,” or “**us**”), a company incorporated in Antigua and Barbuda, and apply to your use of FTX Cryptocurrency Derivatives Exchange (“**FTX**” or the “**Exchange**”) as a user (“**User**,” “**you**” or “**your**”) to buy, sell, exchange, hold, or otherwise transact in Digital Assets (as defined below), use the FTX Application Programming Interface (“**API**”), or use any other services offered through the FTX website (ftx.com) (the “**Site**”) (together, the “**Services**”). By registering for an FTX account (“**Account**”) or using the Services, you agree that you have read, understood, and accept these Terms as well as our [Privacy Policy](#) and [Security Policy](#), and you acknowledge and agree that you will be bound by such terms and policies.

Our Services are not offered to entities or persons who have their registered office or place of residence in the United States of America or any Restricted Territory as defined in Section 33.

As used throughout these Terms, “Digital Assets” means bitcoin, ethereum or any other digital asset, cryptocurrency, virtual currency, or token that are available to transact in using the Exchange and “fiat currency” means any government issued national currency. [FTT](#) is the exchange token of the FTX ecosystem and is not offered in the United States or to U.S. persons. Before beginning to use the Exchange or any other products or services offered by FTX Trading, you should ensure you have reviewed the [fee schedule](#).

Section 27 of these Terms governs how they may be changed over time. If after reading these Terms in their entirety you are still unsure of anything or you have any questions, please feel free to [contact us](#).

1. APPLICABLE LAWS AND REGULATIONS

Your conduct on the Exchange is subject to the laws, regulations, and rules of any applicable governmental or regulatory authority, including, without limitation, all applicable tax, anti-money laundering (“**AML**”) and counter-terrorist financing (“**CTF**”) provisions.

You agree and understand that by opening an Account and using the Services in any capacity, you shall act in compliance with and be legally bound by these Terms and all applicable laws and regulations (including without limitation those stated in this Section 1, where applicable), and failure to do so may result in the suspension of your ability to use the Services or the closure of your Account. For the avoidance of doubt, continued use of your Account, and the receipt of all trading fee discounts and rebates, is conditioned on your continued compliance at all times with these Terms and all applicable laws and regulations.

2. ELIGIBILITY

If you are registering to use the Services as an individual, you must be at least 18 years of age, and you must not have been previously been suspended or removed from the Exchange or any other service or product offered by FTX Trading or its affiliate entities, to enter into this Agreement.

If you are registering to use the Services on behalf of a legal entity, you represent and warrant

that (i) such legal entity is duly organized and validly existing under the applicable laws of the jurisdiction of its organization; (ii) you are duly authorized by such legal entity to act on its behalf; and (iii) such organization (and any affiliate entity) must not have been previously suspended or removed from the Services or any other service or product offered by FTX Trading or its affiliate entities, to enter into this Agreement.

By accessing or using the Services, you further represent and warrant that you are not a Restricted Person nor are you a resident of a Restricted Territory (each as defined in Section 33) and you will not be using the Services for any illegal activity including, but not limited to, those Restricted Activities listed under Section 19.

Notwithstanding the foregoing, FTX Trading may determine not to make the Services, in whole or in part, available in every market, either in its sole discretion or due to legal or regulatory requirements, depending on your location.

3. REGISTRATION PROCESS; IDENTITY VERIFICATION

When registering your Account, you must provide current, complete, and accurate information for all required elements on the registration page, including your full legal name. You are the only person authorized to use your Account and you may not share your Account credentials with any other person. You also agree to provide us, when registering an Account and on an ongoing basis, with any additional information we request for the purposes of identity verification and the detection of money laundering, terrorist financing, fraud, or any other financial crime, including without limitation a copy of your government issued photo ID or evidence of residency such as a lease or utility bill. You permit us to keep a record of such information and authorize us to make any inquiries, directly or through third parties, that we consider necessary to verify your identity or protect you and/or us against fraud or other financial crime, and to take action we reasonably deem necessary based on the results of such inquiries. When we carry out these inquiries, you acknowledge and agree that your personal information may be disclosed to credit reference and fraud prevention or financial crime agencies and that these agencies may respond to our inquiries in full.

In certain circumstances, we may require you to submit additional information about yourself, your business, or your transactions, provide records, and complete other verification steps (such process, “**Enhanced Due Diligence**”). You represent and warrant that any and all information provided to us pursuant to these Terms or otherwise is true, accurate and not misleading in any respect. If any such information changes, it is your obligation to update such information as soon as possible. Failure to provide such information in a timely fashion may result in the suspension of your ability to use the Services (until you provide such information) or the closure of your Account.

We reserve the right to maintain your account registration information after you close your Account for business and regulatory compliance purposes, subject to applicable law and regulation.

4. AML AND CTF COMPLIANCE

Our AML and CTF procedures are guided by all applicable rules and regulations regarding AML and CTF. These standards are designed to prevent the use of the FTX platform for money

laundering or terrorist financing activities. We take compliance very seriously and it is our policy to take all the necessary steps to prohibit fraudulent transactions, report suspicious activities, and actively engage in the prevention of money laundering and any related acts that facilitate money laundering, terrorist financing or any other financial crimes.

5. INITIAL FUNDING; THIRD PARTY TRANSFERS

In order to fund your Account and begin trading, you must first procure Digital Assets. FTX supports deposits and withdrawals for a number of Digital Assets, including certain U.S. Dollar pegged Digital Assets (each a “**Stablecoin**”). You may deposit Stablecoins that you already own by generating an address within your Account and sending your Stablecoins to such address, after which they should appear in your “USD Stablecoins (USD)” balance. The Exchange may support various fiat currencies for deposit, withdrawal, and/or trading, using wire transfers, credit cards, or other appropriate methods. A partial list of fiat currencies supported by the Exchange can be found [here](#).

FTX enables you to exchange (“**Convert**”) one Digital Asset for another Digital Asset. When you request to Convert a Digital Asset or Stablecoin, you will be quoted a price for such conversion. The price quoted will depend on market conditions, and you are under no obligation to execute a trade at any price quoted to you. FTX Trading makes no promises as to the timing or availability of the ability to convert Digital Assets via the Exchange.

It is your responsibility to ensure you send all Digital Assets, including Stablecoins, to the correct address provided for that particular Digital Asset. If you send a Digital Asset to an address that does not correspond to that exact Digital Asset (such as an address not associated with your account or the specific Digital Asset sent), such Digital Asset may be lost forever. If you send a Digital Asset from your Account to an external address that does not correspond to that exact Digital Asset, such Digital Asset may be lost forever.

You assume all liability for any losses incurred as a result of sending Digital Assets to an incorrect address (such as an address not associated with your account or an address not associated with the specific Digital Asset). FTX Trading is not responsible for any losses or for taking any actions to attempt to recover such Digital Assets. If the funds are recoverable, we may in our sole discretion attempt to recover the funds, but such recovery efforts are in no way guaranteed. Please also be aware that if you attempt to deposit ETH to your Account by sending it via a smart contract, your funds may not be automatically credited, and may take time to recover. Should you encounter any of these issues, you may [contact us](#) to request assistance.

FTX Trading makes no representations or warranties regarding the amount of time that may be required to complete transfer of your Digital Assets from a third party wallet or other source and have said Digital Assets become available in your Account.

When you elect to transfer Digital Assets from your Account to a third party wallet or other location, it is always possible the party administering the new location may reject your transfer or that the transfer may fail due to technical or other issues affecting our platform. You agree that you shall not hold FTX Trading liable for any damages arising from a rejected transfer.

6. FUTURES CONTRACTS

The futures listed by FTX include three contracts for each Digital Asset or index (each a “**Futures Contract**”). These include two quarterly Futures Contracts (with expiration at the end of the current and subsequent quarters) as well as perpetual Futures Contracts.

Futures trading on FTX is high risk. In order to trade Futures Contracts on FTX, you must post collateral. Depending on market movements, your position may be liquidated and you may sustain a total loss of Digital Assets. This is because futures trading is highly leveraged, with a relatively small amount of funds used to establish a position in a Digital Asset or index having a much greater value. If you are uncomfortable with this level of risk, you should not trade futures contracts.

You agree to maintain a sufficient amount of Digital Assets at all times to meet FTX’s margin requirements, as such requirements may be modified from time to time. If the value of the collateral in your Account falls below the maintenance margin requirement, FTX Trading may seize and liquidate any or all of your positions and assets to reduce your leverage. If, after your positions and assets are liquidated, your Account still contains insufficient Digital Assets to restore your margin ratio to the required amount, you will be responsible for any additional Digital Assets owed.

FTX Trading may, in its sole discretion, perform measures to mitigate potential losses to you on your behalf, including, but not limited to closing futures positions held in any Digital Asset or index that FTX Trading plans to delist from the Exchange in accordance with Section 20.

Under certain market conditions, it may be difficult or impossible to liquidate a position. This can occur, for example, if there is insufficient liquidity in the market or due to technical issues on our platform. In the event that market conditions make it impossible to execute such orders, you may be unable to limit your losses. The use of leverage can lead to large losses as well as gains.

7. LEVERAGED TOKENS

Leveraged Tokens are “ERC-20” digital tokens issued by FTX Trading that operate on the Ethereum blockchain (“**Leveraged Tokens**”). FTX offers Leveraged Tokens for each underlying Digital Asset or index (“**Underlying**”). Each Leveraged Token has an associated account on FTX that takes leveraged positions on perpetual futures contracts, and can be created or redeemed for its share of the Digital Assets of that account.

Users may create Leveraged Tokens by depositing Stablecoins and redeem Leveraged Tokens for an equivalent amount of Stablecoins. The Leveraged Token will automatically rebalance to add or remove exposure based on the size of the creation or redemption. Users are charged or credited an amount of Stablecoins equal to the number of Leveraged Tokens being created or redeemed multiplied by the Net Asset Value of the Leveraged Token as of the creation or redemption time.

Leveraged Tokens seek (but under no circumstances guarantee) daily results, before fees and expenses, that correspond to 300% or 3x (“**BULL**”), -100% or -1x (“**HEDGE**”), or -300% or -3x (“**BEAR**”) of the daily return of the Underlying (in U.S. Dollars) for a single day, not for any other period. A Leveraged Token’s returns for a period longer than a single day will be the result of its

return for each day, compounded over that period, and could differ in amount and direction from the return of the Underlying over the same period.

A Leveraged Token's returns may also deviate from expected returns in a period shorter than a single day for reasons including, but not limited to, scheduled or unscheduled rebalancing. Scheduled rebalancing occurs once daily in order to maintain the Leveraged Token's intended exposure to the market price of the Underlying. Unscheduled rebalancing may occur, for example, if the market price of the Underlying moves more than 10% in either direction within a single day in order to maintain the Leveraged Token's intended returns.

8. FORKS AND DISTRIBUTIONS

As a result of the decentralized and open source nature of Digital Assets it is possible that sudden, unexpected, or controversial changes ("**Forks**") can be made to any Digital Asset that may change the usability, functions, value or even name of a given Digital Asset. Such Forks may result in multiple versions of a Digital Asset and could lead to the dominance of one or more such versions of a Digital Asset (each a "**Dominant Digital Asset**") and the partial or total abandonment or loss of value of any other versions of such Digital Asset (each a "**Non Dominant Digital Asset**").

FTX Trading is under no obligation to support a Fork of a Digital Asset that you hold in your Account, whether or not any resulting version of such forked Digital Asset is a Dominant Digital Asset or Non-Dominant Digital Asset or holds value at or following such Fork. Forks of Digital Assets can be frequent, contentious and unpredictable, and therefore cannot be consistently supported on FTX. When trading or holding Digital Assets using your Account, you should operate under the assumption that FTX will never support any Fork of such Digital Asset.

If FTX Trading elects, in its sole discretion, to support a Fork of a Digital Asset, it may choose to do so by making a public announcement through its Site or otherwise notifying customers, and shall bear no liability for any real or potential losses that may result based on the decision to support such Fork or the timing of implementation of support. If FTX Trading, in its sole discretion, does not elect to support a Fork of a given Digital Asset, including the determination to support, continue to support, or cease to support any Dominant Digital Asset or Non Dominant Digital Asset, FTX Trading assumes no responsibility or liability whatsoever for any losses or other issues that might arise from an unsupported Fork of a Digital Asset.

FTX does not generally offer support for the distribution of assets based on a triggering fact or event, such as the possession of another asset (each an "**Airdrop**"), the provision of rewards or other similar payment for participation in a Digital Asset's protocol ("**Staking Rewards**"), or any other distributions or dividends that Users might otherwise be entitled to claim based on their use or possession of a Digital Asset outside of the FTX platform (collectively, "**Digital Asset Distributions**"). FTX Trading may, in its sole discretion, elect to support any Digital Asset Distribution, but is under no obligation to do so and shall bear no liability to Users for failing to do so, or for initiating and subsequently terminating such support.

In the event of a Fork of a Digital Asset, we may be forced to suspend all activities relating to such Digital Asset (including trades, deposits, and withdrawals) on FTX for an extended period

of time, until FTX Trading has determined in its sole discretion that such functionality can be restored (“**Downtime**”). This Downtime may occur at the time that a Fork of a given Digital Asset occurs, potentially with little to no warning. During such Downtime, you understand that you may not be able to trade, deposit, or withdraw the Digital Asset subject to such Fork. FTX Trading does not bear any liability for losses incurred during any Downtime due to the inability to trade or otherwise transfer Digital Assets.

9. ATTACKS ON BLOCKCHAIN NETWORKS

FTX Trading cannot prevent or mitigate attacks on blockchain networks and has no obligation to engage in activity in relation to such attacks. In the event of an attack, FTX Trading reserves the right to take commercially reasonable actions, including, but not limited to, if we confirm that a Digital Asset’s network is compromised or under attack, immediately halting trading, deposits, and withdrawals for such Digital Asset. If such an attack caused the Digital Asset to greatly decrease in value, we may discontinue trading in such Digital Asset entirely.

Resolutions concerning deposits, withdrawals and User balances for a Digital Asset that has had its network attacked will be determined on a case-by-case basis by FTX Trading in its sole discretion. FTX Trading makes no representation and does not warrant the safety of FTX and you assume all liability for any lost value or stolen property.

10. API USE

Subject to your compliance with these Terms and any other agreement which may be in place between you and FTX Trading related to your use of the API, FTX Trading hereby grants you a limited, revocable, non-exclusive, non-transferable, non-sublicensable license, to use the API solely for the purposes of trading on FTX. You agree to not use the API or data provided through the API for any other commercial purpose. You access and use the API entirely at your own risk, and FTX Trading will not be responsible for any actions you take based on the API.

FTX Trading may, at its sole discretion, set limits on the number of API calls that you can make, for example, to maintain market stability and integrity. You acknowledge and agree that if you exceed these limits, FTX Trading may moderate your activity or cease offering you access to the API (or any other API offered by FTX Trading), each in its sole discretion. FTX Trading may immediately suspend or terminate your access to the API without notice if we believe you are in violation of these Terms or any other agreement which may be in place between you and FTX Trading related to your use of the API.

11. ACCOUNT SUSPENSION AND CLOSURE

FTX Trading may, in its sole and absolute discretion, without liability to you or any third party, refuse to let you open an Account, suspend your Account, or terminate your Account or your use of one or more of the Services. Such actions may be taken as a result of a number of factors, including without limitation account inactivity, failure to respond to customer support requests, failure to positively identify you, a court order, or your violation of these Terms. We may also temporarily suspend access to your Account, in the event that a technical problem causes system outage or Account errors, until the problem is resolved.

You may terminate this agreement at any time by closing your Account in accordance with these Terms. In order to do so, you should [contact us](#) for assistance in closing your Account. You may not close an Account if we determine, in our sole discretion, that such closure is being performed in an effort to evade a legal or regulatory investigation or to avoid paying any amounts otherwise due to FTX Trading.

We encourage you to withdraw any remaining balance of Digital Assets prior to issuing a request to close your Account. We reserve the right to restrict or refuse to permit withdrawals from your Account if (i) your Account has otherwise been suspended or closed by us in accordance with these Terms; (ii) to do so would be prohibited by law or court order, or we have determined that the Digital Assets in your Account were obtained fraudulently; or (iii) you have not completed the required identity verification procedure. You can check whether or not your identity has been verified by reviewing your verification status under the “Settings” section of your Account. Upon closure or suspension of your Account, you authorize FTX Trading to cancel or suspend pending transactions.

In the event that you or FTX Trading terminates this agreement or your access to the Services, or deactivates or closes your Account, you remain liable for all activity conducted with or in connection with your Account while it was open and for all amounts due in connection with such activity.

12. RISK DISCLOSURES

The following risks associated with Digital Assets and the Services is not exhaustive.

No advice

FTX Trading does not advise on the merits of any particular transactions, trading risks, or tax consequences, and FTX Trading does not provide any other financial, investment, or legal advice in connection with the Services. To the extent that we or our representatives provide trading recommendations, market commentary, or any other information, the act of doing so is incidental to your relationship with us and such information should not be construed as investment or financial advice. Any decision to buy or sell Digital Assets is the User’s decision and FTX Trading will not be liable for any loss suffered.

You accept the risk of trading Digital Assets. In entering into any transaction on FTX, you represent that you have been, are, and will be solely responsible for making your own independent appraisal and investigations into the risks of the transaction and the underlying Digital Asset. You represent that you have sufficient knowledge, market sophistication, professional advice and experience to make your own evaluation of the merits and risks of any transaction or any underlying Digital Asset.

Digital Asset transfers and volatility

Trading in Digital Assets can be extremely risky and volatile. Digital Assets may have unique features that make them more or less likely to fluctuate in value. Factors beyond FTX Trading’s control, such as regulatory activity, market manipulation, or unexplainable price volatility, may affect market liquidity for a particular Digital Asset. Blockchain networks may go offline as a result of bugs, Forks, or other unforeseeable reasons. As a general matter, Users with limited

trading experience and low risk tolerance should not engage in active trading on FTX. Speculating on the value of Digital Assets is high risk and Users should never trade more than they can afford to lose.

Understanding Digital Assets requires advanced technical knowledge. Digital Assets are often described in exceedingly technical language that requires a comprehensive understanding of applied cryptography and computer code in order to appreciate the inherent risks. The listing of a Digital Asset on FTX does not indicate FTX Trading's approval or disapproval of the underlying technology regarding any Digital Asset and should not be used as a substitute for your own understanding of the risks specific to each Digital Asset. We provide no warranty as to the suitability of the Digital Asset traded under these Terms and assume no fiduciary duty to Users in connection with such use of the Services.

Users accept all consequences of sending Digital Assets to an address off the FTX platform. Digital Asset transactions may not be reversible. Once you send Digital Assets to an address, you accept the risk that you may lose access to your Digital Assets indefinitely. For example, an address may have been entered incorrectly and the true owner of the address may never be discovered, or an address may belong to an entity that will not return your Digital Assets, or may return your Digital Assets but first requires action on your part, such as verification of your identity.

Futures and leveraged products

Trading of Futures Contracts and Leveraged Tokens may not be suitable for all Users and should only be used by those who understand the consequences of seeking daily inverse or leveraged results.

Futures Contracts involve margin and leverage, and as such, you may feel the effects of any losses immediately. If movements in the markets for a Futures Contract or the underlying Digital Asset decrease the value of your position in such Future Contract, you may be required to have or make additional collateral available as margin. If your Account is under the minimum margin requirements set by the Exchange, your position may be liquidated at a loss, and you will be liable for the deficit, if any, in your Account.

Unlike Futures Contracts, Leveraged Tokens do not require Users to trade on margin. However, they remain subject to certain risks that you should understand before trading, including but not limited to:

- *Market Price Variance Risk:* Holders buy and sell Leveraged Tokens in the secondary market at market prices, which may be different from the value of the underlying Digital Asset. The market price for a Leveraged Token will fluctuate in response to changes in the value of the token's holdings, supply and demand for the token and other market factors.
- *Inverse Correlation Risk:* Holders of Leveraged Tokens that target an inverse return will lose money when the price of the Digital Asset rises, a result that is opposite from holding the underlying asset.

- *Portfolio Turnover Risk:* Leveraged Tokens may incur high portfolio turnover to manage the exposure to the underlying Digital Asset. Additionally, active market trading of a Leveraged Token's holding may cause more frequent creation or redemption activities that could, in certain circumstances, increase the number of portfolio transactions. High levels of transactions increase transaction costs. Each of these factors could have a negative impact on the performance of a Leveraged Token.
- *Interest Rates:* Leveraged Tokens take positions in futures contracts to achieve their desired leverage. These futures might trade at a premium or discount to spot markets in the applicable Digital Asset as a reflection of prevailing interest rates in cryptocurrency markets. Thus, a Leveraged Token could outperform or underperform the Digital Asset's returns due to a divergence between the two markets.

Supply and value of Digital Assets

The value of Digital Assets may be derived from the continued willingness of market participants to exchange Digital Assets for Digital Assets, which may result in the potential for permanent and total loss of value of a particular Digital Asset should the market for that Digital Asset disappear.

You acknowledge and agree that Digital Assets and/or FTX features available in one jurisdiction may not be available for trading or to access, as applicable, in another.

Blacklisted addresses and forfeited funds

Leveraged Tokens are Digital Assets built on the Ethereum blockchain. FTX Trading reserves the right to "blacklist" certain addresses and freeze associated Leveraged Tokens (temporarily or permanently) that it determines, in its sole discretion, are associated with illegal activity or activity that otherwise violates these Terms ("**Blacklisted Addresses**"). In the event that you send Leveraged Tokens to a Blacklisted Address, or receive Leveraged Tokens from a Blacklisted Address, FTX Trading may freeze such Leveraged Tokens and take steps to terminate your Account.

In certain circumstances, FTX Trading may deem it necessary to report such suspected illegal activity to applicable law enforcement agencies and you may forfeit any rights associated with your Leveraged Tokens, including the ability to redeem your Leveraged Tokens for U.S. Dollars. FTX Trading may also be forced to freeze Leveraged Tokens in the event that we receive a legal order from a valid government authority requiring us to do so.

Software protocols and operational challenges

The software protocols that underlie Digital Assets are typically open source projects, which means that (i) the development and control of such Digital Assets is outside of FTX's control and (ii) such software protocols are subject to sudden and dramatic changes that might have a significant impact on the availability, usability or value of a given Digital Asset.

You are aware of and accept the risk of operational challenges. FTX may experience sophisticated cyber attacks, unexpected surges in activity or other operational or technical

difficulties that may cause interruptions to the Services. You understand that the Services may experience operational issues that lead to delays. You agree to accept the risk of transaction failure resulting from unanticipated or heightened technical difficulties, including those resulting from sophisticated attacks. You agree not to hold FTX Trading accountable for any related losses.

All Users understand that the technology underlying Digital Assets is subject to change at any time, and such changes may affect your assets stored on our platform. You claim full responsibility for monitoring such technological changes and understanding their consequences for your Digital Assets. Users conduct all trading on their own account and FTX Trading does not take any responsibility for any loss or damage incurred as a result of your use of any Services or your failure to understand the risks involved associated with Digital Assets use generally or your use of our Services

Compliance

You are responsible for complying with applicable law. You agree that FTX is not responsible for determining whether or which laws may apply to your transactions, including but not limited to tax law. You are solely responsible for reporting and paying any taxes arising from your use of the Services.

Legislative and regulatory changes

Legislative and regulatory changes or actions at the domestic or international level may adversely affect the use, transfer, exchange, and value of Digital Assets.

No deposit protection

Neither Digital Assets nor any fiat currency held in your Account is eligible for any public or private deposit insurance protection.

Digital Asset Distributions not supported

Certain Digital Assets are built on protocols that support Digital Asset Distributions, including, but not limited to, Forks, Staking Rewards and Airdrops (as defined in Section 8 above). FTX Trading is not obligated to support any such Digital Asset Distributions for Users. If you hold these Digital Assets in your Account, you thereby forfeit the ability to claim any Digital Asset Distributions from FTX. If you hold Digital Assets with proof-of-stake or delegated proof-of-stake consensus algorithms, FTX Trading may in its sole discretion stake these Digital Assets without any obligation to distribute Staking Rewards to you. Staking may subject your Digital Assets to additional risks and FTX is not responsible for losses you may incur related to staking.

13. RIGHT TO CHANGE OR REMOVE FEATURES AND SUSPEND OR DELAY TRANSACTIONS

We reserve the right to change, suspend, or discontinue any aspect of the Services at any time and in any jurisdiction, including hours of operation or availability of any feature, without notice and without liability. We may decline to process any order and may limit or suspend your use of one or more Services at any time, in our sole discretion. Suspension of your use of any of the

Services will not affect your rights and obligations pursuant to these Terms.

We may, in our sole discretion, decline to process orders if (i) we believe the transaction is suspicious; (ii) the transaction may involve fraud or misconduct; (iii) it violates applicable laws; or (vi) it violates these Terms. Where permitted by law, we will notify you by the end of the business day if we have suspended processing your orders and, if possible, provide our reasons for doing so and anything you can do to correct any errors leading to the stoppage.

14. FEES

In consideration for the use of the Services, you agree to pay to FTX the appropriate fees, as set forth in our [fee schedule](#) displayed on the Site (“**Fee Schedule**”), which FTX Trading may revise or update in its sole discretion from time to time. On request, FTX may make available an alternative fee schedule (“**Alternative Fee Schedule**”) to Users who satisfy certain criteria (such as in relation to trading volume), which are determined by FTX in its sole discretion from time to time. You authorize FTX to deduct any applicable fees from your Account at the time you make a given transaction. Changes to the Fee Schedule or Alternative Fee Schedule are effective as of the date set forth in any revision and will apply prospectively from that date forward.

15. PROMOTIONS

FTX Trading does not, as a general rule, participate in promotions without an official pronouncement, either on the Site or elsewhere. You shall obtain prior written approval prior to releasing any statements, written media releases, public announcements and public disclosures, including promotional or marketing materials, relating to FTX.

16. SECURITY OF USER INFORMATION

You are responsible for maintaining the confidentiality and security of any and all account names, User IDs, passwords, and any other security feature that you use to access the Services. You are responsible for (i) keeping your email address up to date in your Account profile and (ii) maintaining the confidentiality of your User information and the security of your Account, which includes the enabling of all relevant security features. You agree to notify FTX immediately if you become aware of any unauthorized use of the Services or any other breach of security regarding the Services. FTX Trading will not be liable for any loss or damage arising from your failure to protect your Account or your User information.

We shall not bear any liability for any damage or interruptions caused by any computer viruses, spyware, or other malware that may affect your computer or other equipment, or any phishing, spoofing, or other attack. If you question the authenticity of a communication purporting to be from FTX, you should login to your Account through the Site, not by clicking links contained in emails.

17. PRIVACY POLICY

We are committed to protecting your personal information and to helping you understand exactly how your personal information is being used. You should carefully read our [Privacy Policy](#), which provides details on how your personal information is collected, stored, protected,

and used.

18. RESTRICTED ACTIVITIES

In connection with your use of the Services, you will not:

- violate or assist any party in violating any law, statute, ordinance, regulation or any rule of any self-regulatory or similar organization of which you are or are required to be a member through your use of the Services;
- provide false, inaccurate, incomplete or misleading information;
- infringe upon FTX's or any third party's copyright, patent, trademark, or intellectual property rights;
- engage in any illegal activity, including without limitation illegal gambling, money laundering, fraud, blackmail, extortion, ransomware, the financing of terrorism, other violent activities or any prohibited market practices;
- distribute unsolicited or unauthorized advertising or promotional material, written media releases, public announcements and public disclosures, junk mail, spam or chain letters; ● use a web crawler or similar technique to access our Services or to extract data; ● reverse engineer or disassemble any aspect of the Site, the API, or the Services in an effort to access any source code, underlying ideas and concepts and algorithms; ● perform any unauthorized vulnerability, penetration or similar testing on the API;
- take any action that imposes an unreasonable or disproportionately large load on our infrastructure, or detrimentally interfere with, intercept, or expropriate any system, data or information;
- transmit or upload any material to the Site that contains viruses, Trojan horses, worms, or any other harmful or deleterious programs;
- otherwise attempt to gain unauthorized access to or use of the Site, the API, other FTX Accounts, computer systems, or networks connected to the Site, through password mining or any other means;
- transfer any rights granted to you under these Terms;
- engage in any other activity which, in our reasonable opinion, amounts to or may amount to market abuse including without limitation the carrying out of fictitious transactions or wash trades, front running or engaging in disorderly market conduct; or
- engage in any behavior which is unlawful, violates these Terms, or is otherwise deemed unacceptable by FTX Trading in its sole discretion.

19. ELECTRONIC TRADING TERMS

FTX Trading may, in its sole discretion, choose to discontinue support for a currently listed or supported Digital Asset, Leveraged Token, or Futures Contract at any time, based on a number of factors, including changes in characteristics.

A transaction on FTX may fail for several reasons, including without limitation to change in prices, insufficient margin, or unanticipated technical difficulties. FTX Trading makes no representation or warranty that any transaction will be executed properly. We are under no circumstances liable for any loss or injury suffered by a failure of a transaction to complete properly or in a timely manner. Further, we are in no way responsible for notifying you of a transaction failure, although you are able to see any such failures on the Site. You have full

responsibility to determine and inquire into the failure of any transaction which you initiate.

In the event that you receive any data, information, or software through our Services other than that which you are entitled to receive pursuant to these Terms, you will immediately notify us and will not use, in any way whatsoever, such data, information or software. If you request a withdrawal of Digital Assets and we cannot comply with it without closing some part of your open positions, we will not comply with the request until you have closed sufficient positions to allow you to make the withdrawal.

We may refuse to execute a trade, or impose trade amount limits or restrictions at any time, in our sole discretion without notice. Specifically, we reserve the right to refuse to process, or the right to cancel or reverse, any transaction, as well as to revoke access to a User's deposit address on FTX, where we suspect the transaction involves money laundering, terrorist financing, fraud, or any other type of crime or if we suspect the transaction relates to a prohibited use as stated in these Terms. FTX Trading reserves the right to halt deposit activity at our sole discretion. A User may not change, withdraw, or cancel its authorization to make a transaction, except with respect to partially filled orders.

FTX Trading may correct, reverse, or cancel any trade impacted by an error in processing a User's transaction or otherwise. The User's remedy in the event of an error will be limited to seeking to cancel an order or obtaining a refund of any amounts charged to the User. FTX Trading cannot guarantee such cancellations or refunds will always be possible.

FTX provides Users with a platform that allows their orders to be matched with the orders of other Users. Orders may be partially filled or may be filled by a number of orders, depending on the trading activity at the time an order is placed. FTX's relationship with you under these Terms is as a trading platform provider only and does not act as principal or counterparty with respect to trades entered into on the platform. Notwithstanding the foregoing, (i) FTX Trading may act as a counterparty for limited trades made for the purpose of liquidating fees collected on User trades, and (ii) affiliates of FTX may execute trades on the platform; provided, however, that such affiliates shall not be afforded any priority in trade execution.

The Digital Assets available for purchase through the Services may be subject to high or low transaction volume, liquidity, and volatility at any time for potentially extended periods. You acknowledge that while FTX Trading uses commercially reasonable methods to provide exchange rate information to you through our Services, the exchange rate information we provide may differ from prevailing exchange rates made available by third parties. Similarly, the actual market rate at the time of your trade may be different from the indicated prevailing rate. You agree that you assume all risks and potential losses associated with price fluctuations or differences in actual versus indicated rates.

20. COMMUNICATIONS

These Terms are provided to you and concluded in English. We will communicate with you in English for all matters related to your use of our Services unless we elect, in our sole discretion, to provide support for other languages.

21. FEEDBACK

You acknowledge and agree that any materials, including without limitation questions, comments, feedback, suggestions, ideas, plans, notes, drawings, original or creative materials or other information or commentary you provide on our platform or one of our social media accounts, regarding FTX or the Services (collectively, “**Feedback**”) that are provided by you, whether by email, posting to the Site or social channels, or otherwise, are non-confidential and will become the sole property of FTX Trading. FTX Trading will own exclusive rights, including all intellectual property rights, and will be entitled to the unrestricted use and dissemination of such Feedback for any purpose, commercial or otherwise, without acknowledgment or compensation to you.

22. OWNERSHIP OF DIGITAL ASSETS

You hereby represent and warrant to us that any Digital Assets used by you in connection with the Services are either owned by you or that you are validly authorized to carry out transactions using such Digital Assets and that all transactions initiated with your Account are for your own Account and not on behalf of any other person or entity.

23. TAXES

You will be able to see a record of your transactions via your Account which you may wish to use for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to your activities on the Exchange, and to collect, report, and remit the correct tax to the appropriate tax authority. FTX Trading is not responsible for determining whether taxes apply to your transaction, or for collecting, reporting, or remitting any taxes arising from any transaction.

24. INDEMNIFICATION; RELEASE

You agree to indemnify and hold FTX Trading, its affiliates, and service providers, and each of their officers, directors, agents, joint venturers, employees, and representatives harmless from any claim or demand (including attorneys’ fees and any losses, fines, fees, or penalties imposed by any regulatory authority) arising out of your breach of these Terms, or your violation of any law or regulation.

For the purpose of this Section 24, the term “**losses**” means all net costs reasonably incurred by us or the other persons referred to in this Section which are the result of the matters set out in this Section 24 and which may relate to any claims, demands, causes of action, debt, cost, expense or other liability, including reasonable legal fees (without duplication).

If you have a dispute with one or more Users or third parties, you release FTX Trading (and its affiliates and service providers, and each of their officers, directors, agents, joint ventures, employees, and representatives) from any and all claims, demands, and damages (actual and consequential) of every kind and nature arising out of or in any way connected with such disputes. If you have a dispute with anyone other than FTX Trading, you release us from liability associated with that dispute.

25. LIMITATION OF LIABILITY; NO WARRANTY

YOU EXPRESSLY UNDERSTAND AND AGREE THAT FTX TRADING AND OUR

AFFILIATES AND SERVICE PROVIDERS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS, EMPLOYEES, AND REPRESENTATIVES WILL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY DAMAGES, OR DAMAGES FOR LOSS OF PROFITS INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF GOODWILL, USE, DATA, OR OTHER INTANGIBLE LOSSES (EVEN IF FTX TRADING HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), WHETHER BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE, RESULTING FROM: (I) THE USE OR THE INABILITY TO USE THE SERVICES; (II) THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES RESULTING FROM ANY GOODS, DATA, INFORMATION, OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO THROUGH OR FROM THE SERVICES; (III) UNAUTHORIZED ACCESS TO OR ALTERATION OF YOUR TRANSMISSIONS OR DATA; OR (IV) ANY OTHER MATTER RELATING TO THE SERVICES. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES OR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES. ACCORDINGLY, SOME OF THE LIMITATIONS SET FORTH ABOVE MAY NOT APPLY TO YOU. IF YOU ARE DISSATISFIED WITH ANY PORTION OF THE SERVICES OR WITH THIS AGREEMENT, YOUR SOLE AND EXCLUSIVE REMEDY IS TO DISCONTINUE USE OF THE SERVICES AND CLOSE YOUR ACCOUNT. THE SERVICES ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED. FTX TRADING, OUR AFFILIATES, AND OUR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS, EMPLOYEES, AND SUPPLIERS SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. FTX TRADING MAKES NO WARRANTY THAT (I) THE SERVICES WILL MEET YOUR REQUIREMENTS, (II) THE SERVICES WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE, OR (III) THE QUALITY OF ANY PRODUCTS, SERVICES, INFORMATION, OR OTHER MATERIAL PURCHASED OR OBTAINED BY YOU WILL MEET YOUR EXPECTATIONS.

26. FORCE MAJEURE

FTX Trading shall have no liability for any failure or delay resulting from any abnormal or unforeseeable circumstances outside our reasonable control, the consequences of which would have been unavoidable despite all efforts to the contrary, including without limitation governmental action or acts of terrorism, earthquake, fire, flood, or other acts of God, labor conditions, delays or failures caused by problems with another system or network, mechanical breakdown or data-processing failures or where we are bound by other legal obligations.

27. GOVERNING LAW; VENUE AND ARBITRATION

The laws of Antigua and Barbuda shall govern these Terms. Except as otherwise required by local law, any dispute between you and FTX Trading related in any way to, or arising in any way from, our Services or these Terms ("**Dispute**") shall be finally settled on an individual, non representative basis in binding arbitration in accordance with the Antigua and Barbuda Arbitration Act (Cap 33), as modified by these Terms or in accordance with rules on which we may mutually agree. Any arbitration shall take place in Antigua and Barbuda. The arbitrator may award any relief that a court of competent jurisdiction could award, including attorneys' fees when authorized by law.

28. AMENDMENTS

We may amend any portion of these Terms at any time by posting the revised version of these Terms with an updated revision date. The changes will become effective, and shall be deemed accepted by you, the first time you use the Services after the initial posting of the revised agreement and shall apply on a going-forward basis with respect to transactions initiated after the posting date. In the event that you do not agree with any such modification, your sole and exclusive remedy is to terminate your use of the Services and close your Account. You agree that we shall not be liable to you or any third party as a result of any losses suffered by any modification or amendment of these Terms.

29. ASSIGNMENT

You may not transfer or assign these Terms or any rights or obligations you have under these Terms without our prior written consent or otherwise and any such attempted assignment shall be void. We reserve the right to freely assign or transfer these Terms and the rights and obligations of these Terms, to any third party at any time without notice or consent. If you object to such transfer or assignment, you may stop using our Services and terminate this agreement by [contacting us](#) and requesting to close your account.

30. SURVIVAL

Upon termination of your Account or this agreement for any other reason, all rights and obligations of the parties that by their nature are continuing will survive such termination.

31. THIRD PARTY APPLICATIONS

If you grant express permission to a third party to connect to your Account, either through the third party's product or through FTX, you acknowledge that granting permission to a third party to take specific actions on your behalf does not relieve you of any of your responsibilities under this agreement. Further, you acknowledge and agree that you will not hold FTX Trading responsible for, and will indemnify FTX Trading from, any liability arising from the actions or inactions of such third party in connection with the permissions you grant.

32. SITE; THIRD PARTY CONTENT

FTX Trading strives to provide accurate and reliable information and content on the Site, but such information may not always be correct, complete, or up to date. FTX Trading will update the information on the Site as necessary to provide you with the most up to date information, but you should always independently verify such information. The Site may also contain links to third party websites, applications, events or other materials ("**Third Party Content**"). Such information is provided for your convenience and links or references to Third Party Content do not constitute an endorsement by FTX Trading of any products or services. FTX Trading shall have no liability for any losses incurred as a result of actions taken in reliance on the information contained on the Site or in any Third Party Content.

33. LIMITED LICENSE; IP RIGHTS

FTX Trading grants you a limited, non-exclusive, non-sublicensable, and non-transferable

license, subject to these Terms, to access and use the Services solely for approved purposes as determined by FTX Trading. Any other use of the Services is expressly prohibited. FTX Trading and its licensors reserve all rights in the Services and you agree that these Terms do not grant you any rights in, or licenses to, the Services except for the limited license set forth above.

Except as expressly authorised by FTX Trading, you agree not to modify, reverse engineer, copy, frame, scrape, rent, lease, loan, sell, distribute, or create derivative works based on the Services, in whole or in part. If you violate any portion of these Terms, your permission to access and use the Services may be terminated pursuant to these Terms. “FTX.com,” “FTX” and all logos related to the Services are either trademarks, or registered marks of FTX Trading or its licensors. You may not copy, imitate, or use them without FTX Trading’s prior written consent. All right, title, and interest in and to the Site, any content thereon, the Services, and any and all technology or content created or derived from any of the foregoing is the exclusive property of FTX Trading and its licensors.

34. UNCLAIMED OR ABANDONED PROPERTY

If FTX Trading is holding funds in your Account, and we are unable to contact you and have no record of your use of the Services for a prolonged period of time, applicable law may require us to report these funds as unclaimed property to the applicable jurisdiction. If this occurs, FTX Trading will try to locate you at the address shown in our records, but if FTX Trading is unable to locate you, we may be required to deliver any such funds to the applicable jurisdiction as unclaimed property. FTX Trading reserves the right to deduct a dormancy fee or other administrative charges from such unclaimed funds, as permitted by applicable law.

35. LEGAL COMPLIANCE

The Services are subject to all applicable export control restrictions, and, by using the Services, you represent that your actions are not in violation of such export control restrictions. Without limiting the foregoing, you may not use the Services if (i) you are in a prohibited jurisdiction as set forth at [Location Restrictions](#) (“**Restricted Territories**”); (ii) you are a member of any sanctions list or equivalent maintained by the United States government, the United Kingdom government or by the European Union (“**Restricted Persons**”); (iii) you intend to transact with any Restricted Territories or Restricted Persons; (iv) you are located, incorporated or otherwise established in, or a citizen or resident of a jurisdiction where it would be illegal under Applicable Law for you (by reason of your nationality, domicile, citizenship, residence or otherwise) to access or use the Services; or (v) the publication or availability of the Services is prohibited or contrary to local law or regulation, or could subject FTX to any local registration or licensing requirements.

36. ENTIRE AGREEMENT; THIRD PARTY RIGHTS

The failure of FTX Trading to exercise or enforce any right or provision of the Agreement shall not constitute a waiver of such right or provision. If any provision of these Terms shall be adjudged by any court of competent jurisdiction to be unenforceable or invalid, that provision shall be limited or eliminated to the minimum extent necessary so that these Terms shall otherwise remain in full force and effect and remain enforceable between the parties.

The headings and any explanatory text are for reference purposes only and in no way define, limit, construe, or describe the scope or extent of such section. These Terms, including FTX's policies governing the Services referenced herein, the [Privacy Policy](#), and the [Security Policy](#), constitute the entire agreement between you and FTX Trading with respect to the use of the Services.

These Terms are not intended and shall not be construed to create any rights or remedies in any parties other than you and FTX Trading and other affiliates of FTX Trading, which each shall be a third party beneficiary of these Terms, and no other person shall assert any rights as a third party beneficiary hereunder. If some future court judgment deems any particular provision of these Terms unenforceable, the rest of the Agreement is still valid.

37. QUESTIONS AND CONTACT INFORMATION

We often post notices and relevant Services information in our Telegram channel and on our Twitter account, so we advise Users to check those channels before contacting support.

Telegram: https://t.me/FTX_Official
Twitter: https://twitter.com/FTX_Official
WeChat: ftexchange
Blog: <https://blog.ftx.com/>
Email: support@ftx.com

To contact us, please visit one of the links or channels above. For support with your Account, you may email us at support@ftx.com. Please provide all relevant information, including your FTX username and transaction IDs of any related deposits. Although we make no representations or provide no warranties as to the speed of response, we will get back to you as soon as possible.

FTX EXCHANGE: TERMS OF SERVICE

The following terms and conditions of service (the “**Terms**”) constitute an agreement between you and FTX Trading LTD (“**FTX Trading**,” “**we**,” or “**us**”), a company incorporated in Antigua and Barbuda, and apply to your use of FTX Cryptocurrency Derivatives Exchange (“**FTX**” or the “**Exchange**”) as a user (“**User**,” “**you**” or “**your**”) to buy, sell, exchange, hold, or otherwise transact in Digital Assets (as defined below), use the FTX Application Programming Interface (“**API**”), or use any other services offered through the FTX website (ftx.com) (the “**Site**”) (together, the “**Services**”). By registering for an FTX account (“**Account**”) or using the Services, you agree that you have read, understood, and accept these Terms as well as our [Privacy Policy](#) and [Security Policy](#), and you acknowledge and agree that you will be bound by such terms and policies.

Our Services are not offered to entities or persons who have their registered office or place of residence in the United States of America or any Restricted Territory as defined in Section 33.

As used throughout these Terms, “Digital Assets” means bitcoin, ethereum or any other digital asset, cryptocurrency, virtual currency, or token that are available to transact in using the Exchange and “fiat currency” means any government issued national currency. [FTT](#) is the exchange token of the FTX ecosystem and is not offered in the United States or to U.S. persons. Before beginning to use the Exchange or any other products or services offered by FTX Trading, you should ensure you have reviewed the [fee schedule](#).

Section 27 of these Terms governs how they may be changed over time. If after reading these Terms in their entirety you are still unsure of anything or you have any questions, please feel free to [contact us](#).

1. APPLICABLE LAWS AND REGULATIONS

Your conduct on the Exchange is subject to the laws, regulations, and rules of any applicable governmental or regulatory authority, including, without limitation, all applicable tax, anti-money laundering (“**AML**”) and counter-terrorist financing (“**CTF**”) provisions.

You agree and understand that by opening an Account and using the Services in any capacity, you shall act in compliance with and be legally bound by these Terms and all applicable laws and regulations (including without limitation those stated in this Section 1, where applicable), and failure to do so may result in the suspension of your ability to use the Services or the closure of your Account. For the avoidance of doubt, continued use of your Account, and the receipt of all trading fee discounts and rebates, is conditioned on your continued compliance at all times with these Terms and all applicable laws and regulations.

2. ELIGIBILITY

If you are registering to use the Services as an individual, you must be at least 18 years of age, and you must not have been previously been suspended or removed from the Exchange or any other service or product offered by FTX Trading or its affiliate entities, to enter into this Agreement.

If you are registering to use the Services on behalf of a legal entity, you represent and warrant that (i) such legal entity is duly organized and validly existing under the applicable laws of the jurisdiction of its organization; (ii) you are duly authorized by such legal entity to act on its behalf; and (iii) such organization (and any affiliate entity) must not have been previously suspended or removed from the Services or any other service or product offered by FTX Trading or its affiliate entities, to enter into this Agreement.

By accessing or using the Services, you further represent and warrant that you are not a Restricted Person nor are you a resident of a Restricted Territory (each as defined in Section 33) and you will not be using the Services for any illegal activity including, but not limited to, those Restricted Activities listed under Section 19.

Notwithstanding the foregoing, FTX Trading may determine not to make the Services, in whole or in part, available in every market, either in its sole discretion or due to legal or regulatory requirements, depending on your location.

3. REGISTRATION PROCESS; IDENTITY VERIFICATION

When registering your Account, you must provide current, complete, and accurate information for all required elements on the registration page, including your full legal name. You are the only person authorized to use your Account and you may not share your Account credentials with any other person. You also agree to provide us, when registering an Account and on an ongoing basis, with any additional information we request for the purposes of identity verification and the detection of money laundering, terrorist financing, fraud, or any other financial crime, including without limitation a copy of your government issued photo ID or evidence of residency such as a lease or utility bill. You permit us to keep a record of such information and authorize us to make any inquiries, directly or through third parties, that we consider necessary to verify your identity or protect you and/or us against fraud or other financial crime, and to take action we reasonably deem necessary based on the results of such inquiries. When we carry out these inquiries, you acknowledge and agree that your personal information may be disclosed to credit reference and fraud prevention or financial crime agencies and that these agencies may respond to our inquiries in full.

In certain circumstances, we may require you to submit additional information about yourself, your business, or your transactions, provide records, and complete other verification steps (such process, “**Enhanced Due Diligence**”). You represent and warrant that any and all information provided to us pursuant to these Terms or otherwise is true, accurate and not misleading in any respect. If any such information changes, it is your obligation to update such information as soon as possible. Failure to provide such information in a timely fashion may result in the suspension of your ability to use the Services (until you provide such information) or the closure of your Account.

We reserve the right to maintain your account registration information after you close your Account for business and regulatory compliance purposes, subject to applicable law and regulation.

4. AML AND CTF COMPLIANCE

Our AML and CTF procedures are guided by all applicable rules and regulations regarding AML and CTF. These standards are designed to prevent the use of the FTX platform for money laundering or terrorist financing activities. We take compliance very seriously and it is our policy to take all the necessary steps to prohibit fraudulent transactions, report suspicious activities, and actively engage in the prevention of money laundering and any related acts that facilitate money laundering, terrorist financing or any other financial crimes.

5. INITIAL FUNDING; THIRD PARTY TRANSFERS

In order to fund your Account and begin trading, you must first procure Digital Assets. FTX supports deposits and withdrawals for a number of Digital Assets, including certain U.S. Dollar-pegged Digital Assets (each a “**Stablecoin**”). You may deposit Stablecoins that you already own by generating an address within your Account and sending your Stablecoins to such address, after which they should appear in your “USD Stablecoins (USD)” balance. The Exchange may support various fiat currencies for deposit, withdrawal, and/or trading, using wire transfers, credit cards, or other appropriate methods. A partial list of fiat currencies supported by the Exchange can be found [here](#).

FTX enables you to exchange (“**Convert**”) one Digital Asset for another Digital Asset. When you request to Convert a Digital Asset or Stablecoin, you will be quoted a price for such conversion. The price quoted will depend on market conditions, and you are under no obligation to execute a trade at any price quoted to you. FTX Trading makes no promises as to the timing or availability of the ability to convert Digital Assets via the Exchange.

It is your responsibility to ensure you send all Digital Assets, including Stablecoins, to the correct address provided for that particular Digital Asset. If you send a Digital Asset to an address that does not correspond to that exact Digital Asset (such as an address not associated with your account or the specific Digital Asset sent), such Digital Asset may be lost forever. If you send a Digital Asset from your Account to an external address that does not correspond to that exact Digital Asset, such Digital Asset may be lost forever.

You assume all liability for any losses incurred as a result of sending Digital Assets to an incorrect address (such as an address not associated with your account or an address not associated with the specific Digital Asset). FTX Trading is not responsible for any losses or for taking any actions to attempt to recover such Digital Assets. If the funds are recoverable, we may in our sole discretion attempt to recover the funds, but such recovery efforts are in no way guaranteed. Please also be aware that if you attempt to deposit ETH to your Account by sending it via a smart contract, your funds may not be automatically credited, and may take time to recover. Should you encounter any of these issues, you may [contact us](#) to request assistance.

FTX Trading makes no representations or warranties regarding the amount of time that may be required to complete transfer of your Digital Assets from a third party wallet or other source and have said Digital Assets become available in your Account.

When you elect to transfer Digital Assets from your Account to a third party wallet or other location, it is always possible the party administering the new location may reject your transfer or that the transfer may fail due to technical or other issues affecting our platform. You agree that you shall not hold FTX Trading liable for any damages arising from a rejected transfer.

6. FUTURES CONTRACTS

The futures listed by FTX include three contracts for each Digital Asset or index (each a “**Futures Contract**”). These include two quarterly Futures Contracts (with expiration at the end of the current and subsequent quarters) as well as perpetual Futures Contracts.

Futures trading on FTX is high risk. In order to trade Futures Contracts on FTX, you must post collateral. Depending on market movements, your position may be liquidated and you may sustain a total loss of Digital Assets. This is because futures trading is highly leveraged, with a relatively small amount of funds used to establish a position in a Digital Asset or index having a much greater value. If you are uncomfortable with this level of risk, you should not trade futures contracts.

You agree to maintain a sufficient amount of Digital Assets at all times to meet FTX’s margin requirements, as such requirements may be modified from time to time. If the value of the collateral in your Account falls below the maintenance margin requirement, FTX Trading may seize and liquidate any or all of your positions and assets to reduce your leverage. If, after your positions and assets are liquidated, your Account still contains insufficient Digital Assets to restore your margin ratio to the required amount, you will be responsible for any additional Digital Assets owed.

FTX Trading may, in its sole discretion, perform measures to mitigate potential losses to you on your behalf, including, but not limited to closing futures positions held in any Digital Asset or index that FTX Trading plans to delist from the Exchange in accordance with Section 20.

Under certain market conditions, it may be difficult or impossible to liquidate a position. This can occur, for example, if there is insufficient liquidity in the market or due to technical issues on our platform. In the event that market conditions make it impossible to execute such orders, you may be unable to limit your losses. The use of leverage can lead to large losses as well as gains.

7. LEVERAGED TOKENS

Leveraged Tokens are “ERC-20” digital tokens issued by FTX Trading that operate on the Ethereum blockchain (“**Leveraged Tokens**”). FTX offers Leveraged Tokens for each underlying Digital Asset or index (“**Underlying**”). Each Leveraged Token has an associated account on FTX that takes leveraged positions on perpetual futures contracts, and can be created or redeemed for its share of the Digital Assets of that account.

Users may create Leveraged Tokens by depositing Stablecoins and redeem Leveraged Tokens for an equivalent amount of Stablecoins. The Leveraged Token will automatically rebalance to add or remove exposure based on the size of the creation or redemption. Users are charged or

credited an amount of Stablecoins equal to the number of Leveraged Tokens being created or redeemed multiplied by the Net Asset Value of the Leveraged Token as of the creation or redemption time.

Leveraged Tokens seek (but under no circumstances guarantee) daily results, before fees and expenses, that correspond to 300% or 3x (“**BULL**”), -100% or -1x (“**HEDGE**”), or -300% or -3x (“**BEAR**”) of the daily return of the Underlying (in U.S. Dollars) for a single day, not for any other period. A Leveraged Token’s returns for a period longer than a single day will be the result of its return for each day, compounded over that period, and could differ in amount and direction from the return of the Underlying over the same period.

A Leveraged Token’s returns may also deviate from expected returns in a period shorter than a single day for reasons including, but not limited to, scheduled or unscheduled rebalancing. Scheduled rebalancing occurs once daily in order to maintain the Leveraged Token’s intended exposure to the market price of the Underlying. Unscheduled rebalancing may occur, for example, if the market price of the Underlying moves more than 10% in either direction within a single day in order to maintain the Leveraged Token’s intended returns.

8. FORKS AND DISTRIBUTIONS

As a result of the decentralized and open source nature of Digital Assets it is possible that sudden, unexpected, or controversial changes (“**Forks**”) can be made to any Digital Asset that may change the usability, functions, value or even name of a given Digital Asset. Such Forks may result in multiple versions of a Digital Asset and could lead to the dominance of one or more such versions of a Digital Asset (each a “**Dominant Digital Asset**”) and the partial or total abandonment or loss of value of any other versions of such Digital Asset (each a “**Non-Dominant Digital Asset**”).

FTX Trading is under no obligation to support a Fork of a Digital Asset that you hold in your Account, whether or not any resulting version of such forked Digital Asset is a Dominant Digital Asset or Non-Dominant Digital Asset or holds value at or following such Fork. Forks of Digital Assets can be frequent, contentious and unpredictable, and therefore cannot be consistently supported on FTX. When trading or holding Digital Assets using your Account, you should operate under the assumption that FTX will never support any Fork of such Digital Asset.

If FTX Trading elects, in its sole discretion, to support a Fork of a Digital Asset, it may choose to do so by making a public announcement through its Site or otherwise notifying customers, and shall bear no liability for any real or potential losses that may result based on the decision to support such Fork or the timing of implementation of support. If FTX Trading, in its sole discretion, does not elect to support a Fork of a given Digital Asset, including the determination to support, continue to support, or cease to support any Dominant Digital Asset or Non-Dominant Digital Asset, FTX Trading assumes no responsibility or liability whatsoever for any losses or other issues that might arise from an unsupported Fork of a Digital Asset.

FTX does not generally offer support for the distribution of assets based on a triggering fact or event, such as the possession of another asset (each an “**Airdrop**”), the provision of rewards or other similar payment for participation in a Digital Asset’s protocol (“**Staking Rewards**”), or any other distributions or dividends that Users might otherwise be entitled to claim based on their use or possession of a Digital Asset outside of the FTX platform (collectively, “**Digital Asset Distributions**”). FTX Trading may, in its sole discretion, elect to support any Digital Asset Distribution, but is under no obligation to do so and shall bear no liability to Users for failing to do so, or for initiating and subsequently terminating such support.

In the event of a Fork of a Digital Asset, we may be forced to suspend all activities relating to such Digital Asset (including trades, deposits, and withdrawals) on FTX for an extended period of time, until FTX Trading has determined in its sole discretion that such functionality can be restored (“**Downtime**”). This Downtime may occur at the time that a Fork of a given Digital Asset occurs, potentially with little to no warning. During such Downtime, you understand that you may not be able to trade, deposit, or withdraw the Digital Asset subject to such Fork. FTX Trading does not bear any liability for losses incurred during any Downtime due to the inability to trade or otherwise transfer Digital Assets.

9. ATTACKS ON BLOCKCHAIN NETWORKS

FTX Trading cannot prevent or mitigate attacks on blockchain networks and has no obligation to engage in activity in relation to such attacks. In the event of an attack, FTX Trading reserves the right to take commercially reasonable actions, including, but not limited to, if we confirm that a Digital Asset’s network is compromised or under attack, immediately halting trading, deposits, and withdrawals for such Digital Asset. If such an attack caused the Digital Asset to greatly decrease in value, we may discontinue trading in such Digital Asset entirely.

Resolutions concerning deposits, withdrawals and User balances for a Digital Asset that has had its network attacked will be determined on a case-by-case basis by FTX Trading in its sole discretion. FTX Trading makes no representation and does not warrant the safety of FTX and you assume all liability for any lost value or stolen property.

10. API USE

Subject to your compliance with these Terms and any other agreement which may be in place between you and FTX Trading related to your use of the API, FTX Trading hereby grants you a limited, revocable, non-exclusive, non-transferable, non-sublicensable license, to use the API solely for the purposes of trading on FTX. You agree to not use the API or data provided through the API for any other commercial purpose. You access and use the API entirely at your own risk, and FTX Trading will not be responsible for any actions you take based on the API.

FTX Trading may, at its sole discretion, set limits on the number of API calls that you can make, for example, to maintain market stability and integrity. You acknowledge and agree that if you exceed these limits, FTX Trading may moderate your activity or cease offering you access to the API (or any other API offered by FTX Trading), each in its sole discretion. FTX Trading may immediately suspend or terminate your access to the API without notice if we believe you are in

violation of these Terms or any other agreement which may be in place between you and FTX Trading related to your use of the API.

11. ACCOUNT SUSPENSION AND CLOSURE

FTX Trading may, in its sole and absolute discretion, without liability to you or any third party, refuse to let you open an Account, suspend your Account, or terminate your Account or your use of one or more of the Services. Such actions may be taken as a result of a number of factors, including without limitation account inactivity, failure to respond to customer support requests, failure to positively identify you, a court order, or your violation of these Terms. We may also temporarily suspend access to your Account, in the event that a technical problem causes system outage or Account errors, until the problem is resolved.

You may terminate this agreement at any time by closing your Account in accordance with these Terms. In order to do so, you should [contact us](#) for assistance in closing your Account. You may not close an Account if we determine, in our sole discretion, that such closure is being performed in an effort to evade a legal or regulatory investigation or to avoid paying any amounts otherwise due to FTX Trading.

We encourage you to withdraw any remaining balance of Digital Assets prior to issuing a request to close your Account. We reserve the right to restrict or refuse to permit withdrawals from your Account if (i) your Account has otherwise been suspended or closed by us in accordance with these Terms; (ii) to do so would be prohibited by law or court order, or we have determined that the Digital Assets in your Account were obtained fraudulently; or (iii) you have not completed the required identity verification procedure. You can check whether or not your identity has been verified by reviewing your verification status under the “Settings” section of your Account. Upon closure or suspension of your Account, you authorize FTX Trading to cancel or suspend pending transactions.

In the event that you or FTX Trading terminates this agreement or your access to the Services, or deactivates or closes your Account, you remain liable for all activity conducted with or in connection with your Account while it was open and for all amounts due in connection with such activity.

12. RISK DISCLOSURES

The following risks associated with Digital Assets and the Services is not exhaustive.

No advice

FTX Trading does not advise on the merits of any particular transactions, trading risks, or tax consequences, and FTX Trading does not provide any other financial, investment, or legal advice in connection with the Services. To the extent that we or our representatives provide trading recommendations, market commentary, or any other information, the act of doing so is incidental to your relationship with us and such information should not be construed as investment or financial advice. Any decision to buy or sell Digital Assets is the User's decision and FTX Trading will not be liable for any loss suffered.

You accept the risk of trading Digital Assets. In entering into any transaction on FTX, you represent that you have been, are, and will be solely responsible for making your own independent appraisal and investigations into the risks of the transaction and the underlying Digital Asset. You represent that you have sufficient knowledge, market sophistication, professional advice and experience to make your own evaluation of the merits and risks of any transaction or any underlying Digital Asset.

Digital Asset transfers and volatility

Trading in Digital Assets can be extremely risky and volatile. Digital Assets may have unique features that make them more or less likely to fluctuate in value. Factors beyond FTX Trading's control, such as regulatory activity, market manipulation, or unexplainable price volatility, may affect market liquidity for a particular Digital Asset. Blockchain networks may go offline as a result of bugs, Forks, or other unforeseeable reasons. As a general matter, Users with limited trading experience and low risk tolerance should not engage in active trading on FTX. Speculating on the value of Digital Assets is high risk and Users should never trade more than they can afford to lose.

Understanding Digital Assets requires advanced technical knowledge. Digital Assets are often described in exceedingly technical language that requires a comprehensive understanding of applied cryptography and computer code in order to appreciate the inherent risks. The listing of a Digital Asset on FTX does not indicate FTX Trading's approval or disapproval of the underlying technology regarding any Digital Asset and should not be used as a substitute for your own understanding of the risks specific to each Digital Asset. We provide no warranty as to the suitability of the Digital Asset traded under these Terms and assume no fiduciary duty to Users in connection with such use of the Services.

Users accept all consequences of sending Digital Assets to an address off the FTX platform. Digital Asset transactions may not be reversible. Once you send Digital Assets to an address, you accept the risk that you may lose access to your Digital Assets indefinitely. For example, an address may have been entered incorrectly and the true owner of the address may never be discovered, or an address may belong to an entity that will not return your Digital Assets, or may return your Digital Assets but first requires action on your part, such as verification of your identity.

Futures and leveraged products

Trading of Futures Contracts and Leveraged Tokens may not be suitable for all Users and should only be used by those who understand the consequences of seeking daily inverse or leveraged results.

Futures Contracts involve margin and leverage, and as such, you may feel the effects of any losses immediately. If movements in the markets for a Futures Contract or the underlying Digital Asset decrease the value of your position in such Future Contract, you may be required to have or make additional collateral available as margin. If your Account is under the minimum

margin requirements set by the Exchange, your position may be liquidated at a loss, and you will be liable for the deficit, if any, in your Account.

Unlike Futures Contracts, Leveraged Tokens do not require Users to trade on margin. However, they remain subject to certain risks that you should understand before trading, including but not limited to:

- *Market Price Variance Risk:* Holders buy and sell Leveraged Tokens in the secondary market at market prices, which may be different from the value of the underlying Digital Asset. The market price for a Leveraged Token will fluctuate in response to changes in the value of the token's holdings, supply and demand for the token and other market factors.
- *Inverse Correlation Risk:* Holders of Leveraged Tokens that target an inverse return will lose money when the price of the Digital Asset rises, a result that is opposite from holding the underlying asset.
- *Portfolio Turnover Risk:* Leveraged Tokens may incur high portfolio turnover to manage the exposure to the underlying Digital Asset. Additionally, active market trading of a Leveraged Token's holding may cause more frequent creation or redemption activities that could, in certain circumstances, increase the number of portfolio transactions. High levels of transactions increase transaction costs. Each of these factors could have a negative impact on the performance of a Leveraged Token.
- *Interest Rates:* Leveraged Tokens take positions in futures contracts to achieve their desired leverage. These futures might trade at a premium or discount to spot markets in the applicable Digital Asset as a reflection of prevailing interest rates in cryptocurrency markets. Thus, a Leveraged Token could outperform or underperform the Digital Asset's returns due to a divergence between the two markets.

Supply and value of Digital Assets

The value of Digital Assets may be derived from the continued willingness of market participants to exchange Digital Assets for Digital Assets, which may result in the potential for permanent and total loss of value of a particular Digital Asset should the market for that Digital Asset disappear.

You acknowledge and agree that Digital Assets and/or FTX features available in one jurisdiction may not be available for trading or to access, as applicable, in another.

Blacklisted addresses and forfeited funds

Leveraged Tokens are Digital Assets built on the Ethereum blockchain. FTX Trading reserves the right to "blacklist" certain addresses and freeze associated Leveraged Tokens (temporarily or permanently) that it determines, in its sole discretion, are associated with illegal activity or activity that otherwise violates these Terms ("**Blacklisted Addresses**"). In the event that you send Leveraged Tokens to a Blacklisted Address, or receive Leveraged Tokens from a

Blacklisted Address, FTX Trading may freeze such Leveraged Tokens and take steps to terminate your Account.

In certain circumstances, FTX Trading may deem it necessary to report such suspected illegal activity to applicable law enforcement agencies and you may forfeit any rights associated with your Leveraged Tokens, including the ability to redeem your Leveraged Tokens for U.S. Dollars. FTX Trading may also be forced to freeze Leveraged Tokens in the event that we receive a legal order from a valid government authority requiring us to do so.

Software protocols and operational challenges

The software protocols that underlie Digital Assets are typically open source projects, which means that (i) the development and control of such Digital Assets is outside of FTX's control and (ii) such software protocols are subject to sudden and dramatic changes that might have a significant impact on the availability, usability or value of a given Digital Asset.

You are aware of and accept the risk of operational challenges. FTX may experience sophisticated cyber attacks, unexpected surges in activity or other operational or technical difficulties that may cause interruptions to the Services. You understand that the Services may experience operational issues that lead to delays. You agree to accept the risk of transaction failure resulting from unanticipated or heightened technical difficulties, including those resulting from sophisticated attacks. You agree not to hold FTX Trading accountable for any related losses.

All Users understand that the technology underlying Digital Assets is subject to change at any time, and such changes may affect your assets stored on our platform. You claim full responsibility for monitoring such technological changes and understanding their consequences for your Digital Assets. Users conduct all trading on their own account and FTX Trading does not take any responsibility for any loss or damage incurred as a result of your use of any Services or your failure to understand the risks involved associated with Digital Assets use generally or your use of our Services

Compliance

You are responsible for complying with applicable law. You agree that FTX is not responsible for determining whether or which laws may apply to your transactions, including but not limited to tax law. You are solely responsible for reporting and paying any taxes arising from your use of the Services.

Legislative and regulatory changes

Legislative and regulatory changes or actions at the domestic or international level may adversely affect the use, transfer, exchange, and value of Digital Assets.

No deposit protection

Neither Digital Assets nor any fiat currency held in your Account is eligible for any public or private deposit insurance protection.

Digital Asset Distributions not supported

Certain Digital Assets are built on protocols that support Digital Asset Distributions, including, but not limited to, Forks, Staking Rewards and Airdrops (as defined in Section 8 above). FTX Trading is not obligated to support any such Digital Asset Distributions for Users. If you hold these Digital Assets in your Account, you thereby forfeit the ability to claim any Digital Asset Distributions from FTX. If you hold Digital Assets with proof-of-stake or delegated proof-of-stake consensus algorithms, FTX Trading may in its sole discretion stake these Digital Assets without any obligation to distribute Staking Rewards to you. Staking may subject your Digital Assets to additional risks and FTX is not responsible for losses you may incur related to staking.

13. RIGHT TO CHANGE OR REMOVE FEATURES AND SUSPEND OR DELAY TRANSACTIONS

We reserve the right to change, suspend, or discontinue any aspect of the Services at any time and in any jurisdiction, including hours of operation or availability of any feature, without notice and without liability. We may decline to process any order and may limit or suspend your use of one or more Services at any time, in our sole discretion. Suspension of your use of any of the Services will not affect your rights and obligations pursuant to these Terms.

We may, in our sole discretion, decline to process orders if (i) we believe the transaction is suspicious; (ii) the transaction may involve fraud or misconduct; (iii) it violates applicable laws; or (vi) it violates these Terms. Where permitted by law, we will notify you by the end of the business day if we have suspended processing your orders and, if possible, provide our reasons for doing so and anything you can do to correct any errors leading to the stoppage.

14. FEES

In consideration for the use of the Services, you agree to pay to FTX the appropriate fees, as set forth in our [fee schedule](#) displayed on the Site ("**Fee Schedule**"), which FTX Trading may revise or update in its sole discretion from time to time. On request, FTX may make available an alternative fee schedule ("**Alternative Fee Schedule**") to Users who satisfy certain criteria (such as in relation to trading volume), which are determined by FTX in its sole discretion from time to time. You authorize FTX to deduct any applicable fees from your Account at the time you make a given transaction. Changes to the Fee Schedule or Alternative Fee Schedule are effective as of the date set forth in any revision and will apply prospectively from that date forward.

15. PROMOTIONS

FTX Trading does not, as a general rule, participate in promotions without an official pronouncement, either on the Site or elsewhere. You shall obtain prior written approval prior to releasing any statements, written media releases, public announcements and public disclosures, including promotional or marketing materials, relating to FTX.

16. SECURITY OF USER INFORMATION

You are responsible for maintaining the confidentiality and security of any and all account names, User IDs, passwords, and any other security feature that you use to access the Services. You are responsible for (i) keeping your email address up to date in your Account profile and (ii) maintaining the confidentiality of your User information and the security of your Account, which includes the enabling of all relevant security features. You agree to notify FTX immediately if you become aware of any unauthorized use of the Services or any other breach of security regarding the Services. FTX Trading will not be liable for any loss or damage arising from your failure to protect your Account or your User information.

We shall not bear any liability for any damage or interruptions caused by any computer viruses, spyware, or other malware that may affect your computer or other equipment, or any phishing, spoofing, or other attack. If you question the authenticity of a communication purporting to be from FTX, you should login to your Account through the Site, not by clicking links contained in emails.

17. PRIVACY POLICY

We are committed to protecting your personal information and to helping you understand exactly how your personal information is being used. You should carefully read our [Privacy Policy](#), which provides details on how your personal information is collected, stored, protected, and used.

18. RESTRICTED ACTIVITIES

In connection with your use of the Services, you will not:

- violate or assist any party in violating any law, statute, ordinance, regulation or any rule of any self-regulatory or similar organization of which you are or are required to be a member through your use of the Services;
- provide false, inaccurate, incomplete or misleading information;
- infringe upon FTX's or any third party's copyright, patent, trademark, or intellectual property rights;
- engage in any illegal activity, including without limitation illegal gambling, money laundering, fraud, blackmail, extortion, ransoming data, the financing of terrorism, other violent activities or any prohibited market practices;
- distribute unsolicited or unauthorized advertising or promotional material, written media releases, public announcements and public disclosures, junk mail, spam or chain letters;
- use a web crawler or similar technique to access our Services or to extract data;
- reverse engineer or disassemble any aspect of the Site, the API, or the Services in an effort to access any source code, underlying ideas and concepts and algorithms;
- perform any unauthorized vulnerability, penetration or similar testing on the API;

- take any action that imposes an unreasonable or disproportionately large load on our infrastructure, or detrimentally interfere with, intercept, or expropriate any system, data or information;
- transmit or upload any material to the Site that contains viruses, Trojan horses, worms, or any other harmful or deleterious programs;
- otherwise attempt to gain unauthorized access to or use of the Site, the API, other FTX Accounts, computer systems, or networks connected to the Site, through password mining or any other means;
- transfer any rights granted to you under these Terms;
- engage in any other activity which, in our reasonable opinion, amounts to or may amount to market abuse including without limitation the carrying out of fictitious transactions or wash trades, front running or engaging in disorderly market conduct; or
- engage in any behavior which is unlawful, violates these Terms, or is otherwise deemed unacceptable by FTX Trading in its sole discretion.

19. ELECTRONIC TRADING TERMS

FTX Trading may, in its sole discretion, choose to discontinue support for a currently listed or supported Digital Asset, Leveraged Token, or Futures Contract at any time, based on a number of factors, including changes in characteristics.

A transaction on FTX may fail for several reasons, including without limitation to change in prices, insufficient margin, or unanticipated technical difficulties. FTX Trading makes no representation or warranty that any transaction will be executed properly. We are under no circumstances liable for any loss or injury suffered by a failure of a transaction to complete properly or in a timely manner. Further, we are in no way responsible for notifying you of a transaction failure, although you are able to see any such failures on the Site. You have full responsibility to determine and inquire into the failure of any transaction which you initiate.

In the event that you receive any data, information, or software through our Services other than that which you are entitled to receive pursuant to these Terms, you will immediately notify us and will not use, in any way whatsoever, such data, information or software. If you request a withdrawal of Digital Assets and we cannot comply with it without closing some part of your open positions, we will not comply with the request until you have closed sufficient positions to allow you to make the withdrawal.

We may refuse to execute a trade, or impose trade amount limits or restrictions at any time, in our sole discretion without notice. Specifically, we reserve the right to refuse to process, or the right to cancel or reverse, any transaction, as well as to revoke access to a User's deposit address on FTX, where we suspect the transaction involves money laundering, terrorist financing, fraud, or any other type of crime or if we suspect the transaction relates to a prohibited use as stated in these Terms. FTX Trading reserves the right to halt deposit activity at our sole discretion. A User may not change, withdraw, or cancel its authorization to make a transaction, except with respect to partially filled orders.

FTX Trading may correct, reverse, or cancel any trade impacted by an error in processing a User's transaction or otherwise. The User's remedy in the event of an error will be limited to

seeking to cancel an order or obtaining a refund of any amounts charged to the User. FTX Trading cannot guarantee such cancellations or refunds will always be possible.

FTX provides Users with a platform that allows their orders to be matched with the orders of other Users. Orders may be partially filled or may be filled by a number of orders, depending on the trading activity at the time an order is placed. FTX's relationship with you under these Terms is as a trading platform provider only and does not act as principal or counterparty with respect to trades entered into on the platform. Notwithstanding the foregoing, (i) FTX Trading may act as a counterparty for limited trades made for the purpose of liquidating fees collected on User trades, and (ii) affiliates of FTX may execute trades on the platform; provided, however, that such affiliates shall not be afforded any priority in trade execution.

The Digital Assets available for purchase through the Services may be subject to high or low transaction volume, liquidity, and volatility at any time for potentially extended periods. You acknowledge that while FTX Trading uses commercially reasonable methods to provide exchange rate information to you through our Services, the exchange rate information we provide may differ from prevailing exchange rates made available by third parties. Similarly, the actual market rate at the time of your trade may be different from the indicated prevailing rate. You agree that you assume all risks and potential losses associated with price fluctuations or differences in actual versus indicated rates.

20. COMMUNICATIONS

These Terms are provided to you and concluded in English. We will communicate with you in English for all matters related to your use of our Services unless we elect, in our sole discretion, to provide support for other languages.

21. FEEDBACK

You acknowledge and agree that any materials, including without limitation questions, comments, feedback, suggestions, ideas, plans, notes, drawings, original or creative materials or other information or commentary you provide on our platform or one of our social media accounts, regarding FTX or the Services (collectively, "**Feedback**") that are provided by you, whether by email, posting to the Site or social channels, or otherwise, are non-confidential and will become the sole property of FTX Trading. FTX Trading will own exclusive rights, including all intellectual property rights, and will be entitled to the unrestricted use and dissemination of such Feedback for any purpose, commercial or otherwise, without acknowledgment or compensation to you.

22. OWNERSHIP OF DIGITAL ASSETS

You hereby represent and warrant to us that any Digital Assets used by you in connection with the Services are either owned by you or that you are validly authorized to carry out transactions using such Digital Assets and that all transactions initiated with your Account are for your own Account and not on behalf of any other person or entity.

23. TAXES

You will be able to see a record of your transactions via your Account which you may wish to use for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to your activities on the Exchange, and to collect, report, and remit the correct tax to the appropriate tax authority. FTX Trading is not responsible for determining whether taxes apply to your transaction, or for collecting, reporting, or remitting any taxes arising from any transaction.

24. INDEMNIFICATION; RELEASE

You agree to indemnify and hold FTX Trading, its affiliates, and service providers, and each of their officers, directors, agents, joint venturers, employees, and representatives harmless from any claim or demand (including attorneys' fees and any losses, fines, fees, or penalties imposed by any regulatory authority) arising out of your breach of these Terms, or your violation of any law or regulation.

For the purpose of this Section 24, the term "**losses**" means all net costs reasonably incurred by us or the other persons referred to in this Section which are the result of the matters set out in this Section 24 and which may relate to any claims, demands, causes of action, debt, cost, expense or other liability, including reasonable legal fees (without duplication).

If you have a dispute with one or more Users or third parties, you release FTX Trading (and its affiliates and service providers, and each of their officers, directors, agents, joint ventures, employees, and representatives) from any and all claims, demands, and damages (actual and consequential) of every kind and nature arising out of or in any way connected with such disputes. If you have a dispute with anyone other than FTX Trading, you release us from liability associated with that dispute.

25. LIMITATION OF LIABILITY; NO WARRANTY

YOU EXPRESSLY UNDERSTAND AND AGREE THAT FTX TRADING AND OUR AFFILIATES AND SERVICE PROVIDERS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS, EMPLOYEES, AND REPRESENTATIVES WILL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY DAMAGES, OR DAMAGES FOR LOSS OF PROFITS INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF GOODWILL, USE, DATA, OR OTHER INTANGIBLE LOSSES (EVEN IF FTX TRADING HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), WHETHER BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE, RESULTING FROM: (I) THE USE OR THE INABILITY TO USE THE SERVICES; (II) THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES RESULTING FROM ANY GOODS, DATA, INFORMATION, OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO THROUGH OR FROM THE SERVICES; (III) UNAUTHORIZED ACCESS TO OR ALTERATION OF YOUR TRANSMISSIONS OR DATA; OR (IV) ANY OTHER MATTER RELATING TO THE SERVICES.

SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES OR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES. ACCORDINGLY, SOME OF THE LIMITATIONS SET FORTH ABOVE MAY NOT APPLY TO YOU. IF YOU ARE DISSATISFIED WITH ANY PORTION OF THE SERVICES OR WITH THIS AGREEMENT, YOUR SOLE AND EXCLUSIVE REMEDY IS TO DISCONTINUE USE OF THE SERVICES AND CLOSE YOUR ACCOUNT. THE SERVICES ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED. FTX TRADING, OUR AFFILIATES, AND OUR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, JOINT VENTURERS, EMPLOYEES, AND SUPPLIERS SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. FTX TRADING MAKES NO WARRANTY THAT (I) THE SERVICES WILL MEET YOUR REQUIREMENTS, (II) THE SERVICES WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE, OR (III) THE QUALITY OF ANY PRODUCTS, SERVICES, INFORMATION, OR OTHER MATERIAL PURCHASED OR OBTAINED BY YOU WILL MEET YOUR EXPECTATIONS.

26. FORCE MAJEURE

FTX Trading shall have no liability for any failure or delay resulting from any abnormal or unforeseeable circumstances outside our reasonable control, the consequences of which would have been unavoidable despite all efforts to the contrary, including without limitation governmental action or acts of terrorism, earthquake, fire, flood, or other acts of God, labor conditions, delays or failures caused by problems with another system or network, mechanical breakdown or data-processing failures or where we are bound by other legal obligations.

27. GOVERNING LAW; VENUE AND ARBITRATION

The laws of Antigua and Barbuda shall govern these Terms. Except as otherwise required by local law, any dispute between you and FTX Trading related in any way to, or arising in any way from, our Services or these Terms ("**Dispute**") shall be finally settled on an individual, non-representative basis in binding arbitration in accordance with the Antigua and Barbuda Arbitration Act (Cap 33), as modified by these Terms or in accordance with rules on which we may mutually agree. Any arbitration shall take place in Antigua and Barbuda. The arbitrator may award any relief that a court of competent jurisdiction could award, including attorneys' fees when authorized by law.

28. AMENDMENTS

We may amend any portion of these Terms at any time by posting the revised version of these Terms with an updated revision date. The changes will become effective, and shall be deemed accepted by you, the first time you use the Services after the initial posting of the revised agreement and shall apply on a going-forward basis with respect to transactions initiated after the posting date. In the event that you do not agree with any such modification, your sole and exclusive remedy is to terminate your use of the Services and close your Account. You agree that we shall not be liable to you or any third party as a result of any losses suffered by any modification or amendment of these Terms.

29. ASSIGNMENT

You may not transfer or assign these Terms or any rights or obligations you have under these Terms without our prior written consent or otherwise and any such attempted assignment shall be void. We reserve the right to freely assign or transfer these Terms and the rights and obligations of these Terms, to any third party at any time without notice or consent. If you object to such transfer or assignment, you may stop using our Services and terminate this agreement by [contacting us](#) and requesting to close your account.

30. SURVIVAL

Upon termination of your Account or this agreement for any other reason, all rights and obligations of the parties that by their nature are continuing will survive such termination.

31. THIRD PARTY APPLICATIONS

If you grant express permission to a third party to connect to your Account, either through the third party's product or through FTX, you acknowledge that granting permission to a third party to take specific actions on your behalf does not relieve you of any of your responsibilities under this agreement. Further, you acknowledge and agree that you will not hold FTX Trading responsible for, and will indemnify FTX Trading from, any liability arising from the actions or inactions of such third party in connection with the permissions you grant.

32. SITE; THIRD PARTY CONTENT

FTX Trading strives to provide accurate and reliable information and content on the Site, but such information may not always be correct, complete, or up to date. FTX Trading will update the information on the Site as necessary to provide you with the most up to date information, but you should always independently verify such information. The Site may also contain links to third party websites, applications, events or other materials ("**Third Party Content**"). Such information is provided for your convenience and links or references to Third Party Content do not constitute an endorsement by FTX Trading of any products or services. FTX Trading shall have no liability for any losses incurred as a result of actions taken in reliance on the information contained on the Site or in any Third Party Content.

33. LIMITED LICENSE; IP RIGHTS

FTX Trading grants you a limited, non-exclusive, non-sublicensable, and non-transferable license, subject to these Terms, to access and use the Services solely for approved purposes as determined by FTX Trading. Any other use of the Services is expressly prohibited. FTX Trading and its licensors reserve all rights in the Services and you agree that these Terms do not grant you any rights in, or licenses to, the Services except for the limited license set forth above.

Except as expressly authorised by FTX Trading, you agree not to modify, reverse engineer, copy, frame, scrape, rent, lease, loan, sell, distribute, or create derivative works based on the Services, in whole or in part. If you violate any portion of these Terms, your permission to access and use the Services may be terminated pursuant to these Terms. "FTX.com," "FTX"

and all logos related to the Services are either trademarks, or registered marks of FTX Trading or its licensors. You may not copy, imitate, or use them without FTX Trading's prior written consent. All right, title, and interest in and to the Site, any content thereon, the Services, and any and all technology or content created or derived from any of the foregoing is the exclusive property of FTX Trading and its licensors.

34. UNCLAIMED OR ABANDONED PROPERTY

If FTX Trading is holding funds in your Account, and we are unable to contact you and have no record of your use of the Services for a prolonged period of time, applicable law may require us to report these funds as unclaimed property to the applicable jurisdiction. If this occurs, FTX Trading will try to locate you at the address shown in our records, but if FTX Trading is unable to locate you, we may be required to deliver any such funds to the applicable jurisdiction as unclaimed property. FTX Trading reserves the right to deduct a dormancy fee or other administrative charges from such unclaimed funds, as permitted by applicable law.

35. LEGAL COMPLIANCE

The Services are subject to all applicable export control restrictions, and, by using the Services, you represent that your actions are not in violation of such export control restrictions. Without limiting the foregoing, you may not use the Services if (i) you are in a prohibited jurisdiction as set forth at [Location Restrictions](#) ("**Restricted Territories**"); (ii) you are a member of any sanctions list or equivalent maintained by the United States government, the United Kingdom government or by the European Union ("**Restricted Persons**"); (iii) you intend to transact with any Restricted Territories or Restricted Persons; (iv) you are located, incorporated or otherwise established in, or a citizen or resident of a jurisdiction where it would be illegal under Applicable Law for you (by reason of your nationality, domicile, citizenship, residence or otherwise) to access or use the Services; or (v) the publication or availability of the Services is prohibited or contrary to local law or regulation, or could subject FTX to any local registration or licensing requirements.

36. ENTIRE AGREEMENT; THIRD PARTY RIGHTS

The failure of FTX Trading to exercise or enforce any right or provision of the Agreement shall not constitute a waiver of such right or provision. If any provision of these Terms shall be adjudged by any court of competent jurisdiction to be unenforceable or invalid, that provision shall be limited or eliminated to the minimum extent necessary so that these Terms shall otherwise remain in full force and effect and remain enforceable between the parties.

The headings and any explanatory text are for reference purposes only and in no way define, limit, construe, or describe the scope or extent of such section. These Terms, including FTX's policies governing the Services referenced herein, the [Privacy Policy](#), and the [Security Policy](#), constitute the entire agreement between you and FTX Trading with respect to the use of the Services.

These Terms are not intended and shall not be construed to create any rights or remedies in any parties other than you and FTX Trading and other affiliates of FTX Trading, which each shall

be a third party beneficiary of these Terms, and no other person shall assert any rights as a third party beneficiary hereunder. If some future court judgment deems any particular provision of these Terms unenforceable, the rest of the Agreement is still valid.

37. QUESTIONS AND CONTACT INFORMATION

We often post notices and relevant Services information in our Telegram channel and on our Twitter account, so we advise Users to check those channels before contacting support.

Telegram: https://t.me/FTX_Official
Twitter: https://twitter.com/FTX_Official
WeChat: ftexchange
Blog: <https://blog.ftx.com/>
Email: support@ftx.com

To contact us, please visit one of the links or channels above. For support with your Account, you may email us at support@ftx.com. Please provide all relevant information, including your FTX username and transaction IDs of any related deposits. Although we make no representations or provide no warranties as to the speed of response, we will get back to you as soon as possible.

FTX TERMS OF SERVICE

Date: May 13, 2022

The following terms and conditions of service, together with any other documents expressly incorporated herein, (collectively, the "**Terms**") constitute an agreement between you ("**you**", "**your**" or "**User**") and FTX Trading Ltd, a company incorporated and registered in Antigua and Barbuda (company number 17180) ("**FTX Trading**", "**we**", "**our**" or "**us**"), or a Service Provider in respect of a Specified Service, and apply to your use of:

- (A) the Exchange and any Specified Service that may be offered to you by a Service Provider (collectively, the "**Platform**"), as a User to buy, sell, exchange, hold, stake, lend, borrow, send, receive or otherwise transact in (together, "**transact in**") or list Digital Assets;
- (B) the FTX Application Programming Interface ("**API**"); and
- (C) any other services offered through the FTX website (ftx.com) (the "**Site**") or any Mobile Application, (together, the "**Services**").

By registering for a Platform account ("**Account**") or using the Services, you agree that you have read, understand and accept the Terms, including our [Privacy Policy](#), [Security Policy](#) and [Fee Schedule](#), and you acknowledge and agree that you will be bound by and comply with the Terms. Do not proceed with registering for an Account, or using the Services, if you do not understand and accept the Terms in their entirety.

Section 21 (*Right to change, suspend or discontinue Services*) and Section 22 (*Updates to Terms*) set out the terms on which we may, from time to time, change, suspend, or discontinue any aspect of the Services and amend any part of the Terms.

Our Services are not offered to Restricted Persons (as defined in Section 3.3.1(A) below) or persons who have their registered office or place of residence in the United States of America or any Restricted Territory (as defined in Section 3.3.1(A) below).

FTX Trading's relationship with you under the Terms is as a trading platform provider only. FTX Trading does not act as principal or counterparty with respect to trades entered into on the Platform. Notwithstanding the foregoing:

- (A) FTX Trading may act as a counterparty for limited trades made for the purpose of liquidating fees collected on User trades; and
- (B) Affiliates of FTX Trading may execute trades on the Platform provided, however, that such Affiliates shall not be afforded any priority in trade execution.

Save in certain limited circumstances set out in Section 38.13 (*Exception to arbitration*), Section 38.12 (*Arbitration*) requires all Disputes to be resolved by way of legally binding arbitration on an individual basis only and not as a claimant or class member in a purported class or representative action. There is no judge or jury in arbitration and court review of an arbitration award is limited.

The laws of some jurisdictions may limit or not permit certain provisions of the Terms, such as arbitration, indemnification, the exclusion of certain warranties or the limitation of certain liabilities. In such a case, such provisions will apply only to the maximum extent permitted by the laws of such jurisdictions.

In the Terms, unless the context otherwise requires, the definitions and rules of interpretation set out in Schedule 1 shall apply.

1. STRUCTURE OF TERMS

1.1 The Terms comprise:

- 1.1.1 the general terms and conditions set out above, in Sections 1 (*Structure of Terms*) to 38 (*General*), and in Schedule 1 (*Definitions and Interpretation*), which

apply generally to you, your registration and use of an Account, and your use of the Services ("**General Terms**");

1.1.2 the policies, schedules and other documents of FTX Trading and its Affiliates incorporated by reference into the Terms, including our [Privacy Policy](#), [Security Policy](#) and [Fee Schedule](#) ("**FTX Policies**"); and

1.1.3 the terms and conditions set out in each Service Schedule, which shall also apply to the Specified Service referred to therein.

1.2 To the extent there is any conflict or inconsistency between the modules of the Terms, such conflict or inconsistency shall be resolved in the following order of precedence, unless a term or condition set out in a document of lower precedence is expressly identified as taking precedence over a document of higher precedence: General Terms, Service Schedules, [Fee Schedule](#), [Privacy Policy](#), [Security Policy](#) and other FTX Policies.

1.3 **IMPORTANT:** You acknowledge and agree that any Specified Service referred to in a Service Schedule shall be provided to you by the Service Provider specified in that Service Schedule. In such case, the Specified Service shall be provided to you on and subject to the Terms, with references in these General Terms to "FTX Trading" (or "we", "our" or "us") being read as references to the Service Provider specified in the Service Schedule, unless the context provides otherwise, and under no circumstances shall any other person, including any Affiliate of the Service Provider, be liable to you for the performance of any of the Service Provider's obligations under the Terms.

2. **RISK DISCLOSURES**

Before beginning to use the Services, you should ensure you have read and understand (and you represent and warrant that you have read and understand) the following risk disclosures and the risk disclosures set out in the Service Schedules. You should note that this is not an exhaustive list of all of the risks associated with Digital Assets and the Services.

2.1 **No advice and no reliance**

2.1.1 FTX Trading does not advise on the merits of any particular transaction, trading risks, or tax consequences, and FTX Trading does not provide any other financial, investment, taxation or legal advice in connection with the Services. To the extent that we or our representatives provide market commentary, or any other information, the act of doing so is incidental to your relationship with us and such information should not be construed as investment or financial advice. Any decision by you to use the Services and transact in Digital Assets is your own independent decision. You represent that you are not relying on any communication (written or oral) by us as investment advice or as a recommendation to use the Services and transact in Digital Assets. FTX Trading will not be liable for any loss suffered by you or any third party.

2.1.2 You accept the risk of trading Digital Assets. In entering into any transaction on the Platform, you represent that you have been, are, and will be solely responsible for making your own independent appraisal and investigations into the risks of such transaction and the underlying Digital Asset. You represent that you have sufficient knowledge, market sophistication, professional advice and experience to make your own evaluation of the merits and risks of any transaction entered into on the Platform or any underlying Digital Asset.

2.1.3 FTX Trading is not your broker, intermediary, agent, or advisor and has no fiduciary relationship or obligation to you in connection with any trades or other decisions or activities effected by you using the Services.

2.2 **Digital Asset transfers and volatility**

2.2.1 Trading in Digital Assets can be extremely risky and volatile. Digital Assets may have unique features that make them more or less likely to fluctuate in value.

Factors beyond FTX Trading's control, such as regulatory activity or unexplainable price volatility, may affect market liquidity for a particular Digital Asset. Blockchain networks may go offline as a result of bugs, Forks (as defined in Section 17 below), or other unforeseeable reasons. As a general matter, you should not engage in active trading on the Platform if you have limited trading experience or low risk tolerance. Speculating on the value of Digital Assets is high risk and you should never trade more than you can afford to lose.

2.2.2 Understanding Digital Assets requires advanced technical knowledge. Digital Assets are often described in exceedingly technical language that requires a comprehensive understanding of applied cryptography and computer code in order to appreciate the inherent risks. The listing of a Digital Asset on the Platform does not indicate FTX Trading's approval or disapproval of the underlying technology of any Digital Asset and should not be used as a substitute for your own understanding of the risks specific to each Digital Asset. We provide no warranty as to the suitability of the Digital Assets traded under the Terms and assume no fiduciary duty to you in connection with such use of the Services.

2.2.3 You accept all consequences of sending Digital Assets to an address off the Platform. Digital Asset transactions may not be reversible. Once you send Digital Assets to an address, you accept the risk that you may lose access to your Digital Assets indefinitely. For example, an address may have been entered incorrectly and the true owner of the address may never be discovered, or an address may belong to a person that will not return your Digital Assets or may return your Digital Assets but first require action on your part, such as verification of your identity or compensation.

2.3 Supply and value of Digital Assets

2.3.1 The value of Digital Assets may be derived from the continued willingness of market participants to exchange Digital Assets for fiat currency and other Digital Assets, which may result in the permanent and total loss of value of a particular Digital Asset should the market for that Digital Asset disappear.

2.3.2 You acknowledge and agree that Digital Assets and/or Services (in whole or in part) available in one jurisdiction may not be available for trading, use or access, as applicable, in another.

2.4 Margin trading

2.4.1 Margin trading is HIGH RISK. As a borrower, you may sustain a total loss of Digital Assets, fiat currency and E-Money (as defined in Section 8.3.2 below (collectively, "**Assets**") in your Account, or owe Assets beyond what you have deposited in your Account. When you lend Assets to other Users, you risk the loss of an unpaid principal if the borrower defaults on a loan and liquidation of the borrower's Account fails to raise sufficient Assets to cover the borrower's debt.

2.5 Complex products

2.5.1 Trading of complex products, including but not limited to Futures Contracts, Options Contracts, and MOVE Volatility Contracts (each as defined in the Service Schedules) (collectively, "**Complex Products**"), may not be suitable for all Users. Complex Product trading is designed to be utilised only by sophisticated Users, such as active traders employing dynamic strategies. You should use extreme caution when trading Complex Products and only trade them if you understand how they work, including but not limited to the risks associated with margin trading, the use of leverage, the risk of shorting, and the effect of compounding and market volatility risks on leveraged products.

2.5.2 Complex Product trading entails significant risk, and you may feel the effects of losses immediately. Complex Product trading requires initial posting of collateral to meet initial margin requirements. If movements in the markets for a Complex

Product or the underlying Digital Asset decrease the value of your position in such Complex Product, you may be required to have or make additional collateral available as margin to ensure that maintenance margin requirements are met. If your Account is under the minimum margin requirements, your position may be liquidated at a loss, and you may lose all of your Assets in your Account. If there are any additional deficits in your Account, you will also be liable for all such deficits.

2.5.3 USERS WHO DO NOT UNDERSTAND LEVERAGE OR MARGIN TRADING, OR DO NOT INTEND TO ACTIVELY MANAGE THEIR PORTFOLIO, SHOULD NOT ENGAGE IN COMPLEX PRODUCT TRADING.

2.5.4 FTX TRADING AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR USE OF ANY COMPLEX PRODUCT TRADING SERVICES OFFERED ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH COMPLEX PRODUCT TRADING.

2.6 **Blacklisted addresses and forfeited Assets**

2.6.1 FTX Trading reserves the right to "blacklist" certain addresses and freeze associated Assets (temporarily or permanently) that it determines, in its sole discretion, are associated with illegal activity or activity that otherwise violates the Terms ("**Blacklisted Addresses**"). In the event that you send Assets to a Blacklisted Address or receive Assets from a Blacklisted Address, FTX Trading may freeze such Assets and take steps to terminate your Account.

2.6.2 In certain circumstances, FTX Trading may deem it necessary to report such suspected illegal activity to applicable law enforcement agencies and other Regulatory Authorities, and you may forfeit any rights associated with your Assets, including the ability to redeem or exchange your Digital Assets for other Digital Assets or fiat currency. FTX Trading may also freeze Assets held in your Account in the event that we receive a related order or request from a legal or Regulatory Authority.

2.7 **Software protocols and operational challenges**

2.7.1 The software protocols that underlie Digital Assets are typically open source projects or are otherwise operated by third parties, which means that: (i) the operations, functionalities, development and control of such Digital Assets and their underlying networks are outside of FTX Trading's control; and (ii) such software protocols are subject to sudden and dramatic changes that might have a significant impact on the availability, usability or value of a given Digital Asset.

2.7.2 You are aware of and accept the risk of operational challenges that may impact the Services. The Platform may experience sophisticated cyber-attacks, unexpected surges in activity or other operational or technical difficulties that may cause interruptions to the Services. You understand that the Services may experience operational issues that lead to delays. You agree to accept the risk of transaction failure resulting from unanticipated or heightened technical difficulties, including those resulting from sophisticated attacks. You agree not to hold FTX Trading liable for any related losses.

2.7.3 You understand that the technology underlying Digital Assets is subject to change at any time, and such changes may affect your Digital Assets stored on the Platform. You are fully responsible for monitoring such technological changes and understanding their consequences for your Digital Assets.

2.7.4 Users conduct all trading on their own account and FTX Trading does not take any responsibility for any loss or damage incurred as a result of your use of any Services or your failure to understand the risks associated with Digital Assets use generally or your use of our Services.

2.7.5 Digital Assets depend on the availability and reliability of power, connectivity, and hardware. Interruption or failure of any of these things may disrupt the networks on which the Digital Assets rely or your ability to access or transact in Digital Assets.

2.8 **Compliance**

You are responsible for complying with all Applicable Laws. You agree that FTX Trading is not responsible for determining whether or which laws and regulations may apply to your transactions, including but not limited to tax laws and regulations. You are solely responsible for reporting and paying any taxes arising from your use of the Services.

2.9 **Legislative and regulatory changes**

Legislative and regulatory changes or actions at the domestic or international level may adversely affect the use, transfer, ability to transact in, and value of Digital Assets, or your access to, and our ability to provide, the Services. You acknowledge and accept the risks that such changes may bring and that FTX Trading is not liable for any adverse impact that that you may suffer as a result.

2.10 **No deposit protection**

Neither Digital Assets nor any fiat currency or E-Money held in your Account is eligible for any public or private deposit insurance protection.

2.11 **Digital Asset Distributions not supported**

Certain Digital Assets are built on protocols that support Digital Asset Distributions (as defined in Section 17.4 below), including, but not limited to, Forks (as defined in Section 17.1 below), Staking Rewards (as defined in Section 17.4 below) and Airdrops (as defined in Section 17.4 below). FTX Trading is not obligated to support any such Digital Asset Distributions for Users. If you hold these Digital Assets in your Account, you thereby forfeit the ability to claim any Digital Asset Distributions from FTX Trading. If you hold Digital Assets with proof-of-stake or delegated proof-of-stake consensus algorithms, FTX Trading may in its sole discretion stake these Digital Assets without any obligation to distribute Staking Rewards to you. Staking may subject your Digital Assets to additional risks and FTX Trading is not liable for losses you may incur related to staking.

2.12 **Reliance on third parties**

Your use of the Services and the value of certain Digital Assets may rely on the acts of third parties or the fulfilment of related obligations by third parties. FTX Trading is not responsible for the acts or omissions of such third parties.

3. **APPLICABLE LAWS AND REGULATIONS**

3.1 **Compliance with Applicable Laws**

3.1.1 You agree and understand that by opening an Account and using the Services in any capacity, you shall act in compliance with all Applicable Laws. Failure to do so may result in the suspension of your ability to use the Services or the closure of your Account.

3.1.2 Without limitation to the above, your access to and use of your Account and the Services, and the receipt of any fee discounts and rebates, is subject to your continued compliance with all Applicable Laws, including the rules and directions of any applicable Regulatory Authority and, without limitation, all applicable tax, anti-money laundering ("**AML**") and counter-terrorist financing ("**CTF**") laws and regulations.

3.2 AML and CTF procedures

Our AML and CTF procedures are guided by all applicable rules and regulations regarding AML and CTF. These standards are designed to prevent the use of the Platform for money laundering or terrorist financing activities. We take compliance very seriously and it is our policy to take the necessary steps that we believe appropriate to prohibit fraudulent transactions, report suspicious activities, and actively engage in the prevention of money laundering and terrorist financing, any related acts that facilitate money laundering, terrorist financing or any other financial crimes.

3.3 Export controls

3.3.1 The Services are subject to all applicable export control restrictions and, by using the Services, you represent that your actions are not in violation of such export control restrictions. Without limiting the foregoing, you may not use the Services if:

- (A) you are in a prohibited jurisdiction as set forth at [Location Restrictions](#) ("**Restricted Territories**");
- (B) you are a member of any sanctions list or equivalent maintained by the United States government, the United Kingdom government, the European Union, the Singapore government, or The Bahamas government ("**Restricted Persons**");
- (C) you intend to transact with any Restricted Territories or Restricted Persons;
- (D) you are located, incorporated or otherwise established in, or a citizen or resident of a jurisdiction where it would be illegal under Applicable Law for you (by reason of your nationality, domicile, citizenship, residence or otherwise) to access or use the Services; or
- (E) the publication or availability of the Services in the jurisdiction in which you are based is prohibited or contrary to local law or regulation or could subject FTX Trading to any local registration or licensing requirements.

3.3.2 We may, in our sole discretion, implement controls to restrict access to and use of the Services in any of the Restricted Territories or in any of the circumstances referred to in Section 3.3.1 above. If we determine that you are accessing or using the Services from any Restricted Territory, or any of the circumstances referred to in Section 3.3.1 above apply, we may suspend your ability to use the Services or close your Account at our discretion.

4. ELIGIBILITY

4.1 In order to be eligible to open an Account or use the Services (and to enter into the Terms), you must meet (and you represent and warrant that you do meet), the following eligibility criteria:

4.1.1 If you are an individual, you must be at least 18 years of age, have the capacity to accept the Terms, and not have been previously suspended or removed from access to the Services or any other service or product offered by FTX Trading or any of its Affiliates, and are otherwise eligible to use the Services under Applicable Law.

4.1.2 If you are registering to use the Services on behalf of a legal entity, then:

- (A) you must be duly authorised by such legal entity to act on its behalf for the purpose of entering into the Terms;
- (B) the legal entity must be duly organised and validly existing under the laws of the jurisdiction of its organisation; and
- (C) the legal entity must not have been (and each of its Affiliates must not have been) previously suspended or removed from access to the

Services or any other service or product offered by FTX Trading or any of its Affiliates and must be otherwise eligible to use the Services under Applicable Law.

- 4.1.3 You have not: violated; been fined, debarred, sanctioned, the subject of economic sanctions-related restrictions, or otherwise penalised under; received any oral or written notice from any government concerning actual or possible violation by you under; or received any other report that you are the subject or target of sanctions, restrictions, penalties, or enforcement action or investigation under, any Applicable Law (including but not limited to AML, CTF, anti-corruption, or economic sanctions laws).
 - 4.1.4 You do not have your registered office or place of residence in the United States of America or any Restricted Territory.
 - 4.1.5 You are not a Restricted Person nor are you a resident of a Restricted Territory; and
 - 4.1.6 You will not be using the Services for any illegal activity including, but not limited to, those Restricted Activities listed in Section 13 below.
- 4.2 If we determine that you do not fulfil any of the above criteria, then we may suspend your ability to use the Services or close your Account at our discretion.

5. **REGISTRATION PROCESS; IDENTITY VERIFICATION**

- 5.1 When registering your Account, you must provide complete, accurate, up-to-date and not misleading information for all required elements on the registration page, including your full legal name. You also agree to provide us, when registering an Account and on an ongoing basis, with any additional information we request for the purposes of identity verification and the detection of money laundering, terrorist financing, fraud, or any other financial crime, including without limitation a copy of your government issued photo ID or evidence of residency such as a lease or utility bill. You permit us to keep a record of such information and authorise us to make any enquiries, directly or through third parties that we consider necessary to verify your identity or protect you and/or us against fraud or other financial crime, and to take any action we reasonably deem necessary based on the results of such inquiries. When we carry out these enquiries, you acknowledge and agree that your personal information may be disclosed to credit reference and fraud prevention or financial crime agencies and that these agencies may respond to our inquiries in full.
- 5.2 In certain circumstances, we may require you to submit additional information about yourself, your business, your source of wealth, or your transactions, provide records, and complete other verification steps (such process, "**Enhanced Due Diligence**").
- 5.3 You represent and warrant that any and all information provided to us in connection with registering your Account, using the Services, pursuant to the Terms or otherwise is complete, accurate, up-to-date and not misleading in any respect. If any such information changes, it is your obligation to update such information as soon as possible and provide such updates to us.
- 5.4 Your access to the Services and the limits that apply to your use of the Services may be altered as a result of information collected about you on an ongoing basis.
- 5.5 If any (or we suspect that any) of the information that you have provided to us is not complete, accurate, up-to-date or misleading in any respect, or you fail to provide updates to any information that you have provided to us to ensure that it is complete, accurate, up-to-date and not misleading in any respect on a timely basis, we may suspend your ability to use the Services or close your Account at our discretion.
- 5.6 We reserve the right to maintain your Account registration information after you close your Account for business and regulatory compliance purposes, subject to Applicable Laws.

6. YOUR ACCOUNT; SECURITY OF USER INFORMATION

- 6.1 You may access your Account (and the Services) directly via the Site, via a Mobile Application or by such other mode of access (including but not limited to through the APIs) as FTX Trading may prescribe from time to time, using the account names, User IDs, passwords, and other security features ("**User Credentials and Security Passwords**") made available to you by FTX Trading for the purposes of enabling you to access your Account (and the Services). You are responsible for maintaining the confidentiality and security of any and all User Credentials and Security Passwords, which includes the enabling of all relevant security features. You are responsible for keeping your email address up to date in your Account profile.
- 6.2 You are only permitted to access your Account using your own User Credentials and Security Passwords. You must ensure that your Account is not used by any other third party and you must not share your User Credentials and Security Passwords with any third party. You are solely responsible for all activity on your Account.
- 6.3 You agree to notify FTX Trading immediately if you become aware of any breach of security, loss, theft or unauthorised use of your User Credentials and Security Passwords, or unauthorised use of the Services via your Account, or any other breach of security regarding the Services. FTX Trading will not be liable for any loss or damage arising from your failure to protect your Account or your User information. It is important that you regularly check your Account balance and your transaction history to ensure any unauthorised transactions or incorrect transactions are identified and notified to us at the earliest possible opportunity.
- 6.4 FTX Trading reserves the right to suspend your ability to use the Services or close your Account if we suspect that the person logged into your Account is not you or we become aware of or suspect that there has been any breach of security, loss, theft or unauthorised use of your User Credentials and Security Passwords.
- 6.5 In order to access your Account (and the Services) you must have the necessary equipment (such as a computer or smartphone) and access to the Internet. You are solely responsible for your own hardware used to access the Services and are solely liable for the integrity and proper storage of any data associated with the Services that is stored on your own hardware. You are responsible for taking appropriate action to protect your hardware and data from viruses and malicious software, and any inappropriate material. Except as provided by Applicable Law, you are solely responsible for backing up and maintaining duplicate copies of any information you store or transfer through our Services. Neither FTX Trading nor any other Indemnified Party shall be liable to you: (i) in the event that your hardware fails, is damaged or destroyed or any records or data stored on your hardware are corrupted or lost for any reason; (ii) for any damage or interruptions caused by any computer viruses, spyware, or other malware that may affect your computer or other equipment, or any phishing, spoofing, or other attack; or (iii) for your use of the Internet to connect to the Services or any technical problems, system failures, malfunctions, communication line failures, high internet traffic or demand, related issues, security breaches or any similar technical problems or defects experienced.

7. ORDER BOOK AND CONVERT

- 7.1 FTX Trading operates Order Books on which Orders may be placed by Users to be matched with the Orders of other Users. The Order types that FTX Trading may offer from time to time in its sole discretion include but are not limited to "market", "limit", "stop-loss limit", "stop-loss market", "trailing stop" and "take profit limit" orders. FTX Trading may issue trading rules from time to time that apply to Orders placed on the Order Book, in addition to these General Terms.
- 7.2 The Convert function on the Platform also allows you to submit instructions ("**Convert Instructions**") to exchange (buy or sell) one spot Asset for another. Each Convert transaction is subject to the applicable Exchange Rate quoted for the given transaction and the applicable time limits for such quote. The "**Exchange Rate**" means the price of a given Digital Asset as quoted on your "Wallet" page on the Site or any Mobile Application. The

Exchange Rate is stated either as a "Buy Price" or as a "Sell Price", which is the price at which you may buy or sell the Asset, respectively.

- 7.3 The Exchange Rate quoted will depend on market conditions, and you are under no obligation to execute a Convert transaction at any Exchange Rate quoted to you. You acknowledge that the Buy Price Exchange Rate may not be the same as the Sell Price Exchange Rate at any given time, and that there may be a 'spread' to the quoted Exchange Rate. You agree to accept the Exchange Rate when you authorise a Convert transaction.
- 7.4 We do not guarantee the availability of any Exchange Rate and we do not guarantee that you will be able to buy and/or sell your Assets using Convert or on the Order Book at any particular price or time.
- 7.5 You are solely responsible for accurately entering any Order or Convert Instruction, including but not limited to all the necessary information in order to enable us to carry out any Order or Convert Instruction. FTX Trading is not obliged to verify the accuracy or completeness of any such information, Order or Convert Instruction.
- 7.6 You agree that any Order or Convert Instruction received or undertaken through your Account shall be deemed to be final and conclusive, and that FTX Trading may act upon such Order or Convert Instruction. We shall not be under any obligation to verify the identity or authority of any person giving any Order or Convert Instruction or the authenticity of such Order or Convert Instruction.
- 7.7 Your Orders and Convert Instructions shall be irrevocable and unconditional and shall be binding on you, and such Orders and Convert Instructions may be acted or relied upon by us irrespective of any other circumstances. As such, once you give any Order or Convert Instruction, you have no right to rescind or withdraw such Order or Convert Instruction without our written consent.
- 7.8 Each of your Orders and Convert Instructions shall not be considered to be received by FTX Trading unless and until it has been received by FTX Trading's server. FTX Trading's records of all Orders and Convert Instruction shall be conclusive and binding on you for all purposes.
- 7.9 Under no circumstances shall any of the Indemnified Parties be responsible or liable to you for any Losses suffered or incurred by you or any other person arising from any of the Indemnified Parties relying or acting upon any Order or Convert Instruction which is given or purported to be given by you, regardless of the circumstances prevailing at the time of such Order or Convert Instruction.
- 7.10 You hereby authorise FTX Trading to credit or debit (or provide settlement information to third parties for the purposes of the third party crediting or debiting) your Assets from your Account in accordance with your Orders and Convert Instructions. We reserve the right not to effect any transaction if you have insufficient Assets in your Account.

8. ACCOUNT FUNDING

8.1 Funding - General

- 8.1.1 In order to fund your Account and begin transacting in Digital Assets using the Platform, you must first procure Digital Assets (or deposit Digital Assets that you already own into your Account) and/or load fiat currency into your Account.
- 8.1.2 You should be aware that FTX Trading: (i) may not support the loading into and/or storing of fiat currency in your Account in all jurisdictions; and (ii) does not support the use of all fiat currencies. A partial list of fiat currencies supported by FTX Trading can be found [here](#). This list may be amended from time to time by FTX Trading at its sole discretion.
- 8.1.3 Any available Assets held in your Account is available to be locked and used as collateral for margin trading, or to fund trades, in relation to any Services or part thereof offered through the Platform by FTX Trading or its Affiliates.

8.2 Digital Assets

- 8.2.1 The Platform supports deposits and withdrawals of certain Digital Assets, including certain U.S. Dollar-pegged stablecoins (each a "**USD Stablecoin**"). You may deposit Digital Assets that you already own into your Account by generating an address within your Account and sending your Digital Assets to such address, after which they should appear in your Account balance (USD Stablecoins will appear in your "USD Stablecoins (USD)" balance).
- 8.2.2 You may purchase Digital Assets in exchange for certain supported fiat currencies (depending on your location) by linking a valid payment method to your Account. In such circumstances, you authorise us to debit the relevant amount of fiat currency using your selected payment method(s) to complete your purchase.
- 8.2.3 The Platform enables you to exchange one Digital Asset for another Digital Asset, send Digital Assets to and receive Digital Assets from other Users of the Services, or third parties outside of the Platform (where permitted by FTX Trading in its sole discretion).
- 8.2.4 You may sell Digital Assets in exchange for certain supported fiat currencies (depending on your location). In such circumstances, you authorise us to debit your Account and to send instructions to credit your selected payment method(s) in settlement of sell transactions.
- 8.2.5 FTX Trading makes no representations or warranties regarding the amount of time, transaction fees or other requirements that may be required to complete the transfer of your Digital Assets to or from a third party wallet or other source and for said Digital Assets to become available in your Account.
- 8.2.6 All Digital Assets are held in your Account on the following basis:
- (A) Title to your Digital Assets shall at all times remain with you and shall not transfer to FTX Trading. As the owner of Digital Assets in your Account, you shall bear all risk of loss of such Digital Assets. FTX Trading shall have no liability for fluctuations in the fiat currency value of Digital Assets held in your Account.
 - (B) None of the Digital Assets in your Account are the property of, or shall or may be loaned to, FTX Trading; FTX Trading does not represent or treat Digital Assets in User's Accounts as belonging to FTX Trading.
 - (C) You control the Digital Assets held in your Account. At any time, subject to outages, downtime, and other applicable policies (including the Terms), you may withdraw your Digital Assets by sending them to a different blockchain address controlled by you or a third party.
- 8.2.7 FTX Trading is under no obligation to issue any replacement Digital Asset in the event that any Digital Asset, password or private key is lost, stolen, malfunctioning, destroyed or otherwise inaccessible.
- 8.2.8 It is your responsibility to ensure that you send all Digital Assets, to the correct address provided for that particular Digital Asset, including with respect to any Digital Assets that you send to the Platform. If you send a Digital Asset to an address that does not correspond to that exact Digital Asset (such as an address not associated with your Account or the specific Digital Asset sent), such Digital Asset may be lost forever. By sending any Digital Assets to the Platform, you attest that you will only send a supported Digital Asset to the Platform wallet address provided to you. For example, if you select an Ethereum Platform wallet address to receive funds, you attest that you are initiating an inbound transfer of Ethereum alone, and not any other forms of Digital Assets. You agree that FTX Trading incurs no obligation whatsoever with regards to sending unsupported Digital Assets to an address provided to you on the Platform. Similarly, if you

send a Digital Asset from your Account to an external address that does not correspond to that exact Digital Asset, such Digital Asset may be lost forever.

- 8.2.9 You assume all liability for any Losses incurred as a result of sending Digital Assets to an incorrect address (such as typos, errors, copy-paste attacks, or an address not associated with your Account, or an address not associated with the specific Digital Asset). You are solely liable for verifying the accuracy of any external wallet address, and the identity of the recipient. All outbound transfers of Digital Assets cannot be reversed once they are broadcast to the underlying blockchain network. FTX Trading does not control any blockchain network and cannot guarantee that any transfer will be confirmed or transferred successfully by the network. FTX Trading is not responsible for any losses or for taking any actions to attempt to recover any lost, stolen, misdirected or irrecoverable Digital Assets. If the Digital Assets are recoverable, we may in our sole discretion attempt to recover them, but such recovery efforts are in no way guaranteed. Please be aware that if you attempt to deposit ETH to your Account by sending it via a smart contract, your ETH may not be automatically credited, and may take time to recover, and may not be recovered at all.
- 8.2.10 When you elect to transfer Digital Assets from your Account to a third party wallet address or other location, it is always possible that the party administering the new location may reject your transfer or that the transfer may fail due to technical or other issues affecting the Platform. You agree that you shall not hold FTX Trading liable for any damages arising from a rejected or failed transfer.
- 8.2.11 You hereby represent and warrant to us that any Digital Assets used by you in connection with the Services (including any Digital Assets used to fund your Account) are either owned by you or that you are validly authorised to carry out transactions using such Digital Assets, and that all transactions initiated with your Account are for your own Account and not on behalf of any other person.
- 8.2.12 It is your responsibility entirely to provide us with correct details of any withdrawal address. We accept no liability resulting in you or any third party not receiving Digital Assets withdrawn by you due to you providing incorrect, erroneous, incompatible or out-of-date details.

8.3 Fiat currency

- 8.3.1 Where specified on the Site or in a Service Schedule, and depending on your location, the Platform may support various fiat currencies for deposit, withdrawal, and/or trading, using wire transfers, credit cards, or other appropriate methods.
- 8.3.2 Once we receive fiat currency that you load into your Account, we may issue you with an equivalent amount of electronic money ("**E-Money**"), denominated in the relevant fiat currency, which represents the fiat currency that you have loaded. This amount will be displayed in your Account.
- 8.3.3 **E-MONEY IS NOT LEGAL TENDER. FTX TRADING IS NOT A DEPOSITORY INSTITUTION AND YOUR E-MONEY IS NOT A DEPOSIT OR INVESTMENT ACCOUNT. YOUR E-MONEY ACCOUNT IS NOT INSURED BY ANY PUBLIC OR PRIVATE DEPOSIT INSURANCE AGENCY.**
- 8.3.4 E-Money held in your Account will not earn any interest. Your Account may hold E-Money denominated in different currencies and we will show the E-Money balance for each currency that you hold.
- 8.3.5 You may purchase Digital Assets by using E-Money credited to your Account (depending on your location). To carry out a Digital Asset purchase using E-Money, you must follow the relevant instructions on the Site. You authorise us to debit E-Money from your Account to complete your purchase. Although we will attempt to deliver Digital Assets to you as promptly as possible, E-Money may be debited from your Account before Digital Assets are delivered to your Account.

- 8.3.6 You may sell Digital Assets in exchange for certain fiat currencies (depending on your location). To carry out a Digital Asset sale, you must follow the relevant instructions on the Site. You authorise us to debit Digital Assets from your Account and send instructions to credit your Account with the relevant amount of fiat currency. Once we receive the fiat currency, we will issue you with an equivalent amount of E-Money denominated in the relevant fiat currency.
- 8.3.7 You may redeem all or part of any E-Money held in your Account at any time subject to outages, downtime, and other applicable policies (including the Terms), by selecting the relevant option in the Site and following the instructions. Unless agreed otherwise, funds will be transferred to the bank account you have registered with us. You hereby represent and warrant that this bank account is your own, and that you have full control over it. It is your responsibility entirely to provide us with correct details of your withdrawal account. We accept no liability resulting in you not receiving any amounts withdrawn by you due to you providing incorrect or out-of-date details.
- 8.3.8 If the Terms are terminated, we may redeem any E-Money remaining in your Account and attempt to transfer the equivalent amount of fiat currency to the bank account you have registered with us. Prior to redeeming E-Money from your Account, we may conduct checks for the purposes of preventing fraud, money laundering, terrorist financing and other financial crimes, and as required by Applicable Law. This may mean you are prevented or delayed from withdrawing E-Money until those checks are completed to our reasonable satisfaction in order to comply with our regulatory requirements.

9. UNCLAIMED OR ABANDONED PROPERTY

- 9.1 If FTX Trading is holding Assets in your Account ("**Unclaimed or Abandoned Property**"), and we are unable to contact you and have no record of your use of the Services for a prolonged period of time or your Account has been closed, Applicable Laws may require us to report such Unclaimed or Abandoned Property as unclaimed property to the applicable jurisdiction. If this occurs, FTX Trading will try to locate you using the details shown in our records in relation to your Account, but if FTX Trading is unable to locate you, we may be required to deliver any such Unclaimed or Abandoned Property to the applicable jurisdiction as unclaimed property. FTX Trading reserves the right to deduct a dormancy fee or other administrative charges from such Unclaimed or Abandoned Property, as permitted by Applicable Laws.
- 9.2 If FTX Trading is holding Unclaimed or Abandoned Property, and we are unable to contact you and have no record of your use of the Services for a prolonged period of time or your Account has been closed, and Applicable Laws do not require us to report such Unclaimed or Abandoned Property as unclaimed property to the applicable jurisdiction, then you acknowledge and agree that your Account may be transferred to FTX Trading, or an Affiliate of FTX Trading, as Trustee of the Unclaimed or Abandoned Property. FTX Trading or the Affiliate of FTX Trading (as applicable), as Trustee, will hold the Unclaimed or Abandoned Property on your behalf and shall, on demand, repay to you the Unclaimed or Abandoned Property subject to your payment of any dormancy fee or other administrative charges that the Trustee may deduct from the Unclaimed or Abandoned Property. If no such demand is made by you, the Trustee may pay the Unclaimed or Abandoned Property into court in the applicable jurisdiction in accordance with Applicable Laws.
- 9.3 If we receive legal documentation confirming your death or other information leading us to believe you have died, we will freeze your Account and during this time, no transactions may be completed until: your designated fiduciary has opened a new Account, as further described below, and the entirety of your Account has been transferred to such new account, or (ii) we have received proof in a form satisfactory to us that you have not died. If we have reason to believe you may have died but we do not have proof of your death in a form satisfactory to us, you authorise us to make enquiries, whether directly or through third parties, that we consider necessary to ascertain whether you have died. Upon receipt by us of proof satisfactory to us that you have died, the fiduciary you have designated in a

valid will or similar testamentary document will be required to open a new Account. If you have not designated a fiduciary, then we reserve the right to treat as your fiduciary any person entitled to inherit your Account, as determined by us upon receipt and review of the documentation we, in our sole and absolute discretion, deem necessary or appropriate, including (but not limited to) a will, a living trust or other similar documentation, or (ii) require an order designating a fiduciary from a court having competent jurisdiction over your estate. In the event we determine, in our sole and absolute discretion, that there is uncertainty regarding the validity of the fiduciary designation, we reserve the right to require an order resolving such issue from a court of competent jurisdiction before taking any action relating to your Account. Pursuant to the above, the opening of a new Account by a designated fiduciary is mandatory following the death of an Account owner, and you hereby agree that your fiduciary will be required to open a new Account in order to gain access to the contents of your Account.

10. **DEBIT ACCOUNT BALANCE**

- 10.1 If at any time your Account has a debit balance, you agree to pay us: (i) the applicable fees set out in the [Fee Schedule](#); (ii) the total debit balance; and (iii) such other amounts specified in the Terms.
- 10.2 If you fail to pay such amounts, we may suspend your ability to use the Services or close your Account. We also reserve the right to debit your Account accordingly and/or to withhold amounts from fiat currency and Digital Assets that you may transfer to your Account.
- 10.3 If, after a demand is made by FTX Trading, you have not made payment of the outstanding debit balance by the time stated in the demand, then:
- 10.3.1 you authorise us to sell any Digital Assets or redeem any fiat currency or E-Money in your Account to recover the outstanding debit balance;
 - 10.3.2 you agree to indemnify us and each other Indemnified Party against all Losses that we suffer or incur as a result of your not paying the outstanding debit balance; and
 - 10.3.3 you will be liable for all costs which we incur in relation to instructing a collection agency, law firm or other third party to assist with and advise on the collection of such outstanding debit balance (where applicable).

11. **THIRD PARTY PERMISSIONS TO CONNECT TO OR ACCESS YOUR ACCOUNT**

If you grant express permission to a third party to connect to your Account, either through the third party's product or through the Platform, you acknowledge that granting permission to a third party to take specific actions on your behalf does not relieve you of any of your responsibilities under the Terms. Further, you acknowledge and agree that you will not hold FTX Trading responsible for, and will indemnify FTX Trading from, any liability arising from the actions or inactions of such third party in connection with the permissions you grant.

12. **ACCOUNT SUSPENSION AND CLOSURE; SERVICE SUSPENSION AND TERMINATION**

- 12.1 FTX Trading may, in its sole and absolute discretion and at any time, without liability to you or any third party:
- 12.1.1 refuse to let you open an Account, suspend your Account, or terminate your Account;
 - 12.1.2 decline to process any instruction or Order submitted by you; and/or
 - 12.1.3 limit, suspend or terminate your use of one or more, or part of, the Services.
- 12.2 Such actions will not relieve you from your obligations pursuant to the Terms.
- 12.3 Such actions may be taken as a result of a number of factors, including without limitation:

- 12.3.1 as a result of account inactivity, your failure to respond to customer support requests, our failure or inability to positively identify you;
 - 12.3.2 as a result of a court order or your violation of Applicable Laws or the Terms; or
 - 12.3.3 where we believe that a transaction is suspicious or may involve fraud, money laundering, terrorist financing or other misconduct.
- 12.4 If you do not agree with any actions taken by us under Section 12.1, then your sole and exclusive remedy is to terminate your use of the Services and close your Account. You agree that neither we nor any other Indemnified Party shall be liable to you or any third party for any Losses suffered as a result of any actions taken by us under Section 12.1.
- 12.5 Without limitation to the foregoing, we may temporarily suspend access to your Account in the event that a technical problem causes a system outage or Account errors until the problem is resolved.
- 12.6 Where required by Applicable Laws, we will notify you promptly if we have suspended processing your Orders or Convert Instructions and, if possible, provide our reasons for doing so and anything you can do to correct or remedy the matters giving rise to such suspension.
- 12.7 You may close your Account or terminate your access to and use of the Services at any time upon request to FTX Trading, in accordance with the Terms. In order to close your Account or terminate your access to and use of the Services, you should [contact us](#) for assistance. You may not close an Account if we determine, in our sole discretion, that such closure is being performed in an effort to evade a legal or regulatory investigation or to avoid paying any amounts otherwise due to FTX Trading or its Affiliates.
- 12.8 We encourage you to withdraw any remaining balance of Assets prior to issuing a request to close your Account. We reserve the right to restrict or refuse to permit withdrawals from your Account if:
- 12.8.1 your Account has otherwise been suspended or closed by us in accordance with the Terms;
 - 12.8.2 to do so would be prohibited by Applicable Laws or court order, or we have determined that the Assets in your Account were obtained fraudulently; or
 - 12.8.3 you have not completed the required identity verification procedure. You can check whether or not your identity has been verified by reviewing your verification status under the "Settings" section of your Account.
- 12.9 Upon closure or suspension of your Account, you authorise FTX Trading to cancel or suspend pending transactions.
- 12.10 Notwithstanding that you or FTX Trading closes or deactivates your Account or terminates or suspends your access to and use of any Services, or the termination or expiry of the Terms, you shall remain liable for all activity conducted with or in connection with your Account while it was open, and for all amounts due in connection with such activity.

13. RESTRICTED ACTIVITIES

In connection with your use of the Services, you agree that you will not:

- 13.1.1 violate or assist any party in violating any Applicable Laws or any rule of any self-regulatory or similar organisation of which you are or are required to be a member through your use of the Services;
- 13.1.2 provide false, inaccurate, incomplete, out-of-date or misleading information;
- 13.1.3 infringe upon FTX Trading's or any third party's copyrights, patents, trademarks, or other intellectual property rights;
- 13.1.4 engage in any illegal activity, including without limitation illegal gambling, money laundering, fraud, blackmail, extortion, ransoming data, the financing of terrorism, other violent activities or any prohibited market practices;

- 13.1.5 distribute unsolicited or unauthorised advertising or promotional material, written media releases, public announcements and public disclosures, junk mail, spam or chain letters;
- 13.1.6 use a web crawler or similar technique to access our Services or to extract data;
- 13.1.7 reverse engineer or disassemble any aspect of the Site, the API, or the Services in an effort to access any source code, underlying ideas and concepts and algorithms;
- 13.1.8 perform any unauthorised vulnerability, penetration or similar testing on the API or Services;
- 13.1.9 take any action that imposes an unreasonable or disproportionately large load on our infrastructure, or detrimentally interfere with, intercept, or expropriate any system, data or information;
- 13.1.10 transmit or upload any material to the Site that contains viruses, Trojan horses, worms, or any other harmful or deleterious programs;
- 13.1.11 otherwise attempt to gain unauthorised access to or use of the Site, the API, other FTX Accounts, computer systems, or networks connected to the Site, through password mining or any other means;
- 13.1.12 transfer any rights granted to you under the Terms;
- 13.1.13 engage in any activity which, in our reasonable opinion, amounts to or may amount to market abuse including without limitation the carrying out of fictitious transactions or wash trades, front running or engaging in disorderly market conduct;
- 13.1.14 engage in any behaviour which is unlawful, violates the Terms, or is otherwise deemed unacceptable by FTX Trading in its sole discretion; or
- 13.1.15 assist, facilitate or encourage any third party in undertaking any activity otherwise prohibited by the Terms.

14. **ELECTRONIC TRADING TERMS**

- 14.1 FTX Trading may, in its sole discretion, choose to discontinue support for a currently listed or supported Digital Asset at any time, including without limitation where there are changes in the characteristics of such Digital Asset.
- 14.2 A transaction on the Platform may fail for several reasons including, without limitation, as a result of a change in prices, insufficient margin, or unanticipated technical difficulties. FTX Trading makes no representation or warranty that any transaction will be executed properly. Under no circumstances are we liable for any loss or injury suffered by a failure of a transaction to complete properly or in a timely manner. Further, we are in no way responsible for notifying you of a transaction failure, although you are able to see any such failures via your Account. You have full responsibility for determining and inquiring into the failure of any transaction which you initiate.
- 14.3 In the event that you receive any data, information, or software through our Services other than that which you are entitled to receive pursuant to the Terms, you will immediately notify us and will not use, in any way whatsoever, such data, information or software. If you request a withdrawal of Digital Assets and we cannot comply with it without closing some part of your open positions, we will not comply with the request until you have closed sufficient positions to allow you to make the withdrawal.
- 14.4 We may refuse to execute a trade or impose trade amount limits or restrictions at any time, in our sole discretion without notice. Specifically, we reserve the right to refuse to process, and the right to cancel or reverse, any transaction, as well as to revoke access to a User's deposit address on the Platform, where we suspect the transaction involves money laundering, terrorist financing, fraud, or any other type of crime or if we suspect the transaction relates to a prohibited use as stated in the Terms. FTX Trading reserves the

right to halt deposit activity at our sole discretion. A User may not change, withdraw, or cancel its authorisation to make a transaction, except with respect to partially filled Orders.

- 14.5 FTX Trading may correct, reverse, or cancel any trade impacted by an error in processing a User's transaction or otherwise. The User's remedy in the event of an error will be limited to seeking to cancel an Order or Convert Instruction or obtaining a refund of any amounts charged to the User. FTX Trading cannot guarantee such cancellations or refunds will always be possible.
- 14.6 Orders placed on the Order Book may be partially filled or may be filled by one or more Orders placed on the Order Book by other Users, depending on the trading activity on the Order Book at the time an Order is placed.
- 14.7 The Digital Assets available for purchase through the Platform may be subject to high or low transaction volume, liquidity, and volatility at any time for potentially extended periods. You acknowledge that while FTX Trading uses commercially reasonable methods to provide Exchange Rate information to you through the Platform, the Exchange Rate information we provide may differ from prevailing exchange rates made available by third parties. Similarly, the actual market rate at the time of your trade may be different from the indicated Exchange Rate. You agree that you assume all risks and potential losses associated with price fluctuations or differences in any actual versus indicated Exchange Rates.

15. **STAKING**

- 15.1 When you hold Digital Assets on the Platform you may be given the option to "stake" these assets via staking services provided by FTX Trading or its Affiliates. You are not required to stake any Digital Assets and you can opt out of any staking services (subject to applicable early withdrawal limits or penalties as specified on the staking page for such Digital Asset). If you stake your Digital Assets, FTX Trading or its Affiliate will facilitate the staking of such Digital Assets on your behalf. You agree and acknowledge that you have no right to any staking rewards whatsoever. **FTX TRADING DOES NOT GUARANTEE THAT YOU WILL RECEIVE ANY STAKING REWARDS OVER TIME, INCLUDING THE DISPLAYED STAKING REWARDS RATES.**
- 15.2 The tax treatment of staking Digital Assets is uncertain, and it is your responsibility to determine what taxes, if any, arise from the transactions. You are solely responsible for reporting and paying any applicable taxes arising from staking services and all related transactions, and acknowledge that FTX Trading does not provide investment, legal, or tax advice to you in connection with such election to participate. You should conduct your own due diligence and consult your advisors before making any investment decision including whether to participate in staking and related transactions.

16. **MARGIN TRADING**

- 16.1 This Section 16 applies only to the extent you are permitted to engage in margin trading on the Platform. Margin trading is prohibited in certain jurisdictions, and you may not be able to engage in margin trading on the Platform. We reserve the right to amend and/or remove margin trading functionality at any time.
- 16.2 Margin trading is HIGH RISK. As a borrower, you may sustain a total loss of Assets or owe Assets beyond what you have deposited to your Account. The high volatility and substantial risk of illiquidity in markets means that you may not always be able to liquidate your position. You agree to maintain a sufficient amount of Assets at all times to meet our margin requirements, as such requirements may be modified from time to time. If the value of the Assets in your Account falls below the margin maintenance requirement or we determine, in our sole discretion, that your Account appears to be in danger of defaulting on a loan, we may seize and/or liquidate any or all of your positions and Assets on any balance in your Account in order to reduce your leverage or settle your debt to other Users, in which case, you may sustain a total loss of all Assets in your Account. Our liquidation mechanism is described at <https://help.ftx.com/hc/en-us/articles/360027668712-Liquidations>. If, after your positions and Assets are liquidated, your Account still contains

insufficient Assets to settle your debts to other Users, you will be responsible for any additional Assets owed. Intentionally defaulting on a loan may result in our reporting your activities to authorities and/or in legal prosecution.

- 16.3 When you lend Assets to other Users, you risk the loss of an unpaid principal if the borrower defaults on a loan and liquidation of the borrower's Account fails to raise sufficient Assets to cover the borrower's debt. Although we take precautions to prevent borrowing Users from defaulting on loans, the high volatility and substantial risk of illiquidity in markets means that we cannot make any guarantees to any Users using the Services against default.
- 16.4 Under certain market conditions, it may become difficult or impossible to liquidate a position. This can occur, for example, if there is insufficient liquidity in the market or due to technical issues on the Platform. Placing contingent Orders, such as "stop-loss" or "stop-limit" Orders, will not necessarily limit your losses to the intended amounts, since market conditions may make it impossible to execute such Orders. In such an event, our backstop liquidity provider program may come into play, but there is no assurance or guarantee that any such program activities will be sufficient or effective in liquidating your position. As a result, you may lose all of your Assets or incur a negative balance in your Account. In addition, even if you have not suffered any liquidations or losses, your Account balance may be subject to clawback due to losses suffered by other Users.
- 16.5 The use of leverage can work against you as well as for you and can lead to large losses as well as gains. Users conduct all trading, margin trading, lending, and/or borrowing on their own account and we do not take any responsibility for any loss or damage incurred as a result of your use of any Services or your failure to understand the risks associated with margin trading on the Platform.

17. FORKS AND DISTRIBUTIONS

- 17.1 As a result of the decentralised and open source nature of Digital Assets it is possible that sudden, unexpected, controversial or other changes ("**Forks**") can be made to any Digital Asset that may change the usability, functions, compatibility, value or even name of a given Digital Asset. Such Forks may result in multiple versions of a Digital Asset and could lead to the dominance of one or more such versions of a Digital Asset (each a "**Dominant Digital Asset**") and the partial or total abandonment or loss of value of any other versions of such Digital Asset (each a "**Non-Dominant Digital Asset**").
- 17.2 FTX Trading is under no obligation to support a Fork of a Digital Asset that you hold in your Account, whether or not any resulting version of such forked Digital Asset is a Dominant Digital Asset or Non-Dominant Digital Asset or holds value at or following such Fork. Forks of Digital Assets can be frequent, contentious and unpredictable, and therefore cannot be consistently supported on the Platform. When trading or holding Digital Assets using your Account, you should operate under the assumption that the Platform will never support any Fork of such Digital Asset.
- 17.3 If FTX Trading elects, in its sole discretion, to support a Fork of a Digital Asset, it may choose to do so by making a public announcement through its Site or otherwise notifying customers and shall bear no liability for any real or potential losses that may result based on the decision to support such Fork or the timing of implementation of support. If FTX Trading, in its sole discretion, does not elect to support a Fork of a given Digital Asset, including the determination to support, continue to support, or cease to support any Dominant Digital Asset or Non-Dominant Digital Asset, FTX Trading assumes no responsibility or liability whatsoever for any losses or other issues that might arise from an unsupported Fork of a Digital Asset.
- 17.4 The Platform does not generally offer support for the distribution of Digital Assets based on a triggering fact or event, such as the possession of another Digital Asset (each an "**Airdrop**"), the provision of rewards or other similar payment for participation in a Digital Asset's protocol ("**Staking Rewards**"), or any other distributions or dividends that Users might otherwise be entitled to claim based on their use or possession of a Digital Asset outside of the Platform (collectively, "**Digital Asset Distributions**"). FTX Trading may, in

its sole discretion, elect to support any Digital Asset Distribution, but is under no obligation to do so and shall bear no liability to Users for failing to do so, or for initiating and subsequently terminating such support.

- 17.5 In the event of a Fork of a Digital Asset, we may be forced to suspend all activities relating to such Digital Asset (including trades, deposits, and withdrawals) on the Platform for an extended period of time, until FTX Trading has determined in its sole discretion that such functionality can be restored ("**Downtime**"). This Downtime may occur at the time that a Fork of a given Digital Asset occurs, potentially with little to no warning. During such Downtime, you understand that you may not be able to trade, deposit, or withdraw the Digital Asset subject to such Fork. FTX Trading does not bear any liability for losses incurred during any Downtime due to the inability to trade or otherwise transfer Digital Assets.

18. **ATTACKS ON BLOCKCHAIN NETWORKS**

- 18.1 FTX Trading cannot prevent or mitigate attacks on blockchain networks and has no obligation to engage in activity in relation to such attacks. In the event of an attack, FTX Trading reserves the right to take (or to not take) actions, including, but not limited to, immediately halting trading, deposits and withdrawals for a Digital Asset if we believe that the Digital Asset's network is compromised or under attack. If such an attack caused the Digital Asset to greatly decrease in value, we may discontinue trading in such Digital Asset entirely.
- 18.2 Resolutions concerning deposits, withdrawals and User balances for a Digital Asset that has had its network attacked will be determined on a case-by-case basis by FTX Trading in its sole discretion. FTX Trading makes no representation and does not warrant the safety of the Services and you assume all liability for any lost value or stolen property.

19. **SITE; THIRD PARTY CONTENT**

- 19.1 FTX Trading strives to provide accurate and reliable information and content on the Site, but such information may not always be correct, complete, or up to date. You should always carry out your own independent appraisal and investigations in relation to such information and not rely on it in any way.
- 19.2 The Site may also contain links to third party websites, applications, events or other materials ("**Third Party Content**"). Such information is provided for your convenience and links or references to Third Party Content do not constitute an endorsement by FTX Trading of any products or services. FTX Trading makes no representation as to the quality, suitability, functionality or legality of Third Party Content, or to any goods and services available from third party websites, and FTX Trading shall have no liability for any losses incurred as a result of actions taken in reliance on the information contained on the Site or in any Third Party Content.
- 19.3 We have no control over, or liability for, the delivery, quality, safety, legality or any other aspect of any goods or services that you may purchase from a third party (including other Users of the Platform). We are not responsible for ensuring that a third party buyer or seller you transact with will complete the transaction or is authorised to do so. If you experience a problem with any goods or services purchased from, or sold to, a third party purchased using Digital Assets in connection with the Services, you must resolve the dispute directly with that third party.

20. **AVAILABILITY**

- 20.1 We do not represent that you will be able to access your Account or the Services 100% of the time. Your Account and the Services are made available to you without warranty of any kind, either express or implied. There are no guarantees that access will not be interrupted, or that there will be no delays, failures, errors, omissions or loss of transmitted information. This could result in the inability to trade on the Platform for a period of time and may also lead to time delays. We may, from time to time, suspend access to your Account and the Services, for both scheduled and emergency maintenance.

20.2 You acknowledge and agree that neither FTX Trading nor any other Indemnified Party shall have any liability to you or any third party for the correctness, quality, accuracy, security, completeness, reliability, performance, timeliness, pricing or continued availability of the Services or for delays or omissions of the Services, or for the failure of any connection or communication service to provide or maintain your access to the Services, or for any interruption in or disruption of your access or any erroneous communications between FTX Trading (or any other Indemnified Party) and you, regardless of cause.

20.3 FTX Trading may determine not to make the Services, in whole or in part, available in every market, either in its sole discretion or due to legal or regulatory requirements. In addition, FTX Trading may determine not to make the Services, in whole or in part, available to you, depending on your location. If you travel to a Restricted Territory, our Services may not be available and your access to our Services may be blocked. You acknowledge that this may impact your ability to trade on the Platform and/or monitor any existing Orders or open positions or otherwise use the Services. You must not attempt in any way to circumvent any such restriction, including by use of any virtual private network to modify your internet protocol address.

21. **RIGHT TO CHANGE, SUSPEND OR DISCONTINUE SERVICES**

21.1 We reserve the right to change, suspend, or discontinue any aspect of the Services at any time and in any jurisdiction, including hours of operation or availability of any feature, without notice and without liability. We may advise you of any such changes, suspensions or discontinuations via your Account or the other contact details that you have provided to us but shall have no obligation to do so.

21.2 If you do not agree with any change, suspension, or discontinuance of any aspect of the Services, then your sole and exclusive remedy is to terminate your use of the Services and close your Account. You agree that neither we nor any other Indemnified Party shall be liable to you or any third party for any Losses suffered as a result of any such changes, suspensions, discontinuations or decisions.

22. **UPDATES TO THE TERMS**

22.1 We reserve the right to amend any part of the Terms, at any time, by posting the revised version of the Terms on the Site, with an updated revision date. The changes will become effective, and shall be deemed accepted by you, the first time you use the Services after the initial posting of the revised Terms and shall apply on a going-forward basis with respect to transactions initiated after the posting date. You acknowledge that it is your responsibility to check the Terms periodically for changes.

22.2 If you do not agree with any amendments to the Terms, your sole and exclusive remedy is to terminate your use of the Services and close your Account. You agree that neither we nor any other Indemnified Party shall be liable to you or any third party for any Losses suffered as a result of any amendment of the Terms.

23. **FEES**

23.1 In consideration for the use of the Services, you agree to pay to FTX Trading the appropriate fees, as set forth in our [Fee Schedule](#) displayed on the Site ("**Fee Schedule**"), which FTX Trading may revise or update in its sole discretion from time to time. If you do not agree with any amendments to the Fee Schedule, your sole and exclusive remedy is to terminate your use of the Services and close your Account.

23.2 On request, FTX Trading may make available an alternative fee schedule ("**Alternative Fee Schedule**") to Users who satisfy certain criteria (such as in relation to trading volume), which are determined by FTX Trading in its sole discretion from time to time.

23.3 You authorise FTX Trading to deduct any applicable fees from your Account at the time you make a given transaction. Changes to the Fee Schedule or Alternative Fee Schedule are effective as of the date set forth in any revision and will apply prospectively from that date forward.

24. TAXES

- 24.1 You will be able to see a record of your transactions via your Account which you may wish to use for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to your activities on the Platform, and to collect, report, and remit the correct tax to the appropriate tax authority.
- 24.2 FTX Trading is not responsible for determining whether taxes apply to your transaction, or for collecting, reporting, or remitting any taxes arising from any transaction.

25. RIGHT TO USE SERVICES; API USE; THIRD PARTY APPLICATIONS

25.1 License

- 25.1.1 FTX Trading grants you a limited, non-exclusive, non-sublicensable, and non-transferable license, subject to the Terms, to access and use the Services solely for approved purposes as determined by FTX Trading. Any other use of the Services is expressly prohibited. FTX Trading and its licensors reserve all rights in the Services, and you agree that the Terms do not grant you any rights in, or licenses to, the Services except for the limited license set forth above.
- 25.1.2 Except as expressly authorised by FTX Trading, you agree not to modify, reverse engineer, copy, frame, scrape, rent, lease, loan, sell, distribute, or create derivative works based on the Services, in whole or in part. If you violate any portion of the Terms, your permission to access and use the Services may be terminated pursuant to the Terms.
- 25.1.3 "FTX.com," "FTX" and all logos related to the Services are either trademarks, or registered marks of FTX Trading or its licensors. You may not copy, imitate, or use them without FTX Trading's prior written consent. All right, title, and interest in and to the Site and any Mobile Application, any content thereon, the Services, and any and all technology or content created or derived from any of the foregoing is the exclusive property of FTX Trading and its licensors.

25.2 API use

- 25.2.1 Subject to your compliance with the Terms and any other agreement which may be in place between you and FTX Trading relating to your use of the API, FTX Trading grants you a limited, revocable, non-exclusive, non-transferable, non-sublicensable license, to use the API solely for the purposes of trading on the Platform. You agree to not use the API or data provided through the API for any other purpose. You agree your access and use of the API shall be entirely at your own risk, and that FTX Trading will not be responsible for any liabilities that you incur as a result of the use of the API or actions you take based on the API.
- 25.2.2 FTX Trading may, at its sole discretion, set limits on the number of API calls that you can make, for example, to maintain market stability and integrity. You acknowledge and agree that if you exceed these limits, FTX Trading may moderate your activity or cease offering you access to the API (or any other API offered by FTX Trading), each in its sole discretion.
- 25.2.3 FTX Trading may immediately suspend or terminate your access to the API without notice if we believe you are in violation of the Terms or any other agreement which may be in place between you and FTX Trading related to your use of the API.

25.3 Third Party Applications

- 25.3.1 We offer our Services to users both directly and via third party websites, platforms, applications and other access portals (collectively, "**Third Party Portals**"). If you are accessing these Terms via a Third Party Portal, you agree (a) to comply with all applicable terms of service of such Third Party Portal, (b) that you are solely responsible for payment of any and all costs and fees

associated with such Third Party Portals, and (c) we do not owe you any duty of care with respect to such Third Party Portals, nor do we accept any responsibility for them.

- 25.3.2 If you grant express permission to a third party to connect to your Account, either through the third party's product or through the Services, you acknowledge that granting permission to a third party to take specific actions on your behalf does not relieve you of any of your responsibilities under these Terms.
- 25.3.3 You acknowledge and agree that you will not hold us responsible for, and will indemnify us from, any liability arising from the actions or inactions of such third party in connection with the permissions you grant. You expressly agree that your use of any Third Party Portal is at your own risk and we will not be liable to you for any inaccuracies, errors, omissions, delays, damages, claims, liabilities or losses, arising out of or in connection with your use of Third Party Portals.
- 25.3.4 In the event that access to the Services via any Third Party Portal is suspended, terminated or cancelled for any reason, you agree that you shall remain bound by these Terms and our Privacy Policy as a user of the Services.

26. **PRIVACY POLICY**

We are committed to protecting your personal information and to helping you understand exactly how your personal information is being used. You should carefully read our [Privacy Policy](#), which provides details on how your personal information is collected, stored, protected, and used.

27. **CONFIDENTIALITY**

- 27.1 You shall treat as strictly confidential and not use or disclose any information or documents which you receive (or have received) from us, whether before, during or after the term of the Terms, and whether communicated orally, in writing, in electronic form or otherwise, relating to our business, financial situation, products and services (including the Services), expectations, processes and methods, customers or employees, in each case which is designated as being "confidential" or which by its very nature should obviously be treated as secret and confidential (together "**Confidential Information**").
- 27.2 You may use the Confidential Information solely to the extent necessary to receive the benefit of the Services in accordance with the Terms.
- 27.3 The obligation to maintain confidentiality under this Section 27 shall not apply to any Confidential Information to the extent that such information is:
 - 27.3.1 in the public domain through no breach of the Terms;
 - 27.3.2 known to you at the time of disclosure without restrictions on use, or independently developed by you, and in each case, there is appropriate documentation to demonstrate either condition; or
 - 27.3.3 required to be disclosed to a Regulatory Authority or by Applicable Laws.
- 27.4 If you are required under Applicable Laws or by any Regulatory Authority to disclose Confidential Information in the circumstances set out in Section 27.3.3 you shall give us such notice as is practical in the circumstances of such disclosure and shall provide all cooperation reasonably requested by us in relation to mitigating the effects of, or avoiding the requirements for, any such disclosure.
- 27.5 Any Confidential Information shall remain the property of FTX Trading and may be copied or reproduced only with our prior written consent.
- 27.6 Upon request, you shall return or destroy all materials containing our Confidential Information and, where such materials have been destroyed, confirm such destruction in writing. You shall be under no obligation to return or destroy such materials if and to the extent you are required to retain such materials under Applicable Laws, provided that you

shall notify us in writing of such requirement, giving details of the materials which have not been destroyed or returned, and this Section 27 shall continue to apply to such materials.

- 27.7 The parties agree and acknowledge that a breach of this Section 27 constitutes a matter of urgency for the purposes of section 12A(4) of Singapore's International Arbitration Act (Chapter 143A) both before, and after, the formation of the arbitral tribunal.
- 27.8 The availability of relief from an emergency arbitrator or the expedited formation of an arbitral tribunal under SIAC Rules (as defined in Section 38.12.1 below) shall not prejudice any party's right to apply to a state court or other judicial authority for any interim or conservatory measures before the formation of the arbitral tribunal and it shall not be treated as an alternative to or substitute for the exercise of such right. Where a party applies for relief from a state court or other judicial authority, the parties agree that failure to make an application for expedited appointment of the arbitral tribunal and/or for the appointment of an emergency arbitrator under the SIAC Rules shall not indicate, or be deemed to indicate, a lack of urgency. The parties also agree that any refusal by the President of the Court of Arbitration of SIAC to appoint an emergency arbitrator or allow the expedited formation of the arbitral tribunal shall not be determinative of the question of urgency.
- 27.9 The parties agree that an application to a state court or other judicial authority for interim or conservatory measures after the formation of the arbitral tribunal in respect of this Section 27 shall be considered "exceptional circumstances" under Rule 30.3 of the SIAC Rules. The parties also agree that an application may be made for interim relief on a non-urgent basis under section 12A(5) of Singapore's International Arbitration Act and agree that this Section 27.9 constitutes agreement in writing for the purposes of section 12A(5) of Singapore's International Arbitration Act.

28. **COOKIES**

By accessing the Site, you agree to use cookies in agreement with FTX Trading's [Privacy Policy](#). The Site uses cookies to enable us to retrieve User details for each visit, and to enable the functionality of certain areas of the Site to make it easier for Users visiting the Site to access and use the Services.

29. **INDEMNIFICATION; RELEASE**

- 29.1 You shall and agree to defend, indemnify and hold harmless FTX Trading, its Affiliates and service providers and, in each case, their Personnel (collectively, "**Indemnified Parties**" and each an "**indemnified Party**") from and against any and all claims and liabilities, costs, expenses, damages and losses (including any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal and other reasonable professional costs and expenses) ("**Losses**" or "**Loss**") which any Indemnified Party may suffer or incur, arising directly or indirectly out of or in connection with: (i) your use of your Account and/or the Services; (ii) your breach or anticipatory breach of the Terms; or (iii) your violation or anticipatory violation of any Applicable Laws.
- 29.2 You will cooperate as fully required by the Indemnified Parties in the defence of any such claims and Losses. The Indemnified Parties retain the exclusive right to assume the exclusive defence and control of any claims and Losses. You will not settle any claims and Losses without FTX Trading's prior written consent.
- 29.3 You hereby agree to release each of the Indemnified Parties from any and all claims and demands (and waive any rights you may have against any of the Indemnified Parties in relation to any Losses you may suffer or incur), arising directly or indirectly out of or in connection with any dispute that you have with any other User or other third party in connection with the Services (including any Digital Asset transactions) or the subject matter of the Terms.

30. **LIMITATION OF LIABILITY; NO WARRANTY**

- 30.1 NOTHING IN THE TERMS SHALL LIMIT OR EXCLUDE A PARTY'S LIABILITY:

- 30.1.1 FOR DEATH OR PERSONAL INJURY CAUSED BY ITS NEGLIGENCE;
 - 30.1.2 FOR FRAUD OR FRAUDULENT MISREPRESENTATION; OR
 - 30.1.3 TO THE EXTENT SUCH LIABILITY CANNOT BE EXCLUDED BY APPLICABLE LAWS.
- 30.2 SUBJECT TO SECTION 30.1, NEITHER FTX TRADING NOR ANY OF THE OTHER INDEMNIFIED PARTIES SHALL BE LIABLE TO YOU IN CONTRACT, TORT (INCLUDING NEGLIGENCE), EQUITY, STATUTE OR ANY OTHER CAUSE ARISING OUT OF OR IN CONNECTION WITH THE TERMS (OR ARISING OUT OF OR IN CONNECTION WITH: YOUR USE OR INABILITY TO USE THE SERVICES; THE COST OF PROCURING SUBSTITUTE GOODS AND SERVICES IN CIRCUMSTANCES WHERE YOU DO NOT OR ARE UNABLE TO USE THE SERVICES; ANY GOODS, DATA, INFORMATION, OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO THROUGH OR FROM THE SERVICES; UNAUTHORISED ACCESS TO OR ALTERATION OF YOUR TRANSMISSIONS OR DATA; OR ANY OTHER MATTER RELATING TO THE SERVICES) FOR:
- 30.2.1 INCIDENTAL, PUNITIVE, EXEMPLARY OR OTHER SPECIAL LOSS OR DAMAGE; OR LOSS OF PROFIT, LOSS OF REVENUE, LOSS OF GOODWILL, LOSS OF USE, LOSS OF BUSINESS OR CONTRACT, LOST OPPORTUNITIES, INCREASED COSTS OR EXPENSES (OR WASTED EXPENDITURE INCLUDING PRE-CONTRACT EXPENDITURE), LOSS OF SAVINGS, ANY LIABILITY VOLUNTARILY ASSUMED BY YOU, OR LOSS OF OR DAMAGE TO DATA, IN EACH CASE REGARDLESS OF WHETHER SUCH LOSS OR DAMAGE WAS DIRECT OR INDIRECT, FORESEEABLE OR UNFORESEEABLE, OR WHETHER FTX TRADING OR ANY OF THE OTHER INDEMNIFIED PARTIES HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE; OR
 - 30.2.2 INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE.
- 30.3 YOU ACKNOWLEDGE AND AGREE THAT FTX TRADING AND ITS AFFILIATES MAY RELY ON ONE OR MORE THIRD PARTY INTERMEDIARIES FOR THE PURPOSES OF PROVIDING THE SERVICES. THE THIRD PARTY INTERMEDIARIES ARE INDEPENDENT THIRD PARTIES AND ARE NOT FTX TRADING'S AGENTS OR SUBCONTRACTORS. SUBJECT TO SECTION 30.1, FTX TRADING SHALL NOT BE LIABLE FOR THE ACTS OR OMISSIONS OF ANY THIRD PARTY INTERMEDIARY, OR ANY LOSSES ARISING FROM THE FAULT OF ANY THIRD PARTY INTERMEDIARY, SUCH AS A FAILURE BY A THIRD PARTY INTERMEDIARY TO COMPLY WITH APPLICABLE LAWS OR ANY REASONABLE INSTRUCTIONS PROVIDED BY FTX TRADING.
- 30.4 YOU ACKNOWLEDGE AND AGREE THAT THE SERVICES ARE PROVIDED ON AN "AS IS" BASIS, WITHOUT ANY WARRANTY OR REPRESENTATION OF ANY KIND AND, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF FTX TRADING AND THE OTHER INDEMNIFIED PARTIES EXPRESSLY DISCLAIM ANY WARRANTIES OR CONDITIONS, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE SERVICES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. NEITHER FTX TRADING NOR ANY OTHER INDEMNIFIED PARTY MAKES ANY WARRANTY THAT:
- 30.4.1 THE SERVICES WILL MEET YOUR REQUIREMENTS;
 - 30.4.2 THE SERVICES WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE; OR
 - 30.4.3 THE QUALITY OF ANY PRODUCTS, SERVICES, INFORMATION, OR OTHER MATERIAL PURCHASED OR OBTAINED BY YOU WILL MEET YOUR EXPECTATIONS.

30.5 SUBJECT TO SECTION 30.1, NEITHER FTX TRADING NOR ANY OF THE OTHER INDEMNIFIED PARTIES WILL BE RESPONSIBLE OR LIABLE TO YOU FOR ANY LOSS AND TAKE NO RESPONSIBILITY FOR, AND WILL NOT BE LIABLE TO YOU FOR, ANY USE OF THE SERVICES, INCLUDING BUT NOT LIMITED TO ANY LOSSES, DAMAGES OR CLAIMS ARISING FROM: USER ERROR SUCH AS FORGOTTEN PASSWORDS, INCORRECTLY CONSTRUCTED TRANSACTIONS, OR MISTYPED WALLET ADDRESSES; SERVER FAILURE OR DATA LOSS; CRYPTOCURRENCY WALLETS OR CORRUPT FILES; UNAUTHORISED ACCESS TO SERVICES; OR ANY THIRD PARTY ACTIVITIES, INCLUDING WITHOUT LIMITATION THE USE OF VIRUSES, PHISHING, BRUTEFORCING OR OTHER MEANS OF ATTACK AGAINST YOUR COMPUTER OR ANY BLOCKCHAIN NETWORK UNDERLYING THE SERVICES.

31. **COUNTRY-SPECIFIC ADDENDA**

If you are a resident of Australia, Japan, or South Africa, additional terms and conditions will apply to your use of the Services as set forth in the Schedules attached hereto.

32. **COMMUNICATIONS IN ENGLISH**

The Terms are provided to you and concluded in English. We will communicate with you in English for all matters related to your use of our Services unless we elect, in our sole discretion, to provide support for other languages.

33. **FEEDBACK**

You acknowledge and agree that any materials, including without limitation questions, comments, feedback, suggestions, ideas, plans, notes, drawings, original or creative materials or other information or commentary you provide to us or one of our social media accounts, regarding the Services (collectively, "**Feedback**") that are provided by you, whether by email, posting to the Site or social channels, or otherwise, are non-confidential and will become the sole property of FTX Trading. FTX Trading will own exclusive rights, including all intellectual property rights, in and to such Feedback, and will be entitled to the unrestricted use and dissemination of such Feedback for any purpose, commercial or otherwise, without acknowledgment or compensation to you.

34. **QUESTIONS AND CONTACT INFORMATION**

34.1 We often post notices and relevant Services information in our Telegram channel and on our Twitter account, so we advise You to check those channels before contacting support.

Telegram: https://t.me/FTX_Official

Twitter: https://twitter.com/FTX_Official

WeChat: ftexchange

Blog: <https://blog.ftx.com/>

34.2 To contact us, please visit one of the links or channels above. For support with your Account, you may submit a support ticket at <https://ftx.com/support>. For legal and media inquiries, please contact legal@ftx.com and media@ftx.com, respectively. Please provide all relevant information, including your Account username and transaction IDs of any related deposits. Although we make no representations or provide no warranties as to the speed of response, we will endeavour to get back to you as soon as possible.

35. **PROMOTIONS**

FTX Trading does not, as a general rule, participate in promotions without an official pronouncement, either on the Site or elsewhere. You shall obtain prior written approval prior to releasing any statements, written media releases, public announcements and public disclosures, including promotional or marketing materials, relating to the Platform.

36. **FORCE MAJEURE AND RELIEF EVENTS**

36.1 FTX Trading shall not be responsible (and shall have no liability) for any failure, interruption or delay in relation to the performance of the Services or its obligations under the Terms that results from any abnormal or unforeseeable circumstances outside our reasonable control, including without limitation:

36.1.1 any Force Majeure Event; or

36.1.2 any failure by you to comply with your obligations under the Terms or Applicable Laws ("**Relief Event**").

37. **ASSIGNMENT AND SUBCONTRACTING**

37.1 You may not assign, novate, or otherwise transfer, any of your rights or obligations under the Terms, or sub-contract the performance of any of your obligations under the Terms, without the prior written consent of FTX Trading. Any attempted assignment, novation, transfer or sub-contracting without our consent shall be void.

37.2 FTX Trading may assign, novate, or otherwise transfer any of its rights or obligations under the Terms to any other person, or sub-contract the performance of any of its obligations under the Terms (including the performance of the Services), at any time and without your consent, and you hereby consent to such assignment, novation, transfer or subcontracting, and agree to take all actions (including by way of executing documents) and other assistance required by FTX Trading to ensure that any such assignment, novation, transfer or subcontracting is effective and enforceable. If you object to such assignment, novation, transfer or sub-contracting you may stop using our Services and terminate the Terms by [contacting us](#) and requesting us to close your Account.

38. **GENERAL**

38.1 **Entire agreement**

38.1.1 You agree that the Terms constitute the entire agreement between you and FTX Trading with respect to the use of the Services.

38.1.2 You agree that in agreeing to and entering into the Terms you have not been induced to do so by, and have not relied on, any statement, representation, warranty, assurance, covenant, indemnity, undertaking or commitment ("**Representation**") which is not expressly set out in the Terms.

38.1.3 You agree that your only right of action in relation to any innocent or negligent Representation set out in the Terms or given in connection with the Terms shall be for breach of contract. All other rights and remedies in relation to any such Representation (including those in tort or arising under statute) are excluded.

38.2 **Survival**

Upon the later of the closure of your Account and the termination of your access to and use of the Services the Terms shall terminate. All rights and obligations of the parties that by their nature are continuing will survive the termination of the Terms.

38.3 **Severability**

If any provision or part of the Terms is void or unenforceable due to any Applicable Laws, it shall be deemed to be deleted and the remaining provisions of the Terms shall continue in full force and effect. If any invalid, unenforceable or illegal provision of the Terms would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with the minimum deletion necessary to make it valid, legal and enforceable.

38.4 **Successors and assigns**

The Terms shall be binding on, and enure to the benefit of, the parties to the Terms and their respective personal representatives, successors and permitted assigns, and references to any party shall include that party's personal representatives, successors and permitted

assigns.

38.5 Variation and waiver

38.5.1 Subject to Section 22, no variation of the Terms shall be effective unless it is in writing (which for this purpose, does not include email) and signed by, or on behalf of, each of the parties. The expression "variation" includes any variation, supplement, deletion or replacement however effected.

38.5.2 No waiver by FTX Trading of any right or remedy provided by the Terms or by law shall be effective unless it is in writing (which for this purpose, does not include email) and signed by, or on behalf of, FTX Trading. The failure by FTX Trading to exercise, or delay in exercising, any right or remedy provided by the Terms or by law does not: (i) constitute a waiver of that right or remedy; (ii) restrict any further exercise of that right or remedy; or (iii) affect any other rights or remedies. A single or partial exercise by FTX Trading of any right or remedy does not prevent any further or other exercise of that right or remedy or the exercise of any other right or remedy.

38.6 No partnership or agency

Nothing in the Terms or in any matter or any arrangement contemplated by it is intended to constitute a partnership, association, joint venture, fiduciary relationship or other co-operative entity between the parties for any purpose whatsoever. Except as expressly provided in the Terms, neither party has any power or authority to bind the other party or impose any obligations on it and neither party shall purport to do so or hold itself out as capable of doing so. Each party confirms it is acting on its own behalf and not for the benefit of any other person.

38.7 Set off

38.7.1 Notwithstanding that any amount is from time to time payable by FTX Trading to you under or by virtue of the Terms or otherwise, you shall not set off such amount against any amount payable by you to FTX Trading under the Terms.

38.7.2 FTX Trading may set off any amounts which from time to time are payable by FTX Trading to you under or by virtue of the Terms or otherwise against any amounts payable by you to FTX Trading under the Terms.

38.8 Equitable remedies

Without prejudice to any other rights or remedies that FTX Trading may have, you acknowledge and agree that damages alone may not be an adequate remedy for your breach of the Terms. The remedies of injunction and specific performance as well as any other equitable relief for any threatened or actual breach of such provisions of the Terms may be more appropriate remedies.

38.9 Third party rights

Save as otherwise expressly provided in the Terms (such as in Sections 29, 30 and 38.12.8):

38.9.1 the Terms are not intended and shall not be construed to create any rights or remedies in any parties other than you and FTX Trading and its Affiliates, which each shall be a third party beneficiary of the Terms; and

38.9.2 no other person shall assert any rights as a third party beneficiary hereunder (notwithstanding any legislation to the contrary anywhere in the world).

38.10 Electronic signature

The Terms may be entered into by electronic means.

38.11 **Governing law**

The Terms and any Dispute shall be governed by, and construed in accordance with, English law.

38.12 **Arbitration**

38.12.1 Subject to Section 38.13 below, any Dispute shall be referred to and finally determined by arbitration administered by the Singapore International Arbitration Centre ("**SIAC**") in accordance with the Arbitration Rules of the SIAC ("**SIAC Rules**") for the time being in force.

38.12.2 This arbitration agreement shall be governed by English law.

38.12.3 The seat of the arbitration shall be Singapore.

38.12.4 The language of the arbitration shall be English.

38.12.5 The number of arbitrators shall be one.

38.12.6 Each party agrees that:

- (A) any Dispute shall be referred to arbitration in accordance with this Clause 38.12 on an individual basis only and not as a claimant or class member in a purported class or representative action;
- (B) combining or consolidating individual arbitrations into a single arbitration is not permitted without the consent of all parties.

38.12.7 This agreement to arbitrate shall:

- (A) be binding upon the parties, their successors and assigns;
- (B) survive the termination of these Terms.

38.12.8 Where a User alleges or claims that a Dispute has arisen between it and any of the Indemnified Parties who is not otherwise a party to these Terms, that Indemnified Party may require that the Dispute be finally settled by arbitration in accordance with this Section 38.12 (without prejudice to that Indemnified Party's right to make a jurisdictional challenge), provided that such Indemnified Party exercises its right to arbitration under this Section 38.12 by notice in writing to all parties to the Terms within 7 days of being notified in writing of the Dispute. For the avoidance of doubt, the User provides express consent to the joinder of such Indemnified Party to an arbitration commenced pursuant to this Section 38.12.

38.13 **Exception to arbitration**

If you are a resident of a jurisdiction where the law prohibits arbitration of Disputes, Section 38.12 above will not apply to you. Instead, each party irrevocably agrees that the Courts of England and Wales located in London, England shall have exclusive jurisdiction in relation to any Dispute and each party irrevocably waives any right that it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

SCHEDULE 1

DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

1.1 As used throughout the Terms unless the context requires otherwise:

"Affiliate" means, in relation to a party, any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such party. A person shall be deemed to control another person if such person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other person, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Laws" means all laws, including rules of common law, principles of equity, statutes, regulations, directives, proclamations, ordinances, by-laws, rules, regulatory principles and requirements, mandatory codes of conduct, writs, orders, injunctions, judgments and any awards of other industrial instruments, which are applicable to the provision, receipt or use of the Services or any products or other deliverables provided, used or received in connection with the Services.

"Assets" means the Digital Assets, fiat currency and E-Money held in your Account.

"BTC" means the cryptocurrency Bitcoin.

"Digital Assets" means BTC, ETH, FTT and any other digital asset, cryptocurrency, virtual currency, token, leveraged token, stablecoin, tokenised stock, volatility token, tokenised futures contract, tokenised option or other tokenised derivatives product that is supported by and made available from time to time to transact in using the Platform.

"Dispute" means any dispute, claim, controversy or difference arising out of or in connection with the Terms, including any question regarding its existence, validity, subject matter, interpretation, negotiation, termination or enforceability, and any dispute, claim, controversy or difference regarding any non-contractual obligations arising out of or in connection with the Services.

"ETH" means the cryptocurrency Ethereum.

"Exchange" means the trading platform operated by FTX Trading or its Affiliates through which the Services may be offered to Users to transact in Digital Assets with other Users.

"fiat currency" means any government issued national currency.

"Force Majeure Event" means any circumstance not within a party's reasonable control including:

- (i) acts of God, flood, drought, earthquake or other natural disaster;
- (ii) epidemic or pandemic;
- (iii) terrorist attack, civil war, civil commotion or riots, war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations;
- (iv) nuclear, chemical or biological contamination or sonic boom;
- (v) any law or any action taken by a Regulatory Authority, including the imposition of an export or import restriction, quota or prohibition;
- (vi) collapse of buildings, fire, explosion or accident; and
- (vii) any labour or trade dispute, strikes, industrial action or lockouts (other than in each case by the party (or its Affiliates) seeking to rely on this clause).

"FTT" is the exchange token of the Exchange ecosystem and is not offered in the United States or to U.S. persons.

"Mobile Application" means any mobile application developed or provided by FTX Trading and/or any of its Affiliates through which Users can access the Platform.

"Order" means each instruction placed by you on the Order Book to purchase or sell a specified quantity of a Digital Asset at a specified price in the Digital Asset in which trading is denominated on the Order Book; the second Digital Asset in a trading pair (e.g. USD in the BTC/USD trading pair).

"Order Book" means the central limit order book operated by FTX Trading on the Platform.

"parties" means the parties to the Terms, being you and FTX Trading (or, where applicable, the Service Provider responsible for providing a Specified Service to you as specified in a Service Schedule, insofar as that Specified Service is concerned), and **"party"** shall mean any one of the foregoing (as the context requires).

"Personnel" means the directors, officers, employees, agents, joint venturers, and contractors or subcontractors of a person.

"Regulatory Authority" means any foreign, domestic, state, federal, cantonal, municipal or local governmental, executive, legislative, judicial, administrative, supervisory or regulatory authority, agency, quasi-governmental authority, court, commission, government organisation, self-regulatory organisation having regulatory authority, tribunal, arbitration tribunal or panel or supra-national organisation, or any division or instrumentality thereof, including any tax authority.

"Service Provider" means the entity specified in a Service Schedule as responsible for providing the Specified Service referred to in that Service Schedule.

"Service Schedule" means the Service Schedules set out in the Schedules (other than this Schedule 1) to the General Terms.

"Specified Service" means any service specified in a Service Schedule.

"transaction" or **"trade"** means each transaction or trade carried out (or to be carried out) via the Platform relating to buying, selling, exchanging, holding, staking, lending, borrowing, sending, receiving or otherwise transacting in a Digital Asset.

"User" means a user of the Services, including you.

2. INTERPRETATION

2.1 References to the Terms and other agreements

In the Terms, except where the context otherwise requires:

- 2.1.1 a reference to the Terms includes a reference to the Service Schedules and any other Schedules to it, each of which forms part of the Terms;
- 2.1.2 a reference to a Section or Schedule (other than to a schedule to a statutory provision) is a reference to a Section or Schedule (as the case may be) of, or to, the Terms and reference to a paragraph is to a paragraph of the relevant Schedule;
- 2.1.3 the headings are for convenience only and shall not affect the interpretation of the Terms;
- 2.1.4 a reference to the Terms includes the Terms as amended or supplemented in accordance with its terms; and
- 2.1.5 a reference to any agreement or other instrument (other than an enactment or statutory provision) is to that agreement or instrument as from time to time amended, varied, supplemented, substituted, novated or assigned otherwise than in breach of the Terms.

2.2 Singular, plural and gender

Words in the singular include the plural and vice versa and a reference to one gender includes other genders.

2.3 **References to persons and companies**

In the Terms, except where the context otherwise requires:

- 2.3.1 a reference to a person includes a reference to any individual, firm, company, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality);
- 2.3.2 a reference to a company includes any company, corporation or other body corporate wherever and however incorporated or established; and
- 2.3.3 a reference to an individual includes that individual's estate and personal representatives.

2.4 **References to time periods**

In the Terms, except where the context otherwise requires, any reference to a date or time is a reference to that date or time in the principal financial centre of the country in which the registered office of FTX Trading (or the relevant Affiliate of FTX Trading) is located, unless otherwise agreed in writing. A reference to a day means a period of 24 hours ending at midnight. Any period of time shall be calculated exclusive of the day from which the time period is expressed to run or the day upon which the event occurs which causes the period to start running.

2.5 **References to legislation and legal terms**

In the Terms, except where the context otherwise requires, a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision, and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, modified, incorporated or reproduced and to any enactment, statutory provision or subordinate legislation that from time to time (with or without modifications) re-enacts, replaces, consolidates, incorporates or reproduces it.

2.6 **Includes and including**

In the Terms, except where the context otherwise requires:

- 2.6.1 the words and phrases "includes", "including", "in particular" (or any terms of similar effect) shall not be construed as implying any limitation; and
- 2.6.2 general words shall not be given a restrictive meaning because they are preceded or followed by particular examples.

2.7 **To the extent that**

In the Terms, except where the context otherwise requires, the phrase "to the extent that" is used to indicate an element of degree and shall mean "to the extent that" and not solely "if", and similar expressions shall be construed in the same way.

2.8 **Writing**

A reference to writing includes any modes of reproducing words in any legible form and, except where expressly stated otherwise, shall include email).

**SCHEDULE 2
SERVICE SCHEDULE**

Specified Service	Spot Market
Specified Service description	The Spot Market is a trading platform through which you can spot trade certain Digital Assets with other Users in exchange for fiat currency (depending on your location) or Digital Assets.
Service Provider	This Specified Service forms part of the Services and is provided by <u>FTX Digital Markets Ltd</u> , an International Business Company incorporated in The Bahamas (company registration number 207269 B), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms)	<p>The Digital Assets that are available for spot trading on the Spot Market are listed on the Site. This list may be amended from time to time by the Service Provider at its sole discretion.</p> <p>The Service Provider reserves the right to final interpretation of this Specified Service.</p>

**SCHEDULE 3
SERVICE SCHEDULE**

Specified Service	Spot Margin Trading
Specified Service description	<p>Spot Margin Trading enables you to spot trade certain Digital Assets that you do not have by posting collateral in the form of fiat currency (depending on your location) or Digital Assets held in your Account and borrowing the required Digital Assets from other Users. You can then spot trade the borrowed Digital Assets through the Spot Market on the Platform.</p> <p>You may also lend your Digital Assets to other Users who need them to spot trade.</p> <p>Digital Asset borrowers pay a lending fee to Digital Asset lenders.</p>
Service Provider	<p>This Specified Service forms part of the Services and is provided by <u>FTX Digital Markets Ltd</u>, an International Business Company incorporated in The Bahamas (company registration number 207269 B), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.</p>
Specified Service specific terms (in addition to the General Terms)	<p>IMPORTANT: Section 16 of the General Terms applies to this service.</p> <p>You may be asked to sign other documents in some cases in relation to Spot Margin Trading, including but not limited to the FTX Institutional Customer Margin and Line of Credit Agreement.</p> <p>The Service Provider and its Affiliates may, in its sole discretion, perform measures to mitigate potential losses to you on your behalf, or to other Users. Such measures include attempts by the Platform's risk engine to liquidate any Users before they could get a negative net Account balance. Using spot margin trading therefore opens you up to liquidation risk.</p> <p>The Service Provider may impose margin position limits or decreasing collateral on large positions of illiquid coins.</p> <p>The Digital Assets that are available for borrowing/lending are listed on the Site. This list may be amended from time to time by the Service Provider at its sole discretion.</p> <p>Digital Assets that are lent to other Users are effectively locked, and cannot be withdrawn/sold/used as collateral/staked/etc. However, they can be used as maintenance margin to prevent liquidations.</p> <p>The Service Provider reserves the right to final interpretation of this Specified Service.</p>

Risk disclosures

Margin trading may not be suitable for all Users and should only be used by those who understand the risks. Also see Section 2.4 of the General Terms.

THE SERVICE PROVIDER AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR USE OF ANY MARGIN TRADING SERVICES OFFERED ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH MARGIN TRADING.

DRAFT

**SCHEDULE 4
SERVICE SCHEDULE**

Specified Service	OTC / Off-exchange Portal (OEP Portal)
Specified Service description	The OEP Portal enables you to connect with other Users to request quotes for spot Digital Assets. In response to a request for a quote, other Users will return prices offered by them in respect of the Digital Assets and you may decide whether or not you wish to trade at the price offered by the other User. Affiliates of FTX Trading may participate on the OEP Portal as Users and execute trades (as principal) with other Users, on terms no more favourable to such Affiliate than terms offered to other similarly situated Users. If you agree, the trade is confirmed, and you will trade directly with the other User. The Service Provider will carry out post-trade clearing and settlement of the trade between you and the other User.
Service Provider	This Specified Service forms part of the Services and is provided by <u>FTX Digital Markets Ltd</u> , an International Business Company incorporated in The Bahamas (company registration number 207269 B), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms)	The Service Provider shall have no liability in relation to your use of the OEP Portal or for any trades that you enter into with other Users that you connect with through the OEP Portal. The Service Provider reserves the right to final interpretation of this Specified Service.

SCHEDULE 5
SERVICE SCHEDULE

Specified Service	Futures Market
Specified Service description	The Futures Market is a trading platform on which you can trade Quarterly Futures Contracts and Perpetual Futures Contracts (collectively, Futures Contracts) on certain Digital Assets and Digital Asset indexes with other Users, with or without leverage.
Service Provider	This Specified Service forms part of the Services and is provided by FTX Digital Markets Ltd , an International Business Company incorporated in The Bahamas (company registration number 207269 B), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms)	<p>Quarterly Futures Contracts represent obligations to buy or sell a Digital Asset at a specific price, on a specified future date. Quarterly Futures Contracts expire to a time-weighted average price ("TWAP") of their associated index on the last Friday of every quarter between 2am and 3am UTC. If you hold an expiring position, you will be credited with USD profit and loss equal to the expiration price shortly after.</p> <p>Perpetual Futures Contracts represent obligations to buy or sell a Digital Asset at a specific price, at any time while the contract remains open. Perpetual Futures Contracts do not have an expiry date but instead, continuously roll over, i.e. every hour, each perpetual futures contract has a funding payment where longs pay shorts equal to 1 hour TWAP of Premium / 24.</p> <p>You can trade Futures Contracts on the Futures Market by posting collateral in the form of fiat currency (depending on your jurisdiction) and Digital Assets to cover initial and maintenance margin.</p> <p>Instead of delivery of the underlying Digital Asset, your profit or loss is settled in stablecoins.</p> <p>IMPORTANT: Section 16 of the General Terms applies to this service.</p> <p>Futures Contracts are Complex Products and the trading of Futures Contracts is high risk. The market price of any Futures Contract may not reflect the price of spot markets in the applicable underlying Digital Assets and may fluctuate significantly in response to the value of the underlying Digital Asset's(s') price, supply and demand, and other market factors.</p> <p>In order to trade Futures Contracts on the Futures Market, you must post collateral. Depending on market movements, your positions may be liquidated, and you may sustain a total loss of the Assets in your Account. This is because Futures Contract trading can be highly leveraged, with a relatively small amount of funds used to establish a position in a Digital Asset or index having a much greater value. For instance, a small price decrease on a 20x leveraged Futures Contract's underlying Digital Asset could result in 20x loss in your leveraged position in the Futures Contract. Further, short positions will lose money when the price of the underlying</p>

	<p>Digital Asset rises, a result that is opposite from holding the underlying Digital Asset.</p> <p>YOU AGREE AND HEREBY AUTHORISE THE SERVICE PROVIDER AND ITS AFFILIATES TO TAKE ANY MEASURES IN THEIR SOLE DISCRETION, INCLUDING BUT NOT LIMITED TO, FORCED POSITION REDUCTION AND LIQUIDATION UNDER MARKET VOLATILITY, ILLIQUIDITY AND OTHER CIRCUMSTANCES, FOR THE PURPOSES OF MITIGATING POTENTIAL LOSSES TO YOU, OTHER USERS, AND THE SERVICE PROVIDER AND ITS AFFILIATES.</p> <p>By trading in Futures Contracts on the Futures Market on the Platform, you acknowledge and agree that you have sufficient investment knowledge, financial expertise, and experience and the capacity to take on the increased risks arising from Futures Contract trading. You further agree to independently assume all the risks arising from conducting Futures Contract trading on your own account. If you are uncomfortable with this level of risk, you should not trade Futures Contracts.</p> <p>THE SERVICE PROVIDER AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR TRADING FUTURES CONTRACTS ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH FUTURES CONTRACT TRADING.</p> <p>The Service Provider reserves the right to final interpretation of this Specified Service.</p>
<p>Risk disclosures</p>	<p>See Section 2 of the General Terms.</p>

**SCHEDULE 6
SERVICE SCHEDULE**

Specified Service	Volatility Market (Options Contracts)
Specified Service description	The Volatility Market is a trading platform on which you can trade Call Options or Put Options (collectively, Options Contracts) on certain Digital Assets with other Users, with or without leverage.
Service Provider	This Specified Service forms part of the Services and is provided by FTX Digital Markets Ltd , an International Business Company incorporated in The Bahamas (company registration number 207269 B), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms)	<p>Options Contracts give you the option (i.e. the right, but not the obligation), to either buy (Call Option) or sell (Put Option) Digital Assets for a specific price (the strike or exercise price) on a specified expiry date.</p> <p>If, at the expiration of a Call Option, the market price of the underlying Digital Asset is higher than the strike price, the Service Provider will automatically exercise the option and credit your Account with the difference between the market price and the strike price. If the market price is lower, the option expires to USD 0.00. In the case of Put Options, the reverse applies.</p> <p>You can trade Options Contracts on the Volatility Market by posting collateral in fiat currency (depending on your location) and Digital Assets, to cover initial and maintenance margin.</p> <p>Instead of delivery of the underlying Digital Asset on the specified expiry date, your profit or loss is settled in stablecoins.</p> <p>IMPORTANT: Section 16 of the General Terms applies to this service.</p> <p>The Options Contracts on the Volatility Market are European style. This means that you will not be able to exercise the option before the specified expiry date.</p> <p>The Options Contracts auto-expire, which means that the Service Provider will automatically exercise all options "in the money" and no options "out of the money".</p> <p>The Options Contracts expire on their specified expiry date at 3:00:00AM UTC. The expiration price of the underlying Digital Asset is based on a 1-hour TWAP of the underlying index the hour before expiration.</p> <p>Options Contracts are Complex Products and the trading of Options Contracts is high risk. In order to trade Options Contracts on the Volatility Market, you must post collateral. Depending on market movements, your positions may be liquidated, and you may sustain a total loss of the Assets in your Account. This is because Options Contract trading is highly leveraged, with a relatively small amount of funds used to establish a position in a Digital Asset having a much greater value.</p> <p>If you are uncomfortable with this level of risk, you should not trade Options Contracts.</p>

	<p>THE SERVICE PROVIDER AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR TRADING OPTIONS CONTRACTS ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH OPTIONS CONTRACTS TRADING.</p> <p>The Service Provider reserves the right to final interpretation of this Specified Service.</p>
Risk disclosures	See Section 2 of the General Terms.

DRAFT

SCHEDULE 7
SERVICE SCHEDULE

Specified Service	Volatility Market (MOVE Volatility Contracts)
Specified Service description	The Volatility Market is a trading platform on which you can trade Daily MOVE Volatility Contracts, Weekly MOVE Volatility Contracts and Quarterly MOVE Volatility Contracts (collectively, MOVE Volatility Contracts) with other Users, with or without leverage.
Service Provider	This Specified Service forms part of the Services and is provided by FTX Digital Markets Ltd , an International Business Company incorporated in The Bahamas (company registration number 207269 B), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms)	<p>MOVE Volatility Contracts represent the absolute value of the amount a Digital Asset moves in a period of time, i.e. a day, week or quarter.</p> <p>MOVE Volatility Contracts expire to the absolute value of the difference between the TWAP price of the underlying Digital Asset over the first hour and the TWAP price of the underlying Digital Asset over the last hour of their expiration time, measured in UTC.</p> <ol style="list-style-type: none"> 1. Daily MOVE Volatility Contracts expire to the movement of BTC over a single day's period. Their ticker is [underlying]-MOVE-[expiration date]; e.g. BTC-MOVE-1116 is the BTC-MOVE Volatility Contract expiring at the end of 16 November UTC. 2. Weekly MOVE Volatility Contracts expire to the movement of BTC over a 7 day period. Their ticker is [underlying]-MOVE-WK-[expiration date]; e.g. BTC-MOVE-WK-1122 expires to the amount that BTC moves between the start of 16 November and the end of 22 November. 3. Quarterly MOVE Volatility Contracts expire to the move of BTC over a roughly 3 month period. Their ticker is [underlying]-MOVE-[expiration year]Q[quarter number]; e.g. BTC-MOVE-2020Q2 expires to the amount that BTC moves during Q2 2020, from 27 March 2020 to 25 June 2020. <p>You can trade Move Volatility Contracts on the Volatility Market by posting collateral in the form of fiat currency (depending on your location) and Digital Assets to cover initial and maintenance margin.</p> <p>IMPORTANT: Section 16 of the General Terms applies to this service.</p> <p>MOVE Volatility Contracts are Complex Products and the trading of MOVE Volatility Contracts is high risk. In order to trade MOVE Volatility Contracts on the Volatility Market, you must post collateral. Depending on market movements, your positions may be liquidated, and you may sustain a total loss of the Assets in your Account. This is because MOVE Volatility Contract trading is highly leveraged, with a relatively small amount of funds used to establish a position in a Digital Asset having a much greater value.</p>

	<p>If you are uncomfortable with this level of risk, you should not trade MOVE Volatility Contracts.</p> <p>THE SERVICE PROVIDER AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR TRADING MOVE VOLATILITY CONTRACTS ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH MOVE VOLATILITY CONTRACTS TRADING.</p> <p>The Service Provider reserves the right to final interpretation of this Specific Service.</p>
Risk disclosures	See Section 2 of the General Terms.

DRAFT

**SCHEDULE 8
SERVICE SCHEDULE**

Specified Service	Leveraged Tokens Spot Market
Specified Service description	The Leveraged Tokens Market is a trading platform on which you can spot trade Leveraged Tokens on certain Digital Assets with other Users.
Service Provider	This Specified Service forms part of the Services and is provided by FTX Trading Ltd , a company incorporated and registered in Antigua and Barbuda (company number 17180), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms)	<p>Leveraged Tokens are "ERC-20" digital tokens issued by LT Baskets Ltd, an Affiliate of FTX Trading. Each Leveraged Token has an associated account on the Platform that takes leveraged positions on Perpetual Futures Contracts on an underlying Digital Asset or Digital Asset index (collectively "Underlying") and can be created or redeemed for its share of the Digital Assets of that account.</p> <p>Leveraged Tokens seek (but under no circumstances guarantee) daily results, before fees and expenses, that correspond to 300% or 3x ("BULL"), -100% or -1x ("HEDGE"), or -300% or -3x ("BEAR") of the daily return of the Underlying (in U.S. Dollars) for a single day, not for any other period. A Leveraged Token's returns for a period longer than a single day will be the result of its return for each day, compounded over that period, and could differ in amount and direction from the return of the Underlying over the same period.</p> <p>A Leveraged Token's returns may also deviate from expected returns in a period shorter than a single day for reasons including, but not limited to, scheduled or unscheduled rebalancing. Scheduled rebalancing occurs once daily in order to maintain the Leveraged Token's intended exposure to the market price of the Underlying. Unscheduled rebalancing may occur, for example, if the market price of the Underlying moves more than 10% in either direction within a single day in order to maintain the Leveraged Token's intended returns.</p> <p>Leveraged Tokens are Complex Products, and the trading of Leveraged Tokens is high risk. The market price of any Leveraged Token may not reflect the price of spot markets in the applicable Underlying and may fluctuate significantly in response to the value of the Underlying's price, supply and demand, and other market factors.</p> <p>Leveraged Tokens reduce the risk of liquidation (as compared to Futures Contracts for example) but it is still possible that liquidation may occur; if markets instantaneously gap down 50%, there is nothing that can stop a +3x leveraged position from getting liquidated.</p> <p>YOU AGREE AND HEREBY AUTHORISE THE SERVICE PROVIDER AND ITS AFFILIATES TO TAKE ANY MEASURES IN THEIR SOLE DISCRETION, INCLUDING BUT NOT LIMITED TO, FORCED POSITION REDUCTION AND LIQUIDATION UNDER MARKET VOLATILITY,</p>

	<p>ILLIQUIDITY AND OTHER CIRCUMSTANCES, FOR THE PURPOSES OF MITIGATING POTENTIAL LOSSES TO YOU, OTHER USERS, AND THE PLATFORM.</p> <p>By trading in Leveraged Tokens on the Platform, you acknowledge and agree that you have sufficient investment knowledge, financial expertise, and experience and the capacity to take on the increased risks arising from Leveraged Tokens trading. You further agree to independently assume all the risks arising from conducting Leveraged Tokens trading on your own account.</p> <p>If you are uncomfortable with this level of risk, you should not trade Leveraged Tokens.</p> <p>THE SERVICE PROVIDER AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR TRADING LEVERAGED TOKENS ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH LEVERAGED TOKEN TRADING.</p> <p>The Service Provider reserves the right to final interpretation of this Specific Service.</p>
<p>Risk disclosures</p>	<p>Leveraged Tokens do not require Users to trade on margin. However, they remain subject to certain risks that you should understand before trading Leveraged Tokens, including but not limited to:</p> <ul style="list-style-type: none"> • Market price variance risk: Holders buy and sell Leveraged Tokens in the secondary market at market prices, which may be different from the value of the Underlying. The market price for a Leveraged Token will fluctuate in response to changes in the value of the Leveraged Token's holdings, supply and demand for the Leveraged Token and other market factors. • Inverse correlation risk: Holders of Leveraged Tokens that target an inverse return will lose money when the price of the Underlying rises, a result that is opposite from holding the Underlying. • Portfolio turnover risk: Leveraged Tokens may incur high portfolio turnover to manage the exposure to the Underlying. Additionally, active market trading of a Leveraged Token's holding may cause more frequent creation or redemption activities that could, in certain circumstances, increase the number of portfolio transactions. High levels of transactions increase transaction costs. Each of these factors could have a negative impact on the performance of a Leveraged Token. • Interest rates: Leveraged Tokens take positions in Perpetual Futures Contracts to achieve their desired leverage. These Perpetual Futures Contracts might trade at a premium or discount to spot markets in the applicable Underlying as a reflection of prevailing interest rates in cryptocurrency markets. Thus, a Leveraged Token could outperform or underperform the Underlying's spot market returns due to a divergence between the two markets.

SCHEDULE 9
SERVICE SCHEDULE

Specified Service	Volatility Market (BVOL/iBVOL Tokens)
Specified Service description	The Volatility Market is a trading platform on which you can trade BVOL Tokens and iBVOL Tokens (collectively, BVOL/iBVOL Tokens) with other Users, with or without leverage.
Service Provider	This Specified Service forms part of the Services and is provided by FTX Trading Ltd , a company incorporated and registered in Antigua and Barbuda (company number 17180), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms)	<p>BVOL/iBVOL Tokens are "ERC-20" digital tokens issued by LT Baskets Ltd, an Affiliate of FTX Trading. Each BVOL/iBVOL Token has an associated account on the Platform that holds MOVE Volatility Contracts and Perpetual Futures Contracts on BTC (collectively, "Underlying"), in an attempt to track the implied percent-based volatility of BTC. In particular, BVOL Tokens attempt to track the daily returns of being 1x long the implied volatility of BTC and iBVOL Tokens attempt to track the daily returns of being 1x short the implied volatility of BTC.</p> <p>In order to get their volatility exposure, BVOL Tokens trade MOVE Volatility Contracts and Perpetual Futures on BTC. In particular, they aim to hold 1/6th each of each MOVE Volatility Contract that has not yet had its strike price determined as of each rebalance. That means 1/6th each of:</p> <ul style="list-style-type: none"> • Tomorrow's MOVE Volatility contract • Next weeks' MOVE contract, and the two weeks after that • Next Quarter's MOVE contract, and the quarter after that <p>and</p> <ul style="list-style-type: none"> • -1x BTC-PERP (Short) <p>iBVOL, conversely, aims to hold -1/6th each of those MOVE Volatility contracts and 1x Perpetual Futures Contract on BTC (Long).</p> <p>BVOL targets +1x leverage, and iBVOL targets -1x leverage. As such, BVOL should not need to significantly alter its leverage at rebalance time (00:02:00 UTC every day): there may be small amounts of slippage but by and large its leverage should always be 1. iBVOL, however, will need to. If volatility is down, iBVOL will have gains and will reinvest them by selling more MOVE contracts; if volatility is up, iBVOL will have losses and will buy back MOVE contracts to reduce risk and attempt to avoid liquidation. Because of this BVOL almost completely avoids liquidation risk, but iBVOL is at risk if volatility doubles in a day. To mitigate this, iBVOL also has daily rebalances. If market moves cause iBVOL's leverage to reach -4/3, it will do an intraday rebalance to reduce risk.</p> <p>YOU AGREE AND HEREBY AUTHORISE THE SERVICE PROVIDER AND ITS AFFILIATES TO TAKE ANY MEASURES IN THEIR SOLE DISCRETION, INCLUDING BUT NOT LIMITED TO, FORCED POSITION</p>

	<p>REDUCTION AND LIQUIDATION UNDER MARKET VOLATILITY, ILLIQUIDITY AND OTHER CIRCUMSTANCES, FOR THE PURPOSES OF MITIGATING POTENTIAL LOSSES TO YOU, OTHER USERS, AND THE PLATFORM.</p> <p>BVOL/iBVOL Tokens are Complex Products and the trading of BVOL/iBVOL Tokens is high risk. The market price of any BVOL/iBVOL Token may not reflect the price of spot markets in BTC and may fluctuate significantly in response to the value of BTC's price, supply and demand, and other market factors.</p> <p>By trading in BVOL/iBVOL Tokens on the Platform, you acknowledge and agree that you have sufficient investment knowledge, financial expertise, and experience and the capacity to take on the increased risks arising from BVOL/iBVOL Tokens trading. You further agree to independently assume all the risks arising from conducting BVOL/iBVOL Tokens trading on your own account.</p> <p>If you are uncomfortable with this level of risk, you should not trade BVOL/iBVOL Tokens.</p> <p>THE SERVICE PROVIDER AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR TRADING BVOL/iBVOL TOKENS ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH BVOL/iBVOL TOKEN TRADING.</p> <p>The Service Provider reserves the right to final interpretation of this Specified Service.</p>
<p>Risk disclosures</p>	<p>BVOL/iBVOL Tokens do not require Users to trade on margin. However, they remain subject to certain risks that you should understand before trading BVOL/iBVOL Tokens, including but not limited to:</p> <ul style="list-style-type: none"> • Market price variance risk: Holders buy and sell BVOL/iBVOL Tokens in the secondary market at market prices, which may be different from the value of BTC. The market price for a BVOL/iBVOL Tokens will fluctuate in response to changes in the value of the BVOL/iBVOL Tokens holdings, supply and demand for the BVOL/iBVOL Tokens and other market factors. • Portfolio turnover risk: BVOL/iBVOL Tokens may incur high portfolio turnover to manage the exposure to the Underlying. Additionally, active market trading of a BVOL/iBVOL Token's holding may cause more frequent creation or redemption activities that could, in certain circumstances, increase the number of portfolio transactions. High levels of transactions increase transaction costs. Each of these factors could have a negative impact on the performance of a BVOL/iBVOL Tokens. • Interest rates: BVOL/iBVOL Tokens take positions in MOVE Volatility Contracts and Perpetual Futures Contracts to achieve their desired implied volatility of BTC. These MOVE Volatility Contracts and Perpetual Futures Contracts might trade at a premium or discount to spot markets in BTC as a reflection of prevailing interest rates in cryptocurrency markets. Thus, a BVOL/iBVOL Token could

outperform or underperform BTC's spot market returns due to a divergence between the two markets.

DRAFT

SCHEDULE 10
SERVICE SCHEDULE

Specified Service	Issuing and redeeming Leveraged Tokens and BVOL/iBVOL Tokens
Specified Service description	The issuance and redemption of Leveraged Tokens and BVOL/iBVOL Tokens.
Service Provider	This Specified Service forms part of the Services and is provided by LT Baskets Ltd , a company incorporated in Antigua and Barbuda (company number 17336), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms) and risk disclosures	<p>Leveraged Tokens and BVOL/iBVOL Tokens are "ERC-20" digital tokens issued by the Service Provider.</p> <p>Each Leveraged Token has an associated account on the Platform that takes leveraged positions on Perpetual Futures Contracts on an underlying Digital Asset or Digital Asset index.</p> <p>Each BVOL/iBVOL Token has an associated account on the Platform that holds MOVE Volatility Contracts and Perpetual Futures Contracts on BTC, in an attempt to track the implied percent-based volatility of BTC. In particular, BVOL Tokens attempt to track the daily returns of being 1x long the implied volatility of BTC and iBVOL Tokens attempt to track the daily returns of being 1x short the implied volatility of BTC.</p> <p>You may place orders with the Service Provider to issue new Leveraged Tokens or BVOL/iBVOL Tokens by depositing stablecoins.</p> <p>You can redeem an existing Leveraged Token for its share of the Digital Assets of the Leveraged Token's associated account on the Platform.</p> <p>You can redeem existing BVOL/iBVOL Contracts for an equivalent amount of stablecoins.</p> <p>Creating or redeeming Leveraged Tokens and BVOL/iBVOL Tokens will have market impact and you won't know what price you ultimately get until after you have created or redeemed the Leveraged Token or BVOL/iBVOL Token (as applicable).</p> <p>THE SERVICE PROVIDER AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR ORDERING OR REDEEMING LEVERAGED TOKENS OR BVOL/iBVOL TOKENS ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH LEVERAGED TOKENS AND BVOL/iBVOL TOKENS.</p> <p>The Service Provider reserves the right to final interpretation of this Specified Service.</p>

SCHEDULE 11
SERVICE SCHEDULE

Specified Service	NFT Market
Specified Service description	The NFT Market is a trading platform on which you can trade non-fungible tokens (" NFT ") with other Users for fiat currency or Digital Assets and offer to sell them by auction.
Service Provider	This Specified Service forms part of the Services and is provided by FTX Trading Ltd , a company incorporated and registered in Antigua and Barbuda (company number 17180), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms) and risk disclosures	<p>NFTs are controllable electronic records recorded on the Ethereum and/or Solana blockchains, or any other blockchain(s) as determined by us in our sole discretion.</p> <p>Unlike most cryptocurrencies, there may be very few or only one of an NFT, and they might be indivisible, meaning it may not be fungible with any other tokens.</p> <p>NFTs can take a number of forms. Sometimes, they can be redeemed for a physical object. Sometimes the owner is entitled to an experience, like a movie or a phone call. Sometimes they are associated with a digital image. Sometimes they are associated with nothing at all.</p> <p>NFTs do not necessarily have any intrinsic value. They might also be illiquid. If you buy an NFT, you are not necessarily going to be able to sell it for much later or gain any specific utility from it.</p> <p>While the Service Provider may facilitate the ability to sell, re-sale, buy, transfer, withdraw, or otherwise engage in transactions involving the purchase, sale, or other transfer of a NFT through the NFT Market, this functionality is provided without any guarantees of uptime, functionality, or serviceability. The Service Provider reserves the right to remove or otherwise limit any and all functionality, or to require additional conditions of access, for all Users or any User or group of Users of the NFT Market, as determined by the Service Provider in its sole discretion.</p> <p>You are welcome to buy NFTs if it would make you happy to own them. But there is no implied economic return associated with doing so.</p> <p>There are no refunds for NFTs, and the Service Provider and its Affiliates will not field customer complaints. You should only buy NFTs if you understand that doing so does not necessarily give any direct economic value.</p> <p>NFTS ARE INTANGIBLE DIGITAL ASSETS. THEY EXIST ONLY BY VIRTUE OF THE OWNERSHIP RECORD MAINTAINED IN THE APPLICABLE BLOCKCHAIN NETWORK. ANY TRANSFER OF TITLE THAT MIGHT OCCUR IN ANY UNIQUE DIGITAL ASSET OCCURS ON THE DECENTRALISED LEDGER WITHIN SUCH BLOCKCHAIN NETWORK, WHICH WE DO NOT CONTROL. THE SERVICE</p>

PROVIDER DOES NOT GUARANTEE THAT IT CAN EFFECT THE TRANSFER OF TITLE OR RIGHT IN ANY NFT.

THE SERVICE PROVIDER AND ITS AFFILIATES DO NOT TAKE ANY RESPONSIBILITY WHATSOEVER FOR ANY LOSSES OR DAMAGE INCURRED AS A RESULT OF YOUR TRADING NFT ON THE PLATFORM OR YOUR FAILURE TO UNDERSTAND THE RISKS ASSOCIATED WITH NFT TRADING.

DRAFT

**SCHEDULE 12
SERVICE SCHEDULE**

Specified Service	NFT Listing
Specified Service description	Creating an NFT on the portal located at https://ftx.com/nfts/list (the " NFT Site ") that, as of its genesis issuance, is linked to the artwork, digital content or other collectible that is provided by you to the Service Provider (" Artwork ").
Service Provider	This Specified Service forms part of the Services and is provided by FTX Trading Ltd , a company incorporated and registered in Antigua and Barbuda (company number 17180), to all eligible Users other than persons who have their registered office or place of residence in the United States of America or any Restricted Territory.
Specified Service specific terms (in addition to the General Terms) and risk disclosures	<p>By submitting a request and creating an NFT on the NFT Site, you acknowledge that you have carefully read and agree to the Terms.</p> <p>If there is a conflict between the General Terms and this Service Schedule with respect to your use of the NFT Site or your NFTs, this Service Schedule shall prevail.</p> <p>Your access to and use of the NFT Site is also governed by the terms in the General Terms that apply to the Site and references in the General Terms to "Site" should be read as including the NFT Site, unless the context provides otherwise.</p> <p>Intellectual property</p> <p>You represent and warrant that you own and control all rights in and to your Artwork and have the right to grant licenses to the Service Provider and its Affiliates and respective licensees and successors. In submitting any Artwork, you must not include any third party intellectual property (such as copyrighted materials) unless you have explicit permission from that party or are otherwise legally entitled to do so. You are legally responsible for all Artwork submitted by you. The Service Provider reserves the right to review and analyse your Artwork to help detect infringement and abuse, such as spam, malware and illegal content.</p> <p>By submitting any Artwork, you grant the Service Provider a worldwide, non-exclusive, royalty-free, perpetual, sublicensable and transferable license to use the Artwork for any purpose, including for the minting of the NFT linked to your Artwork and hosting such Artwork for you and future transferees of the NFT, as well as for the promotion of the Services provided by the Service Provider and its Affiliates.</p> <p>You also grant all other Users and future holders of your NFT a worldwide, non-exclusive, perpetual, and royalty-free license to view and access your Artwork.</p> <p>Prohibited activities</p> <p>You will not:</p>

- submit any Artwork that (a) violates or encourages any conduct that would violate any Applicable Law or regulation or would give rise to civil or criminal liabilities; (b) is fraudulent, false, misleading or deceptive; (c) is defamatory, obscene, vulgar, pornography or offensive; (d) promotes discrimination, bigotry, racism, hatred, harassment or harm against any individual or group; (e) is violent or threatening or promotes violence or actions that are threatening to any person or entity; or (f) promotes illegal or harmful activities or substantives;
- attack, hack, DDOS, interfere with, or otherwise tamper with the NFT or its underlying smart contract;
- access, tamper with or attempt to access the Service Provider and its Affiliates' computer systems or networks;
- attempt to probe, scan or test the vulnerability of the Service Provider and its Affiliates' system or network or breach any security or authentication measures;
- avoid, bypass, remove, deactivate, impair or otherwise circumvent any technological measures;
- interfere with, or attempt to interfere with, any other User or network, including without limitation sending a virus, overloading, flooding, spamming or mail-bombing;
- impersonate or misrepresent your identity or affiliation;
- use the NFT, the NFT Site or the Services, to conceal or transfer any proceeds relating to illegal or criminal activity;
- violate the Terms or any Applicable Law or regulation; or
- encourage or enable any third party to do any of the foregoing.

No obligations

The Service Provider and its Affiliates are not responsible for repairing, supporting, replacing or maintaining any website or network hosting your Artwork, nor do they have the obligation to maintain any connection or link between your NFT and the underlying Artwork. The Service Provider reserves the right to terminate, delete, take down or otherwise remove the Artwork and disconnect the link between the applicable NFT and the underlying Artwork at any time for any reason, including but not limited to if (a) you or any other NFT holder engage in any illegal or unlawful activity, (b) you or any other NFT holder are deemed to be in violation of the intellectual property rights of third parties, in each case as determined by the Service Provider in its sole discretion.

While the Service Provider may facilitate the ability to sell, re-sale, buy, transfer, withdraw, or otherwise engage in transactions involving the purchase, sale, or other transfer of a NFT, this functionality is provided without any guarantees of uptime, functionality, or serviceability. The Service Provider reserves the right to remove or otherwise limit any and all functionality, or to require additional conditions of access, for all Users or any User or group of Users, as determined by the Service Provider in its sole discretion.

Disclaimers and risk disclosures

NFTS ARE INTANGIBLE DIGITAL ASSETS. THEY EXIST ONLY BY VIRTUE OF THE OWNERSHIP RECORD MAINTAINED IN THE

APPLICABLE BLOCKCHAIN NETWORK. ANY TRANSFER OF TITLE THAT MIGHT OCCUR IN ANY UNIQUE DIGITAL ASSET OCCURS ON THE DECENTRALISED LEDGER WITHIN SUCH BLOCKCHAIN NETWORK, WHICH WE DO NOT CONTROL. THE SERVICE PROVIDER DOES NOT GUARANTEE THAT IT CAN EFFECT THE TRANSFER OF TITLE OR RIGHT IN ANY NFT.

ANY NFTS MINTED FOR YOU ARE PROVIDED "AS IS," WITHOUT WARRANTY OF ANY KIND. WITHOUT LIMITING THE FOREGOING, THE SERVICE PROVIDER EXPLICITLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, QUIET ENJOYMENT AND NON-INFRINGEMENT, AND ANY WARRANTIES ARISING OUT OF COURSE OF DEALING OR USAGE OF TRADE. THE SERVICE PROVIDER MAKES NO WARRANTY THAT THE NFTS WILL MEET YOUR REQUIREMENTS OR BE AVAILABLE ON AN UNINTERRUPTED, SECURE, OR ERROR-FREE BASIS. THE SERVICE PROVIDER MAKES NO WARRANTY REGARDING THE QUALITY, ACCURACY, TIMELINESS, TRUTHFULNESS, COMPLETENESS OR RELIABILITY OF ANY INFORMATION OR CONTENT ON THE NFT OR ITS UNDERLYING SMART CONTRACT OR BLOCKCHAIN NETWORK. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF IMPLIED WARRANTIES IN CONTRACTS WITH CONSUMERS, SO THE ABOVE EXCLUSION MAY NOT APPLY TO YOU.

THE SERVICE PROVIDER AND ITS AFFILIATES WILL NOT BE RESPONSIBLE OR LIABLE TO YOU FOR ANY LOSS AND TAKE NO RESPONSIBILITY FOR, AND WILL NOT BE LIABLE TO YOU FOR, ANY USE OF THE NFTS, INCLUDING BUT NOT LIMITED TO ANY LOSSES, DAMAGES OR CLAIMS ARISING FROM: (I) USER ERROR SUCH AS FORGOTTEN PASSWORDS, INCORRECTLY CONSTRUCTED TRANSACTIONS, OR MISTYPED WALLET ADDRESSES; (II) SERVER FAILURE OR DATA LOSS; (III) CORRUPTED CRYPTOCURRENCY WALLET FILES; (IV) UNAUTHORISED ACCESS; OR (V) ANY UNAUTHORISED THIRD PARTY ACTIVITIES, INCLUDING WITHOUT LIMITATION THE USE OF VIRUSES, PHISHING, BRUTEFORCING OR OTHER MEANS OF ATTACK AGAINST BLOCKCHAIN NETWORK UNDERLYING THE NFTS.

THE SERVICE PROVIDER AND ITS AFFILIATES ARE NOT RESPONSIBLE FOR ANY KIND OF FAILURE, ABNORMAL BEHAVIOR OF SOFTWARE (E.G., WALLET, SMART CONTRACT), BLOCKCHAINS OR ANY OTHER FEATURES OF THE NFTS.

Indemnification; release

You shall and agree to defend, indemnify and hold harmless the Service Provider, its Affiliates and service providers and, in each case, their Personnel (collectively, "**NFT Indemnified Parties**" and each an "**NFT Indemnified Party**") from and against any and all claims and liabilities, costs, expenses, damages and losses (including any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal and other reasonable professional costs and expenses) ("**NFT Losses**" or "**NFT Loss**") which any Indemnified Party may suffer or incur, arising directly or indirectly out of or in connection with: (a) your use of the NFT Site, including the minting and creation of your NFT, (b) your violation or anticipatory violation of any Applicable Laws in connection with your use of the NFT Site or the NFTs, (c) any actual or alleged infringement of the intellectual property rights of others

by you, and (d) any act of gross negligence, willful or intentional conduct by you.

You will cooperate as fully required by the NFT Indemnified Parties in the defence of any such claims and NFT Losses. The NFT Indemnified Parties retain the exclusive right to assume the exclusive defence and control of any claims and NFT Losses. You will not settle any claims and NFT Losses without the Service Provider's prior written consent.

You hereby agree to release each of the NFT Indemnified Parties from any and all claims and demands (and waive any rights you may have against any of the NFT Indemnified Parties in relation to any NFT Losses you may suffer or incur), arising directly or indirectly out of or in connection with any dispute that you have with any other User or other third party in connection with the NFT Site or the NFTs.

Limitation of liability

TO THE MAXIMUM EXTENT PERMITTED BY LAW, NEITHER THE SERVICE PROVIDER NOR ITS AFFILIATES OR SERVICE PROVIDERS INVOLVED IN CREATING, PRODUCING, OR DELIVERING THE NFTS WILL BE LIABLE FOR ANY INCIDENTAL, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOST REVENUES, LOST SAVINGS, LOST BUSINESS OPPORTUNITY, LOSS OF DATA OR GOODWILL, SERVICE INTERRUPTION, COMPUTER DAMAGE OR SYSTEM FAILURE OR THE COST OF SUBSTITUTE PRODUCTS OR SERVICES OF ANY KIND ARISING OUT OF OR IN CONNECTION WITH THIS SERVICE SCHEDULE OR FROM THE USE OF OR INABILITY TO USE OR INTERACT WITH THE NFTS OR ACCESS THE ARTWORK, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY OR ANY OTHER LEGAL THEORY, AND WHETHER OR NOT THE SERVICE PROVIDER, ITS AFFILIATES, OR ITS SERVICE PROVIDERS HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGE, EVEN IF A LIMITED REMEDY SET FORTH HEREIN IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE.

TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE APPLICABLE JURISDICTION, IN NO EVENT WILL THE SERVICE PROVIDER AND ITS AFFILIATES' TOTAL LIABILITY ARISING OUT OF OR IN CONNECTION WITH THIS SERVICE SCHEDULE, YOUR USE OF THE NFT SITE, OR YOUR USE OF OR INABILITY TO USE OR INTERACT WITH THE NFTS OR ACCESS THE ARTWORK EXCEED TEN U.S. DOLLARS (USD \$10.00).

THE EXCLUSIONS AND LIMITATIONS OF DAMAGES SET FORTH ABOVE ARE FUNDAMENTAL ELEMENTS OF THE BASIS OF THE BARGAIN BETWEEN THE SERVICE PROVIDER AND YOU.

SCHEDULE 13
SERVICE SCHEDULE
TERMS APPLICABLE TO AUSTRALIAN USERS ONLY
(Updated September 18, 2022)

Appendix A will form part of the Terms and apply to you if you are using the Exchange to buy, sell, exchange hold or otherwise transact in Digital Assets that are being provided by FTX Australia.

1. FIAT CURRENCY TO DIGITAL ASSET (AND VICE VERSA) CONVERSION SERVICES

If you are depositing fiat currency, or instructing the conversion of Digital Assets to fiat currency, the conversion of:

- a) your deposit of fiat currency to Digital Assets; and
- b) your withdrawal of Digital Assets to fiat currency,

will be processed by a third-party DCE provider. The name of the DCE provider is provided on the FTX Website at the time you enter into any transaction.

You agree that you only place orders to convert fiat currency to Digital Assets (and vice versa) with the DCE provider. You do not place orders with FTX Trading or FTX Australia for the conversion of fiat currency to Digital Assets or vice-versa.

If you send fiat currency to the DCE provider, the DCE provider shall convert your fiat currency to stablecoins automatically by default. FTX Trading does not hold client money or E-Money for clients of FTX Australia. Any account balances shown in fiat currency are provided for convenience only. All such balances are held by FTX Trading in stablecoins.

You also agree to accept any additional terms and conditions of the DCE provider relevant to the conversion services it is providing and disclosed to you at the time any

2. FINANCIAL SERVICES OR FINANCIAL PRODUCTS PROVIDED BY FTX AUSTRALIA

Only FTX Australia will, or may, provide you with financial services or financial products under its Australian Financial Services Licence.

Neither FTX Trading or the DCE provider will, or may, provide you with financial services or financial products.

3. STANDING AUTHORISATION PROVIDED TO FTX AUSTRALIA

As a pre-condition to you acquiring any service or product from FTX Australia, you acknowledge that you will provide FTX Australia with a 'Standing Authorisation' as set out in the FTX Australia Terms and Conditions ("**FTX Australia Terms**") to issue sell order(s) on your behalf to the DCE, which orders will impact the Digital Assets held in your FTX Digital Wallet.

4. YOUR DIGITAL ASSETS ARE ONLY HELD BY FTX TRADING

Please note that you never provide Digital Assets to FTX Australia, and **FTX Australia does not hold any client property as defined in Part 7.8, Division 3 of the Corporations Act 2001 (Cth)**.

For the avoidance of doubt, you only provide Digital Assets to FTX Trading and it is only FTX Trading that will ever hold your Digital Assets.

FTX Australia only maintains a Standing Authorisation in relation your Digital Assets (as set out in the FTX Australia Terms).

5. DATA SHARING

Both FTX Trading and FTX Australia will share your personal data with each other and with the DCE for the purposes of providing you with 'Services' set out in the FTX Terms, and DCE Terms and the FTX Australia Terms.

For the avoidance of doubt, FTX Trading will only collect, maintain, use and disclose personal information provided to us strictly in accordance with the Australian Privacy Principles in the *Privacy Act 1988* (Cth) and our Privacy Policy. You should carefully read the FTX Australia [Privacy Policy](#), which provides details on how your personal information is collected, stored, protected and used by FTX Australia and any corresponding Privacy Policy provided by the DCE.

SCHEDULE 14
SERVICE SCHEDULE
TERMS APPLICABLE TO SOUTH AFRICAN USERS ONLY

You acknowledge that any marketing, promotional, sales or similar activities contemplated in these Terms (**South African activities**) which take place in the Republic of South Africa are pursuant to FTX Trading being appointed as the juristic representative of Ovex FSP (Pty) Ltd (authorized FSP 50776) (**Ovex**) in terms of section 13(1)(b)(i)(aa) of the Financial Advisory and Intermediary Services Act, 2002 (**FAIS**) and that any such South African activities will not be performed by FTX Trading as principal.

Where you are domiciled in South Africa, you confirm that you have voluntarily elected, pursuant to any South African activities performed by FTX Trading as the juristic representative of and in the name of Ovex, to open an Account with, use the Services and trade on the Exchange of FTX Trading pursuant to these Terms. You acknowledge that any client support in relation to your Account, the Services and the Exchange which occur within South Africa will be effected by FTX Trading as the juristic representative of and in the name of Ovex.

You undertake to comply with any applicable exchange control regulations or any other applicable laws or regulations which may, from time to time, become applicable pursuant to you opening an Account, using the Services and the Exchange.

SCHEDULE 15
SERVICE SCHEDULE
TERMS APPLICABLE TO JAPAN USERS ONLY
(Updated September 19, 2022)

The following terms will form part of the Terms and will apply to you if you are a resident of Japan who is using FTX Earn or has enabled Peer-to-Peer Crypto Borrowing and Lending (“**P2P Crypto Loans**”) provided by FTX Trading.

FTX Trading provides and operates a peer-to-peer crypto asset borrowing and lending platform for matching Borrowers and Lenders of P2P Crypto Loans to users of FTX Japan Corporation (Cryptocurrency Exchange Business Kanto Finance Bureau Director No. 00002 and Type 1 Financial Instruments Business registrant) (“**FTX Japan**”). P2P Crypto Loans are available both via the Site as well as via the FTX Earn program on the Mobile Application.

By enabling and agreeing to borrow or lend P2P Crypto Loans (either via the Site or the FTX Earn program), you hereby acknowledge and agree that:

- you are an authorized and verified user of FTX Japan;
- P2P Crypto Loans are not provided by FTX Japan and all P2P Crypto Loan services are provided solely by FTX Trading;
- you have read and understood, and agree to the Terms of Service and FTX’s Privacy Policy, each as amended from time to time;
- you authorize FTX Japan to share any information collected from you with FTX Trading as may be required under anti-money laundering laws or otherwise in compliance with applicable financial regulatory and other laws;
- if you’re participating in the FTX Earn program, you are lending your crypto assets to third party borrowers in return for rewards which are variable for each crypto asset and changes hourly;
- you hereby authorize FTX Trading to instruct FTX Japan to borrow from and lend assets to Lenders and Borrowers, respectively, and to take all such actions as may be required to complete such P2P Crypto Loans on your behalf;
- you will only participate in P2P Crypto Loans for your own account and not for the account of others;
- you will not use P2P Crypto Loans for any illegal activities, unlawful conduct or other restricted purposes as set forth in the Terms;
- FTX Trading does not act as borrower or lender of any P2P Crypto Loans; and

Only FTX Japan users are eligible to participate in P2P Crypto Loans, either as a borrower or as a lender.

Lending

To become a P2P Crypto Loan lender (“**Lender**”), you must have first deposited assets with FTX Japan into your FTX Japan account (“**Account**”). As a Lender, you can select “LEND” on the P2P Crypto Loans website or participate in the FTX Earn program on the Mobile Application, and specify the amount, minimum rate and type of crypto asset that you wish to lend out in order to become eligible to lend out your crypto assets. Your lending offer will then be submitted to FTX Trading’s P2P Crypto Loan order book and automatically matched with borrowers, if any.

The amount of funds borrowed, funding rates and estimated funding rates are based solely on historical data, are not guaranteed and are subject to frequent change on an hourly basis. There is no assurance that you will be able to lend out your crypto assets, that there will be any borrowers available to you, that there will be any demand for crypto borrowing, or that any of the displayed lending rates are accurate. FTX Trading reserves the right, in its sole discretion, to determine the ordering and matching of Lenders and Borrowers. You further agree to pay any platform charges or fees that FTX Trading may provide from time to time.

You are not required to lend out any assets at any time. To stop lending out your assets, (a) go to the P2P Crypto Loans website and click on “STOP LENDING” at any time, or (b) if you are participating in the FTX Earn program on the Mobile Application, click on “Disable” in “Profile” → “Earn rewards on assets”.

All loans of crypto assets via the P2P Crypto Loans website are non-recourse loans. You agree that your sole recourse in the event of default of a Borrower’s P2P Crypto Loan is the seizure and/or liquidation of assets held in the Borrower’s Account. You agree, and shall cause all of your agents, representatives and affiliates to agree, not to seek recourse or recompense against any funds, assets or properties owned by a Borrower outside of the Borrower’s Account at any time.

LENDING CRYPTO ASSETS VIA P2P CRYPTO LOANS IS VERY HIGH RISK AND ARE NOT INSURED IN ANY WAY BY FTX TRADING, ANY GOVERNMENTAL AGENCY, OR ANY THIRD PARTY. AS A LENDER, YOU MAY SUSTAIN A TOTAL LOSS OF YOUR LENT CRYPTO ASSETS IF THE BORROWER DEFAULTS ON A P2P CRYPTO LOAN AND SEIZURE AND/OR LIQUIDATION OF THE BORROWER’S ACCOUNT FAIL TO REPAY SUFFICIENT CRYPTO ASSETS TO COVER THE BORROWER’S DEBT TO YOU OR OTHER LENDERS.

Borrowing

To become a P2P Crypto Loan borrower (“**Borrower**”), you must have first deposited crypto assets with FTX Japan into your Account as collateral. As a borrower, you can select “Enable Peer to Peer borrowing” on the P2P Crypto Loans website to enable borrowing of crypto assets from other FTX Japan users. The amount of crypto assets that you are entitled to borrow from time to time is determined based on a number of factors, including the amount of crypto assets made available by lenders for borrowing, the amount of crypto assets available in your Account as collateral, crypto asset market liquidity and volatility conditions, national, regional and global economic conditions, legal and regulatory requirements, as well as other factors that FTX Trading may consider from time to time.

All borrowed crypto assets using the P2P Crypto Loans website are **non-recourse** with respect to any assets held by the Borrower in the Borrower’s Account. In other words, in the event of default, neither FTX Trading, any Lenders, nor any of their affiliates, agents or representatives may seek recourse or recompense against any funds, assets or properties owned by a Borrower outside of the Borrower’s Account. In the event of default of a Borrower’s P2P Crypto Loan, the sole recourse of any Lender is the seizure and/or liquidation of assets held in the Borrower’s Account.

You agree to pay (a) any interest charges that may accrue on your P2P Crypto Loan, which you may view on the P2P Crypto Loans website, and (b) any platform charges or fees that FTX Trading may provide from time to time, which will be viewable on the P2P Crypto Loans website as well.

You are not required to borrow any crypto assets at any time. By enabling P2P Crypto Loan borrowing, you agree to do so at your own risk. You acknowledge and agree that any crypto assets borrowed from a Lender via a P2P Crypto Loan may be used for any purposes on the FTX Japan trading platform, including for trading, collateral and withdrawals, provided however, that you agree that FTX Trading may instruct FTX Japan to limit withdrawals of crypto assets borrowed under P2P Crypto Loans in the event that there is insufficient assets in your Account.

BORROWING P2P CRYPTO LOANS ON FTX TRADING IS VERY HIGH RISK. AS A BORROWER, YOU MAY SUSTAIN A TOTAL LOSS OF CRYPTO ASSETS IN YOUR ACCOUNT. THE HIGH VOLATILITY AND SUBSTANTIAL RISK OF ILLIQUIDITY IN THE MARKETS MEANS THAT YOU MAY NOT BE ABLE TO LIQUIDATE YOUR ACCOUNT ASSETS IN TIME, OR AT ALL. IF THE VALUE OF THE ASSETS HELD IN YOUR ACCOUNT FALLS BELOW THE MINIMUM BALANCE REQUIREMENT OR FTX TRADING DETERMINES IN ITS SOLE DISCRETION THAT YOUR ACCOUNT APPEARS TO BE IN DANGER OF DEFAULTING ON A P2P CRYPTO LOAN, FTX TRADING OR THE APPLICABLE LENDER(S) MAY, DIRECTLY OR INDIRECTLY, SEIZE AND LIQUIDATE ANY OR ALL OF YOUR POSITIONS AND ASSETS IN YOUR ACCOUNT TO REPAY YOUR BORROWED CRYPTO ASSETS.

別紙 15

サービスに関する別紙

日本のユーザーにのみ適用される規約

以下の規約は、本約款等の一部を構成し、FTX Earn を利用しているか又は FTX トレーディングが提供する P2P 貸借暗号資産取引（以下「**P2P 貸借暗号資産取引**」といいます。）をご利用可能な日本国に居住するお客様に適用されます。

FTX トレーディングは、P2P 貸借暗号資産の貸出人及び借受人のマッチングのための P2P 貸借暗号資産取引プラットフォームを FTX Japan 株式会社（暗号資産交換事業者（登録番号関東財務局長第 00002 号）、第一種金融商品取引業登録業者）（以下「**当社**」といいます。）のユーザー向けに提供し、運営します。P2P 貸借暗号資産取引は当社ウェブサイトを通じて、また、モバイルアプリの FTX Earn プログラムを通じて利用可能です。

（当社ウェブサイト又は FTX Earn プログラムのいずれかを通じて）P2P 貸借暗号資産取引における借受け又は貸出しを可能とし及び合意することで、お客様は以下の事項を了承し、同意します。

- お客様は当社により認定・認証されたユーザーです。
- P2P 貸借暗号資産取引は当社が提供するのではなく、P2P 貸借暗号資産取引に係るサービスは全て FTX トレーディングが単独で提供しています。
- お客様は、ご利用規約及び FTX のプライバシーポリシー（それぞれ随時なされる修正を含みます。）を精読及び理解し、並びにこれらに同意しました。
- お客様は、当社がアンチマネーロンダリング法上必要な場合に又は適用ある金融規制その他の法律に従ってお客様から収集する情報を FTX トレーディングに共有することを認めます。
- FTX Earn プログラムに参加されているお客様の場合、お客様の暗号資産は、各暗号資産に応じて変更する可能性があり、1 時間単位で変動する報酬と引き換えに第三者借受人に貸し出されます。
- お客様は、FTX トレーディングが当社に対して本貸出人及び本借受人それぞれとの間で資産の借受け及び貸出しを行い、お客様に代わり P2P 貸借暗号資産取引を完了するために必要な全ての措置を講じるよう指図することを認めます。
- お客様は、ご本人の勘定でのみ P2P 貸借暗号資産取引に参加し、他人の勘定で参加しません。
- お客様は、P2P 貸借暗号資産を違法行為、不法行為、その他本約款等に定める制限された目的のために利用しません。
- FTX トレーディングが P2P 貸借暗号資産の借受人又は貸出人となることはありません。

当社のユーザーのみが、借受人又は貸出人のいずれかとして P2P 貸借暗号資産取引に参加する資格を有します。

貸出し

お客様が P2P 貸借暗号資産取引の貸出人（以下「**本貸出人**」といいます。）となるには、まず資産をお客様が当社に開設した口座（以下「**お客様口座**」といいます。）に預託する必要があります。お客様は本貸出人として、P2P 貸借暗号資産取引ウェブサイトで「貸出し」を選択するか又はモバイルアプリの FTX Earn プログラムに参加し、貸出しを希望する暗号資産の数量、最低貸借料率及び暗号資産の種類を指定することで、お客様の暗号資産を貸し出す資格を得ます。お客様の貸出しオファーは FTX トレーディングの P2P 貸借暗号資産取引注文板に提出され、自動的に借受人（もしあれば）とのマッチングが行われます。

借受け額、資金調達率及び予想資金調達率は実績データのみに基づいており、保証されておらず、1 時間ごとに頻繁に変更されます。お客様の暗号資産を貸し出すことができるか、お客様が貸し出すことのできる借受人がいるか、暗号資産の借受けの需要があるか、又は表示された貸借料率が正確であるかは、保証されません。FTX トレーディングは、単独の裁量において本貸出人及び本借受人の注文及びマッチングを決定する権利を留保します。お客様はさらに FTX トレーディングが随時定めるプラットフォーム手数料を支払うことに同意します。

お客様はいかなる時も資産を貸し出す必要はありません。お客様の資産の貸出しをストップするには、(a) 何時でも P2P 貸借暗号資産取引ウェブサイトアクセスして「STOP LENDING」をクリックするか、又は(b) モバイルアプリ上で FTX Earn プログラムに参加しているお客様の場合、「プロフィール」の「無効にする」をクリックし、「資産で利益を得られます」をクリックします。

P2P 貸借暗号資産取引ウェブサイトを利用した貸し付けた暗号資産は全て**責任財産限定型**消費貸借です。お客様は、本借受人の P2P 貸借暗号資産取引で債務不履行となった場合にお客様が遡及できるのは本借受人の口座において保有されている資産の差押え及び／又は決済のみであることに同意します。お客様は何時でも本借受人の口座外に本借受人が所有する資金、資産若しくは財産からの償還又はこれらによる補償を求めないことに同意し、お客様の全ての代理人、代表者及び関連会社に同意させます。

P2P 貸借暗号資産取引を通じた暗号資産の貸出しは、極めて高いリスクを伴い、FTX トレーディング、政府機関又は第三者によって何ら保証されていません。本借受人が P2P 貸借暗号資産取引で債務不履行となり、かつ本借受人の口座の差押え及び／又は決済ではお客様又は他の本貸出人に対する本借受人の負債の補填に十分な暗号資産の返済ができない場合、お客様は本貸出人として貸し出した暗号資産を全て失う可能性があります。

借受け

P2P 貸借暗号資産の借受人（以下「**本借受人**」といいます。）になるには、まず暗号資産を担保としてお客様口座において当社に預託する必要があります。お客様は借受人として P2P 貸借暗号資産取引ウェブサイトで「P2P 借受けを有効とする」を選択することで当社の他のユーザーから暗号資産を借り受けることができます。お客様が借り受けることのできる暗号資産の数量は、貸出人が借受けに提供する暗号資産の数量、お客様口座で担保として利用可能な暗号資産の数量、暗号資産市場の流動性及びボラティリティの状況、国、地域及び世界の経済状況、法律上及び規制上の要件並びに FTX トレーディングが随時検討するその他の要因を含む多くの要因に基づいて決定されます。

P2P 貸借暗号資産取引ウェブサイトを利用して借り受けられた暗号資産全てについて、**責任財産は本借受人の口座において本借受人が保有する資産に限定されます。**言い換えると、債務不履行の場合、FTX トレーディング、本貸出人又はその関連会社、代理人若しくは代表者のいずれも本借受人の口座外に本借受人が所有する資金、資産若しくは財産からの償還又はこれらによる補償を求めることはできません。本借受人が P2P 貸借暗号資産取引で債務不履行となった場合、本貸出人が遡及できるのは本借受人の口座において保有される資産の差押及び／又は決済のみです。

お客様は、(a) P2P 貸借暗号資産に付される利息 (P2P 貸借暗号資産取引ウェブサイトでご覧いただけます。)、及び (b) FTX トレーディングが随時定めるプラットフォーム手数料 (これも P2P 貸借暗号資産取引ウェブサイトでご覧可能です。)) を支払うことに同意します。

お客様はいかなる時も暗号資産を借り受ける必要はありません。P2P 貸借暗号資産の借受けを可能とすることで、お客様はご自身がリスクを負担して借受けを行うことに同意します。お客様は、P2P 貸借暗号資産取引を通じて本貸出人から借り受けた暗号資産が当社の取引プラットフォーム上で取引、担保及び引出を含むあらゆる目的で利用される可能性があることを了承し、同意します。但し、お客様は、お客様口座に十分な資産がない場合は FTX トレーディングが P2P 貸借暗号資産取引に基づき借り受けられた暗号資産の引出を制限するよう当社に指図する可能性があることに同意します。

FTX トレーディングでの P2P 貸借暗号資産の借受けは極めて高いリスクを伴います。お客様は借受人として、お客様口座内の全ての暗号資産を失う可能性があります。マーケットにおける高いボラティリティ及び重大な非流動性リスクの存在は、お客様がお客様口座内の資産を期限内に決済できないか又は決済が全くできなくなる可能性があることを意味します。お客様口座において保有される資産の価額が最低必要残高を下回るか又は FTX トレーディングが単独の裁量でお客様口座の P2P 貸借暗号資産について債務不履行となるおそれがあると判断する場合、FTX トレーディング又は関連する本貸出人は、お客様が借り受けた暗号資産の返済のためにお客様口座内のポジション及び資産の全部又は一部を直接又は間接的に差し押え、決済する可能性があります。

SCHEDULE 16
SERVICE SCHEDULE
TERMS APPLICABLE TO UK USERS ONLY
(Updated September 29, 2022)

Products and services related to a specified investment for the purposes of the UK Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 may not be promoted or offered to residents of the United Kingdom, unless they fall within the certain exemptions from the UK financial promotions regime under article 12 (Overseas Recipients), article 19 (Investment Professionals), article 48 (High Net Worth Individuals), article 49 (High Net Worth Companies, Unincorporated Associations), article 50 (Sophisticated Investors) and article 50A (Self-certified Sophisticated Investors) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or they have otherwise be lawfully communicated in accordance with the Financial Services and Markets Act 2000 and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

COLLATERAL AGREEMENT

This **COLLATERAL AGREEMENT** (this “**Agreement**”) is made and entered into as of June 1, 2020 (the “**Effective Date**”) by and between FTX Trading Ltd., a company incorporated in Antigua and Barbuda (“**FTX**”) and LT Baskets Ltd (“**Baskets**”). Each of FTX and Baskets are referred to herein as a “**Party**” and collectively as the “**Parties**”.

RECITALS

WHEREAS, FTX operates the cryptocurrency exchange accessible at FTX.com (the “**Exchange**”) and offers a variety of leveraged and margin trading products (collectively, the “**Products**”) to customers on the Exchange;

WHEREAS, in connection with the creation, issuance and/or purchase of any Products on the Exchange, customers of the Exchange are required to provide collateral in the form of cryptocurrencies, fiat currencies or other digital assets (collectively, “**Collateral**”) for the benefit of their counterparties and any and all future holders of such Products (collectively, the “**Holders**”).

WHEREAS, FTX desires to engage Baskets to hold such Collateral for the benefit of the Holders, and Baskets is willing to do so on the terms and conditions set forth herein.

NOW, THEREFORE, IT IS AGREED as follows:

1. **Delivery.** Subject to the terms and conditions of this Agreement, FTX shall transfer and deliver all Collateral to Baskets to (a) a Compatible Wallet Address (as defined below) provided by Baskets, (b) an account on the Exchange designated by Baskets, or (c) pursuant to other instructions provided by Baskets to FTX from time to time. FTX shall be solely responsible for the delivery of the Collateral to Baskets in accordance with the foregoing, and Baskets shall not have any liability or responsibility whatsoever for any Collateral that has not been delivered to Baskets. Upon delivery, Baskets shall be the sole and exclusive owner of all delivered Collateral and shall hold such Collateral for the benefit of the Holders. For the avoidance of doubt, delivery of any Collateral pursuant to subclause (a) shall be deemed complete, and title to such Collateral shall be deemed transferred, upon the finality of confirmation of transfer of Collateral into the designated Compatible Wallet Address as determined in accordance with reasonable and accepted industry practices. As used herein, a “**Compatible Wallet Address**” shall mean, with respect to any digital asset, a wallet address capable of storing such digital asset for future transfers and use, and the private keys to such wallet address are held solely and exclusively by Baskets.

2. **Segregation and Bookkeeping.** Baskets shall hold and safekeep all Collateral in segregated wallets, accounts, or sub-accounts, as applicable, on a Product-by-Product basis, without interest, for the pro rata benefit of the Holders. Baskets shall keep accurate records of the amount of Collateral held for each Product, and maintain a record of all transfers and transaction histories of Collateral held for each Product. Upon written request by FTX, Baskets shall provide FTX with its books and records and such other information reasonably sufficient to allow FTX to

identify the amount of Collateral held for each Product. All such books and records shall be maintained by Baskets for a minimum of [five] years.

3. Release of Collateral. The Collateral shall be released by Baskets to FTX and/or its customers upon the expiration, termination, redemption or liquidation of any Products by a Holder (such an event, a “**Release Event**”). Upon the occurrence of any Release Event, Baskets shall promptly release, or make available for withdrawal, the applicable type and amount of Collateral held by Baskets in accordance with instructions provided by FTX from time to time.

4. Termination. Either party may terminate this Agreement at any time by giving at least ninety (90) days’ prior written notice to the other party. Upon providing such notice, Baskets shall have no further obligation hereunder except to safekeep all then-held Collateral for redemption or withdrawal by Holders in connection with a Release Event. Baskets shall not take any action, other than to maintain and safeguard all Collateral, until FTX has designated a successor entity. Upon receipt of such designation from FTX, Baskets shall promptly deliver the Collateral to such successor and shall thereafter have no further obligations hereunder. If a successor is not designated by FTX within ninety (90) days following the effective date of such termination, then Baskets may apply to a court of competent jurisdiction for the appointment of a successor custodian, and FTX shall pay the reasonable and documented costs and expenses (including attorneys’ fees) which are incurred in connection with such proceeding. In either case provided for in this section, Baskets shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Collateral.

5. No Investments. Baskets shall not have the authority to re-invest or use any Collateral, and shall hold all Collateral in the same type of digital assets as is received from the Holders for their benefit, and for no other use.

6. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed given if sent by prepaid registered or certified airmail, return receipt requested (if available), or sent by telex, facsimile or similar communication, and confirmed by such airmail, postage prepaid, addressed to each respective party at its principal address.

7. General.

(a) This Agreement shall be governed by and construed and enforced in accordance with the laws of Antigua and Barbuda applicable to agreements made and to be entirely performed within Antigua and Barbuda, without regard to choice of law principles, and any action brought hereunder shall be brought in the courts located within Antigua and Barbuda. Each party hereto irrevocably waives any objection on the grounds of venue, forum nonconveniens or any similar grounds and irrevocably consents to service of process by mail or in any manner permitted by applicable law and consents to the jurisdiction of said courts.

(b) The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

(c) This Agreement sets forth the entire agreement and understanding of the parties with respect to the matters contained herein and supersedes all prior agreements, arrangements and understandings relating thereto.

(d) Basket may not assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, without the prior written consent of FTX. Subject to the foregoing, all of the terms and conditions of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the parties hereto, as well as their respective successors and assigns.

(e) This Agreement may be amended, modified, superseded or canceled, and any of the terms or conditions hereof may be waived, only by a written instrument executed by each Party hereto or, in the case of a waiver, by the Party waiving compliance. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver of any Party of any condition, or of the breach of any term contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement. No Party may assign any rights, duties or obligations hereunder unless all other Parties have given their prior written consent.

(f) If any provision included in this Agreement proves to be invalid or unenforceable, it shall not affect the validity of the remaining provisions.

(g) This Agreement and any modification or amendment of this Agreement may be executed in several counterparts or by separate instruments and all of such counterparts and instruments shall constitute one agreement, binding on all of the parties hereto.

(h) This Agreement may be executed and delivered by facsimile and upon such delivery the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first set forth above.

FTX TRADING LTD.

By: DocuSigned by:
Sam Bankman-Fried
CEO
24A1FE75CBF4440

LT BASKETS LTD.

By: DocuSigned by:
Sam Bankman-Fried
CEO
24A1FE75CBF4440

DRAFT

FTX DIGITAL MARKETS LIMITED

CUSTOMER MIGRATION PLAN

DRAFT

Document History		
Date	Version	Description
August 2021	v1.0	N/A.

Confidentiality

All information contained in this document shall be kept in confidence. No part of this document is to be altered or copied without the written agreement of FDM Digital Markets Limited (FDM). None of this information shall be divulged to persons other than to authorised employees and contractors of FDM on a need to know basis. The release of this document to other parties must be authorised by FDM, and only once an NDA has been signed with that party.

Review & Approvals

This document requires review and approval as it may be released to third parties as part of FDM's planning and decision management process. The following representatives of FDM have approved this document:

Name	Title	Date Approved
Ryan Salame	CEO	24 August 2021

TABLE OF CONTENTS

INTRODUCTION	4
OBJECTIVE	4
APPORTIONMENT OF RESPONSIBILITIES	4
FDM'S RESPONSIBILITIES	4
SENIOR MANAGEMENT RESPONSIBILITIES	4
TERMS OF SERVICE	4
GAP ANALYSIS	5
RISK ASSESSMENT	5
MIGRATION PLAN	5

INTRODUCTION

This policy outlines FDM's approach to the migration of customers from FTX Trading Limited (**FTX**). In developing this policy, FDM has considered the operational, technical and regulatory aspects of its approach to the migration.

OBJECTIVE

This policy's objectives are to:

- Present FDM's plan to migrate customers to its business from FTX.

APPORTIONMENT OF RESPONSIBILITIES

FDM clearly defines the roles and responsibilities of all individuals with oversight of, and/or involvement in, the migration of customers.

FDM'S RESPONSIBILITIES

FDM is ultimately responsible for the onboarding of customers according to the firm's AML/CFT Policy.

FDM's key roles and responsibilities in relation to the migration of customers are outlined below:

- Appropriately communicating the new terms of service to its customers.
- Ensuring customers are risk assessed and onboarded according to the AML/CFT Policy.
- Ensuring any gaps in the due diligence requirements are filled.

SENIOR MANAGEMENT RESPONSIBILITIES

The CEO is the primary person responsible for the migration of customers from FTX to FDM. To do so, the CEO will appoint a person(s) with sufficient seniority, skills, and experience to oversee the process of migration. The Compliance Officer and MLRO will play a key part in the migration of customers from FTX to FDM, particularly regarding customers who are considered high risk and/or a PEP.

FDM will engage with FTX senior management in order to have a clear understanding of the transition objectives and milestones from the parent.

The CEO and CO will engage with FTX customer support and marketing in order to ensure both FTX and FDM are aligned on the transition, from messaging to the operational execution. The ultimate objective is a smooth transition from a user experience perspective. Front end and back end systems should also reflect a shift of activity to FDM as smoothly as possible, subject to regulatory considerations.

TERMS OF SERVICE

Customers who will be migrated from FTX to FDM will be required to accept new terms of service and the sharing of information from FTX to FDM prior to onboarding. As the migration commences, customers will be notified of the change and will be given a period of 90 days to raise any queries, comments, or concerns to the centralised customer support team, before accepting the new terms of service and sharing of information or withdrawing their funds. If customers do not actively accept the new terms of service or the sharing of

information within 90 days and do not remove all of their funds, they will be assumed to have accepted the new terms of service and be migrated.

GAP ANALYSIS

FDM will conduct a gap analysis to identify any differences between the due diligence conducted on customers by FTX and the requirements of FDM. During the migration process, customers will be required to provide any additional due diligence information that FDM would need to obtain in order to comply with the requirements of its AML/CFT Policy. Customers who are unable to provide the required information during their respective migration window, will have their FDM account restricted, unless mitigating circumstances apply.

RISK ASSESSMENT

Customers who migrate to FDM will be risk assessed according to its AML/CFT Policy, following the risk assessment, the customer will be assigned their relevant risk score. As part of the risk assessment, customers will be screened for any PEP and/or sanctions matches. If any matches are discovered, the relevant actions will be taken according to the AML/CFT Policy.

MIGRATION PLAN

The FDM migration hierarchy is based on customers trading volume, followed by customer type (i.e. institutional or retail). In order to ensure a smooth and well-managed transition, the migration is expected to be completed by 2023.

High volume users represent a small number of customers which provide a high amount of volume and hence revenue to FDM, as such they will be prioritised and migrated first. The other institutional customers will follow, also representing a small number of higher volume customers.

Once institutional customers have been migrated, FDM will focus on migrating individuals. Low risk individuals will be migrated first as there will be less friction in terms of due diligence requirements, and it is believed most of these customers will not require further due diligence other than that which is shared from FTX to FDM. Medium and high risk individual customers will be the last to be migrated. These customers may require further due diligence documents and reviews by the CO/MLRO.

Please see the table below for the expected time frame for the migration of customers. FDM will provide quarterly updates to the Securities Commission of the Bahamas (SCB) with the actual number of customers that have been successfully migrated.

Customer Type	Number of Clients to be Migrated (expected)	Migration Commencement Date	Expected Migration Completion Date	Actual Customers Migrated to Date
High volume (institutional)	Fee VIP & Tier 6	Q4 21	Q1 22	
Other Institutional	Fee Tiers 2-5	Q1 22	Q2 22	
Individual low risk	All Fee Tiers	Q2 22	Q3 22	
Individual medium risk	All Fee Tiers	Q3 22	Q4 22	
Individual high risk	All Fee Tiers	Q4 22	Q1 23	

Thread

SBF @SBF_FTX · Sep 20, 2021
1) Today we're proud to announce that FTX has been registered with the Securities Commission of The Bahamas under the DARE Act of 2020.
finance.yahoo.com/news/ftx-estab...
100 333 1,996

SBF @SBF_FTX · Sep 20, 2021
2) We're extremely thankful for the work that the Securities Commission has put into building out a comprehensive regulatory framework for digital assets--one of the first in the world.
5 16 219

SBF @SBF_FTX · Sep 20, 2021
3) Having a comprehensive, nimble regulatory framework with oversight is essential to ensuring that the crypto industry is safe, robust, and growing.
We're excited to be one of the first global crypto exchanges to be part of a comprehensive spot + derivatives regulatory regime.
2 11 205

SBF @SBF_FTX
4) We are building out our headquarters here in The Bahamas, and I'm proud of the work that @rsalame7926, Valdez, and others have put in to getting us where we are.
I'm also extremely happy with the proactive actions taken by the government and look forward to our relationship.
11:39 AM · Sep 20, 2021

SBF @SBF_FTX · Sep 20, 2021
Replying to @SBF_FTX
5) As governments all over the world look to regulate the cryptocurrency industry, I hope that The Bahamas and the DARE Act can serve as a guidepost.
We will continue building out, as we have been, under FTX Digital Markets.
22 21 364

MOoje @moojesol · Sep 20, 2021
Replying to @SBF_FTX and @rsalame7926
in sam we trust 🙏
3

The Bahamas Esports Federation @BESF242
Represent The Bahamas at the #IESF World Esports Championships! Sign up individually for @Tekken 7 or as a team for @Dota2 and @CSGO.
Last year was in Bali, this year can you take us to Iasi, Romania? #WEC23 #Iasi2023



New to Twitter?

Sign up now to get your own personalized timeline!

Sign up with Google

Sign up with Apple

Create account

By signing up, you agree to the [Terms of Service](#) and [Privacy Policy](#), including [Cookie Use](#).

Relevant people

SBF @SBF_FTX [Follow](#)

Trends for you

Trending worldwide
#زمان_بارک_بہنچو
1.12M Tweets

Politics · Trending
#NationalShutdown
31.3K Tweets

Trending worldwide
#عمران_خان_کی_جان_کو_خطرہ
57.3K Tweets

Sports · Trending
#الہلال_الفتح
51.2K Tweets

Politics · Trending
#ZamanPark
119K Tweets

Sports · Trending
Efes
2,224 Tweets

Trending worldwide
Mar Negro
4,834 Tweets

Politics · Trending
Mercadona
29.8K Tweets

Politics · Trending
Özlem Zengin
18.6K Tweets

Trending worldwide
#Τσιπρας
2,801 Tweets

[Show more](#)



1) We're really excited to be setting up @FTX_Official's headquarters in The Bahamas!

a) The Bahamas is one of the few places to set up a comprehensive framework for crypto; FTX is registered

b) The Bahamas has emerged from COVID lively, safe, and without quarantine

12:47 PM · Sep 24, 2021



SBF @SBF_FTX · Sep 24, 2021

Replying to @SBF_FTX
2) A huge thanks, again, to all the work @rsalame7926, @vkrussell, and others have put into building out our footprint there! I will be heading there.

16 replies, 7 retweets, 464 likes

Amy Wu @amytongwu · Sep 24, 2021

Replying to @SBF_FTX and @FTX_Official
Congrats! Good timing after today's news. Expecting to see some tans..

1 reply, 8 likes

Elaine Ly @elaineyyly · Sep 24, 2021

Replying to @SBF_FTX and @FTX_Official
Will need a personal tour to believe it

2 likes

Show more replies

More Tweets

Watcher.Guru @WatcherGuru · 21h

JUST IN: Jim Cramer urges investors to sell their #Bitcoin

3,991 replies, 3,998 retweets, 15.3K likes, 3.2M views

Wall Street Silver @WallStreetSilv · 16h

"There is an infinite amount of cash at the Federal Reserve"

1,225 replies, 4,551 retweets, 12.3K likes, 1.3M views

New to Twitter?

Sign up now to get your own personalized timeline!

Sign up with Google

Sign up with Apple

Create account

By signing up, you agree to the Terms of Service and Privacy Policy, including Cookie Use.

Relevant people



Follow

Trends for you

Trending worldwide #زمان_بارک_بہنچو

1.12M Tweets

Politics · Trending #NationalShutdown

31.3K Tweets

Trending worldwide #عمران_خان_کی_جان_کو_خطرہ

57.3K Tweets

Sports · Trending #الهلال_الفتح

50.5K Tweets

Politics · Trending #ZamanPark

119K Tweets

Sports · Trending Efes

2,184 Tweets

Trending worldwide Mar Negro

4,775 Tweets

Politics · Trending Mercadona

29.8K Tweets

Politics · Trending Özlem Zengin

18.1K Tweets

Trending worldwide #Τσιπρας

2,801 Tweets

Show more

Terms of Service Privacy Policy Cookie Policy Accessibility Ads info More ...

Don't miss what's happening

People on Twitter are the first to know.

Log in

Sign up



527 replies, 2,100 retweets, 9,838 likes, 1.6M views



BUSINESS

business@tribunemedia.net

WEDNESDAY, OCTOBER 19, 2022

GAS TRACKER

AUTOSERY
SHELL MARATHON \$5.85

 \$5.88

 \$5.76

 \$5.79

COVID-19 sparked \$200m private pension drawdown

- Retirement savings used for financial survival
- Sum in addition to over \$300m NIB, Gov't aid
- 'Money management stress is unbelievable'

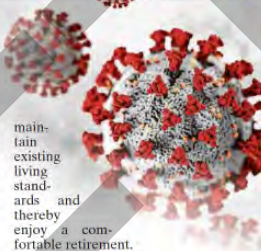
By YOURI KEMP
Tribune Business Reporter
ykemp@tribunemedia.net

FINANCIALLY-stricken Bahamians drew down on more than \$200m in private pension savings to ensure they survived COVID-19's devastating economic impact, a financial executive revealed yesterday.

Cleora Farquharson, RF Bank & Trust's vice-president of pension services, speaking at the institution's human resources leadership forum, said: "What I found during COVID-19 is, even though we do not have pension legislation in this country, the companies that did have pension plans that came to us, a lot of them had amended their participation agreements - that's their rules - to allow withdrawals."

"What we saw, in addition to the monies that were given out by NIB (the National Insurance Board), in excess of \$200m worth of funds - pension savings - actually went to help persons with COVID-19 and the challenges they have right now financially."

This drawdown on retirement and long-term savings, apart from giving further insight into the financial devastation inflicted by the pandemic, also signals that The Bahamas' pension crisis has worsened as a result of COVID-19. Persons will have used their pensions to avoid short-term pain (thereby ensuring their immediate financial survival) at the expense of long-term gain in ensuring they have the necessary pension savings to



maintain existing living standards and thereby enjoy a comfortable retirement.

The private pension drawdown is in addition to the more than \$100m in unemployment benefits that the National Insurance Board (NIB) paid out at COVID-19's peak in 2020 as much of the country's workforce was either temporarily furloughed or terminated. Given the pandemic's duration, and the fact NIB's payouts were capped at 13 weeks, the Government was forced to provide its

SEE PAGE A21

Bran: Medicine price controls are 'back door' VAT admission

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

The Democratic National Alliance's (DNA) ex-leader yesterday slammed the imposition of price controls on the pharmaceutical industry as a "back door" admission by the Government that reimposing VAT on medicines was a mistake.

Branville McCartney, whose family own and operate Wilmac's Pharmacy, told *Tribune Business* the Davis administration's bid to seemingly offset the 10 percent levy's impact by imposing mark-up restrictions threatens to bring the sector to a "standstill" by further eroding already-challenged profit margins.

Arguing that these have already been weakened by the National Prescription Drug Plan, which has left pharmacies effectively "breaking even" on up to 70 percent of their trade, he added that the Government needs to strike a better "balance" between easing



BRANVILLE MCCARTNEY

the cost of living crisis for Bahamian consumers but letting companies earn enough to remain in business.

Mr McCartney, telling this newspaper that "the chickens are coming home to roost" over the failure of successive administrations to better expand and diversify the economy, argued that businesses must be given hope and enabled to "see the light at the end

SEE PAGE A19

FTX to hire more than 100 Bahamians for crypto work

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

THE Bahamas' digital assets flagship is pledging to hire more than 100 locals as crypto currency specialists among the 700-strong full-time workforce that will staff its \$60m West Bay Street headquarters.

FTX Digital Markets, in the Environmental Impact Assessment (EIA) for its proposed head office complex at Bayside Executive Park, indicated that it targeting a January 2023 building start with the construction workforce set to

hit a monthly peak of 345 in August. Just 40, or 11.6 percent, of those posts will be held by skilled expatriate managers and labour.

"The FTX headquarters will positively impact the economics of The Bahamas by hiring local Bahamians through the various phases of the project, and stimulating the economy through tourism," the EIA for one of the world's largest crypto currency exchanges states. "Sixty million dollars is the total estimated capital of this project [and] Bahamians will be hired through

SEE PAGE A18

Don't 'demonise' food sector over price controls dispute

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

GROCERY retailers are anxious not to be "demonised" over their opposition to an expanded price control regime they fear could undermine Bahamian food security, an attorney said yesterday.

John Bostwick, the Retail Grocers Association's legal adviser, told *Tribune Business* that merchants are seeking "a mutually acceptable compromise" with the Davis administration over efforts to ease the cost of living



JOHN BOSTWICK

crisis for Bahamians and are working to provide "alternative solutions" to the Government's proposed price controls.

- Retailers seek 'mutually acceptable compromise'
- Working on 'alternative solutions' to give Gov't
- Minister signals neither side will have full win

The former Free National Movement (FNM) senator, who was present when industry representatives met with Prime Minister Philip Davis KC and several Cabinet ministers at 5pm

on Monday to discuss the controversy, sought to dampen any adversarial sentiments from either side by praising the Government's "willingness

SEE PAGE A22

Minister: 'Nothing wrong' with the Bahamas' bonds

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

A CABINET minister yesterday asserted "there's nothing wrong" with The Bahamas' economic and fiscal standing even though its long-term sovereign debt is trading at greater than 40 percent discounts with yields at 18-19 percent.

Michael Halkitis, minister of economic affairs, speaking to the media before the weekly Cabinet meeting, said sovereign bond prices - not just those of The Bahamas - were under pressure from global market conditions due to interest rate rises in the US and other major markets as they seek to control soaring inflation.




Bond prices are traditionally inversely related to interest rates, meaning they decline as the latter increases because they become less attractive to investors. "In some



MICHAEL HALKITIS

quarters the price of our bonds is subject to debate, but you always have to look at that in the context of interest rates rising globally, which causes bond prices to go down," Mr Halkitis argued. "When you're talking about uncertainty, you have people wanting to go more into the developed economies rather than emerging markets of which we are a part. We see their prices suffer. So we should not take it as something wrong with The Bahamas.

SEE PAGE A20



3 Bedrooms | 3 Bathrooms | Gated Community

Horizon West, West Bay Street

\$1,150,000 - N562244 - Listed by Daren Seymour

242 222 1041 - Sales@HG.com - HG.com

Contact our office for all of your Bahamas Real Estate buying and selling needs. Celebrating 100 Years in Business - Since 1922.

FTX to hire more than 100 Bahamians for crypto work

FROM PAGE A24

construction phases and during operation.

"During operation it is proposed that over 100 Bahamians will be hired to work within the crypto community, which will advance the skill development of the country in this new and growing field. Even more Bahamians will be hired for maintenance and support throughout the project site.

"The project will also assist in stimulating the local economy through the promotion of businesses that are in the surrounding community. The hotel portion of the project will attract visitors from around the world, which will then bring customers to the nearby businesses such as

food stores, restaurants and excursions among others," the document, released ahead of the EIA public consultation on November 8, adds.

"The project also plans to utilise Bahamian-owned restaurants and food purveyors to support the campus. The FTX headquarters is a supporter of Bahamian business and promotes engaging the Bahamian workforce to help grow the company."

The 4.95 acre site, located between Bayside Executive Park's existing buildings and the Orange Hill Beach Inn, will feature two boutique hotel buildings covering a total 77,000 gross square feet and spanning seven levels, with a parking area 51,000 gross square feet in size. Residential and

office spaces, also spread over seven levels, will cover 116,000 gross square feet and be accompanied by a 205,000 square feet parking area.

Other planned facilities include an athletic and wellness area; a theatre; auditorium; conference centre; cafe/restaurant; retail; a daycare centre; and "vertical farm". Some 30 percent of the energy needed by the FTX Digital Markets head office will come from solar photovoltaic panels located on the hotel and office buildings.

"The project will be a new area of recreation within the western area of New Providence for both locals and visitors with the boutique hotel that will be built," the EIA added. "Some of those

that are hired at the FTX headquarters will also be offered residential living on campus, which will be convenient. FTX plans to support Bahamian businesses through restaurants and food purveyors which promotes strong social ties.

"The Project will hire and train Bahamians in crypto currency, which will help develop the overall skill levels which will put The Bahamas on the map globally in the crypto market. There will also be educational opportunities for locals to learn more about crypto from the FTX headquarters, which will educate the larger population."

A traffic impact assessment conducted for the project, which was attached to the EIA, added: "It is anticipated that a total of

700 employees will work at the office building, of which 38 are expected to be housed in the boutique hotel and condo hotel.

"The remaining 662 employees are expected to live off-campus and commute to work. Large events will also be held at the conference centre and auditorium on a quarterly basis, which are expected to draw up to 800 additional guests to the site. The campus is expected to be fully built-out by 2025."

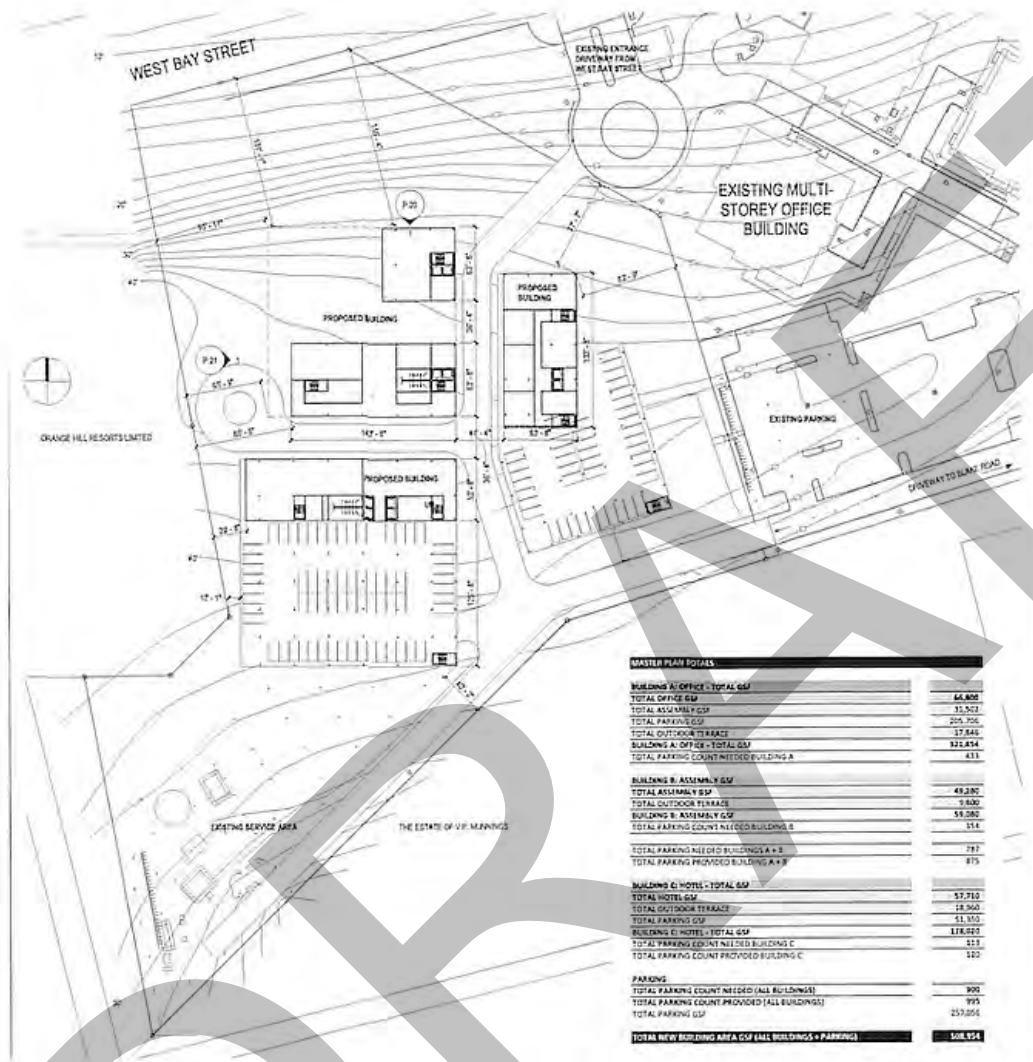
The traffic assessment also discloses that FTX will provide a "shuttle" service to help transport staff to work, although no details are provided. "Based on discussions with the project team, it is expected that during the analysis periods approximately 40 percent

of employees will drive to work alone, 40 percent will carpool with another employee and 20 percent will use the shuttle service provided by FTX," the report added.

"The proposed development will include a total of 612 parking spaces: Twenty-five spaces for the hotel, 75 spaces for the condo hotel and the remaining 512 spaces for the office/convention buildings.

"Based on these estimates, sufficient parking has been proposed within the site to accommodate the anticipated demand. A parking pass system is recommended during events to ensure that the parking capacity is not exceeded and to limit unnecessary circulation within the parking areas."





March 14, 2022

★ [Sign in to favorite this](#)

[Discuss](#)
Comment, Blog about

[Share this](#)
Email, Facebook, Twitter

SITE plans provided to The Department of Physical Planning for the Proposed Office Tower, Commercial Building and Boutique Hotel for FTX Holdings.

Stories this photo appears in:

Crypto exchange: Hotel to 'immerse' visitors at its HQ

THE world's second largest crypto currency exchange has included a boutique hotel in plans for its \$60m Bahamas headquarters so it can better host visiting clients and business partners.

Share 4 comments March 14, 2022



Comments

Use the comment form below to begin a discussion about this content.



FTX Digital Markets Ltd – AML/CFT Risk Assessment

August 2021

Contents

INTRODUCTION	3
METHODOLOGY	3
MONEY LAUNDERING AND TERRORIST FINANCING RISKS COMMONLY ASSOCIATED WITH VIRTUAL ASSETS	5
GUIDANCE BY THE FINANCIAL ACTION TASK FORCE	6
Red flag indicators related to transactions	7
Red flag indicators related to transaction patterns	7
Red flag indicators related to anonymity	7
Red flag indicators about senders or recipients	8
Red flag indicators in the source of funds or wealth	8
Red flag indicators related to geographical risks	8
THE BAHAMA'S NATIONAL RISK ASSESSMENT 2015/2016	9
Money laundering threat	9
RISK ASSESSMENT	10
Products and services	10
Customers	11
Geographic exposure	14
Transactions	16
Distribution channels	19
Operational risks	19

Introduction

FTX Digital Markets Ltd (**FDM**) is an International Business Company incorporated in The Bahamas that intends to operate a digital platform for users to trade digital assets and digital asset futures and options.

FDM is a wholly-owned subsidiary of FTX Trading Ltd (**FTX**), a company incorporated in Antigua and Barbuda. The FTX group is considered to be one of the world's leading digital asset exchanges, regularly ranking in the top 5 globally by volume traded.

FDM will operate a digital platform through which users can trade digital assets and digital asset futures and options with one another. FDM's services will include:

- An order book and order matching engine that enables users to:
 - spot trade digital assets with other users;
 - trade digital asset futures and options contracts with other users; and
 - lend digital assets to other users.
- An off-exchange portal that enables users to place orders for digital assets with other, large users.
- Post-trade clearing and settlement of trades undertaken on the platform.

FDM's platform will enable users to obtain quotes, place buy and sell market and limit orders, and offer to lend digital assets and digital asset futures and options. Transactions undertaken on the platform will be cleared and settled by FDM.

FDM is seeking to be registered as a digital asset business under The Bahamas' Digital Assets and Registered Exchanges Act, 2020 (**DARE**). Following registration, FTX will migrate customers (other than those from certain jurisdictions) to FDM. Some services and products offered on FTX's platform will remain with FTX or other FTX group companies. FTX's terms of service, and web and device applications, will be modified to clearly identify the company through which a user is transacting, ensuring full transparency and disclosure to customers.

This document sets out:

- the methodology used in carrying out FDM's business-level risk assessment;
- an overview of guidance issued by relevant authorities and standard-setting bodies such as the Financial Action Task Force (FATF) on general risks of ML and TF relating to VAs and virtual asset service providers (VASPs);
- an assessment of the risks associated with the products and services offered, the types of customers, geographical exposure, the types of transactions, and how customers are engaged;
- an overview of the measures taken to minimise the risk of FDM being exploited for ML, TF, and PF based on the current policies, controls and procedures;
- an inherent risk rating and residual risk rating taking into account the measures in place; and
- where necessary, recommended actions to reduce the residual risk rating further to bring the risk in line with FDM's risk appetite.

Methodology

The risk assessment takes account of:

- the products and services;
- the customer base;
- the jurisdictions in which FDM will operate;
- the type, complexity, size, and volume of transactions;
- the distribution channels used; and
- operational risk.

This risk assessment takes into account guidance issued by the FATF, guidance issued by other relevant competent authorities and standard-setting bodies, and typologies relevant to VAs and VASPs.

The risk assessment is designed to be proportionate to the nature, scale, and complexity of FDM's activities.

For the purpose of this assessment, risk is a function of the following factors:

- threats – persons, or groups of people, objects, or activities with the potential to cause harm, including criminals, terrorist groups, and their facilitators, their funds, as well as past, present, and future ML activities.
- vulnerabilities – those things that can be exploited by the threat or that may support or facilitate its activities and means focusing on the factors that represent weaknesses in anti-money laundering systems or controls or certain features of a country, particular sector, financial product, or type of service that make them attractive for ML.
- consequences – the impact or harm that ML may cause, including the effect of the underlying criminal and terrorist activity on financial systems and institutions, the economy, and society more generally.

The risks identified were rated using a criterion of very high, high, medium, medium low, or low:

Risk rating	Risk rating description
High or Very High	<p>A high-risk score represents a risk that:</p> <ul style="list-style-type: none"> • poses a significant threat of ML, TF, and/or PF, taking into account the nature and scale of the threat; and/or • leaves FDM highly vulnerable and open to be exploited by criminals due to features inherent in the business or as a result of weak and poor controls. <p>The consequences of which could result in:</p> <ul style="list-style-type: none"> • widespread negative publicity causing long-term reputational issues, leading to the loss of all or multiple critical relationships (e.g., banks); and/or • legal and regulatory breaches leading to significant financial penalties.
Medium and Medium Low	<p>A medium risk score represents a risk that:</p> <ul style="list-style-type: none"> • poses a moderate threat of ML, TF, and/or PF, taking into account the nature and scale of the threat; and/or • leaves FDM vulnerable, with the possibility to be exploited by criminals due to either features inherent in the business or as a result of gaps in the controls. <p>The consequences of which could result in:</p> <ul style="list-style-type: none"> • contained negative publicity causing some reputational issues, threatening the loss of an important business relationship (e.g. a bank); and/or • some legal and regulatory breaches leading to a moderate financial penalty.
Low	<p>A low risk score represents a risk that:</p> <ul style="list-style-type: none"> • poses a low threat of ML, TF, and/or PF, taking into account the nature and scale of the threat; and/or • leaves FDM slightly vulnerable and open to be exploited by criminals due to features inherent in the business or as a result of some inefficiencies in the controls. <p>The consequences of which could result in:</p> <ul style="list-style-type: none"> • minor reputational issues with little or no impact to the business; and/or • minor legal and regulatory breaches needing some remediation measures.

Money laundering, terrorist financing, and proliferation financing risks commonly associated with virtual assets

As with traditional means of payment, VAs can be used for illicit activity and are vulnerable to money laundering, terrorist financing, and proliferation financing.

Decentralised VAs allow two people to exchange value directly with one another, without the need for a trusted intermediary. This provides a mechanism for criminals to move funds and do so across borders, if necessary, pay for illegal goods remotely, all without having to undergo Customer Due Diligence (CDD) procedures with a regulated financial institution.

Transactions in decentralised, public VAs are usually pseudonymous. The distributed ledger provides a public record of each transaction which means funds held in each private address can be viewed, and there is an accessible audit trail of all the transactions that have ever taken place. However, what is not publicly accessible is the identity of the person or entity that owns or controls the addresses.

Some common money laundering practices involving VAs include:

- Prepaid cards - Although VAs can be traded on a peer-to-peer basis, i.e., directly between two people, to date, there are not many merchants that accept VAs as a means of payment. Therefore, criminals using VAs need to convert all or some of the VAs to fiat currencies. Prepaid cards issued by electronic money institutions with no or weak CDD measures have in the past provided a suitable mechanism for criminals to spend their VAs.
- VA ATMs - For criminals looking to launder cash, crypto automatic teller machines (ATMs) provide an attractive option. Historically, crypto ATMs have applied little due diligence on customers, allowing criminals to launder funds whilst remaining anonymous.
- Tumblers - Tumblers or mixers are used to obscure transactions by linking transactions in the same address and sending them together in a way that makes them appear to have come from a different address. This provides an effective way for criminals trying to distance themselves or hide the source of a transaction.
- Unregulated exchanges – VASPs have been able to operate without the legal or regulatory requirement to apply anti-money laundering and counter-terrorist financing (AML/CFT) measures. In many jurisdictions, they continue to be completely unregulated.
- Peer-to-peer networks - The decentralised nature of many VAs has provided criminals with a mechanism to trade directly with one another and do so remotely and anonymously.

Guidance by the Financial Action Task Force

The FATF has issued guidance recommending the following risks to be considered as part of entities' risk assessments:

- movement in and out of fiat currencies and from VA to VA;
- centralised versus decentralised business models;
- the specific types of VAs and unique features of each VA (e.g., VAs with enhanced privacy features impacting the ability to carry out transaction monitoring);
- the use of mixers or tumblers to obfuscate transactions;

- the specific business models used by VASPs;
- whether the VASPs operate entirely online;
- exposure to IP anonymisers which obfuscate transactions or activities;
- connections and links to several jurisdictions;
- nature and scope of the VA account, product, or service;
- nature and scope of the VA payment channel or system; and
- any parameters or measures in place that may lower exposure to risk (e.g. limitations on transactions or account balance).

The FATF published a report¹ in October 2020 on VAs red flag indicators of ML and TF based on over 100 case studies from recent years. The report provides valuable insights to support efforts to tackle ML and TF concerning VAs.

Red flag indicators related to transactions

The FATF highlights that in many situations, the size, frequency, and timing of transactions may be red flag indicators. This includes when numerous transactions are conducted, which are small or just below the thresholds for transaction reporting and recording. This activity may be a deliberate attempt by criminals to evade detection. Firms facilitating VA transactions must recognise that multiple low-value transactions may collectively meet thresholds and apply the relevant CDD measures if this is the case.

Equally, high-value transactions may be considered suspicious in some cases, especially when the transactions are inconsistent with the customer's profile or are sent to new or previously inactive addresses. Close and continuous monitoring of customers is critical in recognising red flag indicators such as these, especially as the customer's expected activity and risk profile may change over time. Blockchain analytics and VASP identification services greatly facilitate the identification of many of these indicators and the subsequent application of further CDD measures.

Red flag indicators related to transaction patterns

Potential ML and TF activity may be identified by recognising transaction patterns that are abnormal or inconsistent with the customer's expected activity. Concerning new customers, in particular, unusually large deposits and hasty trades or withdrawals of funds may give rise to suspicions.

Due to deposit and withdrawal limits enforced by most VASPs, over the counter (OTC) trading without limits may be popular among large-scale money launderers, especially where OTC brokers have lax CDD requirements. Indeed, a 2020 report by Chainalysis on the state of crime in the VA industry found that OTC brokers often have lower CDD requirements than VA exchanges and that some brokers even specialise in the laundering of criminal funds.²

Red flag indicators related to anonymity

Various methods of enhancing anonymity when using VAs are identified by the FATF as red flag indicators, since they may impede the tracing of funds and detection of illicit activity. Although there are legitimate uses for these means of enhancing anonymity, they may be particularly suspicious in cases where transactions are:

¹ <http://www.fatf-gafi.org/publications/methodsandtrends/documents/virtual-assets-red-flag-indicators.html>

² Chainalysis, 'The 2020 State of Crypto Crime' (2020) <https://go.chainalysis.com/rs/503-FAP-074/images/2020-Crypto-Crime-Report.pdf>.

- unusually high in value or volume;
- unnecessarily complex despite transaction fees; and
- linked to suspicious sources or potential fraud.

Anonymisation methods which may be red flag indicators:

Privacy-enhanced Technology	Privacy-enhanced Exchange
Privacy coins	Peer-to-peer or decentralised exchanges
Mixers	Exchanges with poor or non-existent CDD requirements
Decentralised, self-hosted, or private wallets	VA ATMs
Internet anonymisation software such as VPNs	

Red flag indicators about senders or recipients

The FATF points out several examples of unusual customer activity or behaviour that may indicate ML and TF, especially of behaviour that leads to doubts regarding the accuracy of information provided by the customer. These red-flag indicators include, for example, when a single customer uses several different accounts, names, or IP addresses. Further, there would be a clear red flag if any of the customer's information is found to be linked to suspicious or illicit activity such as darknet markets and forums, or sanctioned entities or jurisdictions. Background checks of customers against regularly updated negative lists are vital in confirming these links and to ensure that potential illicit activities are identified.

Red flag indicators in the source of funds or wealth

Red flag indicators relating to the source of funds or wealth include when:

- transactions are linked to known illicit activity;
- customers make unusually large deposits and withdrawals with conversion between VAs and fiat currency; and
- funds or wealth derive mainly from VA investments or VASPs with poor AML/CFT controls.

These behaviours may be indicative of various illicit activities involving the misuse of VAs which were identified in cases submitted to the FATF.

Red flag indicators related to geographical risks

Since the FATF Standards and Recommendations for VAs and VASPs have not seen harmonised implementation across the globe, criminals may seek regulatory arbitrage opportunities and conduct VA activities in jurisdictions with weak AML/CFT controls. As such, the FATF outlines several indicators that criminals may be exploiting these opportunities, including where transactions involve a VA exchange in a jurisdiction with weak or non-existent AML/CFT regulations. However, as with many red flag indicators discussed above, these do not necessarily indicate illicit activity. Indeed, some entities within these jurisdictions may nonetheless have strong AML/CFT controls.

The Bahama's National Risk Assessment 2015/2016

As an entity seeking authorisation under the Digital Assets and Registered Exchanges Act, 2020 to operate in and from The Bahamas, the Commonwealth of The Bahamas National Money Laundering and Terrorist Financing Risk Assessment Summary 2015/2016 (NRA)³ provides a valuable source of information for FDM. It is important to note that The Bahamas' NRA is due to be updated in 2021, which will also trigger an update to this risk assessment. Key areas of risk identified in the NRA include:

- fraud, human, gun, and drug smuggling/trafficking, with trade-based schemes being the main threats emanating from domestic origin;
- fraud (including tax fraud, money laundering, drug trafficking, trade-based schemes in other jurisdictions);
- as an international financial centre, the main ML/TF threats originate from criminal activities committed in foreign jurisdictions, which may involve the misuse of The Bahamas' financial institutions and/or product and service offerings for the purpose of money laundering; and
- due to the geographic location of The Bahamas, it is a transit point for the trafficking of drugs, humans, and firearms. Small, privately owned and operated boats and planes ferry cocaine from and between significant source countries in South America, into The Bahamas.

Money laundering threat

The most common predicate offences for which cooperation from The Bahamas is sought are in respect of money laundering/proceeds of crime offences. This is an indication that the Bahamas may be used to launder the proceeds of crime through products and services, even if the underlying offence was not committed in The Bahamas.

FIU statistics for the five-year period revealed that there were 78 requests from foreign partners. This highlights that The Bahamas' financial institutions are under threat from money launderers. The customer base for these sectors is made up primarily of non-residents. The ML offence in most cases will be committed outside of The Bahamas; however, the proceeds may be laundered through a Bahamian-based product or service.

The main money laundering threats identified in the NRA stem from:

- Fraud (including tax fraud);
- Drug, gun, and human trafficking; and
- Trade-based schemes.

Additional risks

Based on our review of the NRA, there are no specific additional risks to add to this risk assessment.

³ <https://www.bahamas.gov.bs/wps/wcm/connect/3ebb8256-8ee5-4fd8-a1b3-66be2e91c5f0/18+15+01+Bahamas+NRA+summary+of+Key+Findings+-+Final+Document.pdf?MOD=AJPERES>

Risk assessment

In this section, we consider each of the relevant risk factors and assess the vulnerabilities relevant to FDM considering the overall threat of ML and TF. Inherent risk ratings are assigned to different risk factors identified. This will ensure that the controls, policies, and procedures implemented by FDM are proportionate and targeted to the risks identified.

Once the inherent risks were identified, a desk-based review of the proposed control measures was conducted to determine both the residual risk, and whether any further measures are required to bring any risk within FDM's risk appetite.

Products and services

In assessing the risks associated with the products and services offered by FDM, in line with recommended guidelines, the following factors were considered:

- the different types of VAs that are traded by FDM;
- the anonymity and the ability to obfuscate;
- VA to fiat transactions and vice versa;
- VA to VA transactions;
- third party transfers;
- on and off-ramps;
- use and exposure to cash; and
- decentralised vs centralised VAs and VA exchanges.

FDM offers a trading venue for the trading of virtual assets and derivatives contracts which are linked to underlying virtual asset prices. For customers to be able to access FDM's platform, they must pre-fund their FDM accounts. FDM's service offering involves access to a quote system (off-exchange trading between large customers and other customers), access to an order book (spot and derivatives trading), running a matching engine, and providing clearing and settlement. FDM's platform is accessed via a website interface where users can place buy and sell orders.

Virtual assets available to be traded in FDM's platform include BTC and ETH as well as stablecoins such as USDC and USDT. The company does not offer spot trading for privacy-enhanced digital assets or coins.

Features of some of FDM's products include:

- facilitate a way for customers to buy and sell a range of VAs;
- allows customers to buy and sell VAs for fiat, stablecoins, or other VAs via an off-exchange portal where larger customers can fill other customers' orders;
- FDM only supports a limited range of assets that can be deposited and withdrawn, of which none are privacy coins;
- customers will be able to store VAs in wallets hosted by FDM;
- customers can deposit and withdraw supported VAs with FDM;
- customers can deposit and withdraw fiat currencies; and
- third-party fiat deposits and withdrawals are not permitted.

Vulnerabilities

The vulnerabilities identified as part of this assessment include:

- FDM is most vulnerable at the time of deposits and withdrawals, especially when deposits and withdrawals are in VAs;
- potential exposure to deposits and withdrawals to or from addresses linked to high-risk activities, such as unregulated exchanges or peer-to-peer exchanges or with links to the dark web;
- potential use of tumblers/mixers to obfuscate the origin of VAs before depositing to FDM's hosted wallets;
- although VA deposits and withdrawals need to be made to or from an address owned or controlled by the customer, this is difficult to verify, potentially exposing FDM to third party funds being traded on the platform or transferred out to third parties; and
- deposits made in fiat currencies from financial institutions with weak due diligence processes.

FDM will seek to monitor customer deposits and withdrawals to ensure that appropriate controls are in place to prevent deposits or withdrawals from high-risk wallets.

Risks

Criminals could exploit FDM's services to launder funds by, for example, depositing VAs into their FDM accounts, which were acquired from criminal activities and withdrawing fiat currencies which can then be integrated into the financial system.

Terrorists could also exploit vulnerabilities in FDM's services by, for example, converting legitimate fiat funds into VAs and withdrawing the VAs to a self-hosted wallet address, which could then be used to effect a cross-border transfer to addresses controlled by terrorist organisations.

The biggest vulnerability relating to FDM's services is at the time of deposits and withdrawals. This is amplified when deposits and withdrawals are in VAs. These risks are considered in greater detail below under the section on *Transactions*.

FDM's spot exchange service allows customers to trade virtual assets meaning that asset ownership is transferred between users. From FDM's services, its spot platform presents a higher level of risk than its off-exchange trading portal and its derivatives platform.

Mitigation

Third-party deposits or withdrawals are not supported (despite the challenge of verifying a customer's control over a self-hosted address), and any attempts identified will be stopped. FDM's services are not particularly attractive for ML/TF purposes as VAs are volatile in price and third-party transfers are prevented as much as possible.

FDM uses a blockchain analytics tool that allows it to assign a risk rating to wallets used by customers to deposit and withdraw VAs into/from their FDM accounts. FDM will not allow customers to fund their accounts or to withdraw funds from/to wallets rated as medium-high, or high risk. This will minimise the risk of FDM's platform being used to place or withdraw funds that could have been obtained illegally.

Although FDM's off-exchange portal generally sees customers trading larger amounts, fund transfers between customers are not possible unless a trade takes place. This makes it less attractive to criminals to use the platform to transfer the proceeds of crime. Trades carried out via the off-exchange portal are mostly for bulk-type transactions, minimising opportunities for several small transactions to be effected.

Virtual asset derivatives, which make up the majority of FDM's business, present a lower risk than spot trading given that asset ownership does not change hands. Customers trade contracts based on a price or index, which makes it an unattractive instrument for money laundering or terrorist financing.

Although spot trading is the service that presents the highest level of risk to FDM given that assets are traded between customers, price volatility of virtual assets does not make them an attractive asset to launder the proceeds of crime. Stablecoins present a higher risk in this regard. To minimise ML/TF risks, FDM will monitor customer behaviour and transactions on an ongoing basis.

Risk rating

Service	Inherent risk rating	Residual risk rating
<ul style="list-style-type: none"> VA trading venue for off-exchange trading 		
<ul style="list-style-type: none"> VA spot trading 		
<ul style="list-style-type: none"> VA futures contracts 		
<ul style="list-style-type: none"> VA options 		

Customers

In assessing the risks associated with the types of customers onboarded by FDM, in line with recommended guidelines, the following factors were considered:

- institutions vs individuals;
- industry;
- source of wealth (SoW) and source of funds (SoF);
- complexity of ownership structures;
- Politically Exposed Persons (PEPs);
- public bodies; and
- decentralised business models.

Vulnerabilities

The vulnerabilities identified as part of this assessment include:

- potential exposure to PEPs embroiled in bribery and corruption exploiting FDM to launder funds (fiat and VAs);
- businesses and individual customers whose SoW is derived from activities deemed to be high-risk or businesses with high exposure to cash;
- SoW or SoF derived mainly from VA investments or VASPs with poor AML/CFT controls;
- customers linked to known illicit activity and potential exposure to sanctioned individuals or companies;
- customers using fake or stolen identities; and
- entities with complex ownership structures across multiple jurisdictions which make no commercial sense.

Risks

The risk posed by individual customers will be assessed on a case-by-case basis, depending on each relationship's specific characteristics. However, some common vulnerabilities have been identified.

Generally, individuals are less complex and easier to understand than entities. However, there are certain characteristics that can increase the risk of ML. Largely, customers that are employed, and receive a salary from an employer, are deemed to pose a lower risk. This is because the source of their income and therefore, the value that you can expect to be deposited can be easily verified. In the case of self-employed individuals and beneficial owners, their income and source of funds tend to be less predictable. This is especially true when the source of income is derived from businesses that operate in high-risk industries or those that are cash-based. Although in and of itself it does not necessarily mean that ML is taking place, it does require greater scrutiny to be satisfied that the funds are derived from legitimate business sources.

In the case of High-Net-Worth Individuals (HNWI), the risk can be higher due to the volume and value of trades.

When dealing with PEPs, the risk increases due to the threat of corruption and should require enhanced due diligence (EDD).

Customers that have accumulated their wealth from holding or trading VAs also require increased measures to verify the legitimacy of the VAs. This is because, like cash transactions, people can transact directly with one another without having to undergo know your customer (KYC) checks.

When dealing with business customers, consideration should be given to the industry in which they operate, as when assessing the risk of self-employed and beneficial owners. The structure of a company can also increase the threat of ML, especially in cases with overly complex, cross-border structures that have no clear rationale. Complex structures make it harder to identify the true beneficial ownership of a business customer.

Mitigation

To effectively consider the risks posed from each of its customers, the firm will assess its customers against a customer risk matrix. The customer risk matrix considers the geographical, product, customer, and delivery channel risks. The customer risk matrix will assign a risk category to each customer, the level of due diligence will be in accordance with the risk category assigned to each customer.

All customers will be screened against PEP and sanction databases using a third-party service provider. Any customers identified as being sanctioned will not be onboarded and appropriate reporting will take place. Tier 1 customers will be required to provide a mobile telephone number that has to match their name and correspond with their country of residence. Only customers that have been identified as low risk will be permitted to onboard as tier 1 customers.

Once a customer has been identified as being of higher risk, FDH will verify the identity of those customers and upgrade them to tier 2. This requires the firm to independently verify the identity of the customer through documentation. Any documentation obtained must be from reliable and independent sources. Only government issued photographic documentation will be accepted to verify identity. The ID document will be subject to an automatic electronic verification using a third-party service provider to confirm its digital authenticity and integrity. Additionally, tier 2 customers will also be required to provide independent proof of address and will be required to confirm, using a drop-down list, the primary source of the funds that will be used to fund the account.

Customers who present a higher risk than tier 2 will be considered high risk and upgraded to tier 3. Tier 3 customers will then undergo EDD checks, which will include independent verification of source of funds and source of wealth. Tier 3 customers will automatically include any customers identified as a PEP. Customers identified as PEPs and high-risk will need to be referred to and approved by the compliance officer or an independent member of the compliance team, before completing onboarding.

When onboarding a corporate entity, FDH must understand the company's legal form, its status, management structure, beneficial ownership, and the nature of the business. Corporate entities will be treated as above, as will all beneficial owners that are identified.

All customers will also be monitored on an ongoing basis, including periodic reviews of customer due diligence documents and behaviours and monitoring of all transactions conducted. Any key changes made by the customer, such as personal information changes will trigger a review into the customer's account. Following a review, if the customer presents a higher risk of money laundering or terrorist financing, the customer's risk rating will be increased. If any transactions conducted by the customer is perceived as high risk, this will also trigger a review into the customer's account and subsequent actions will be taken, if required.

Risk rating

Customer	Inherent risk rating	Residual risk rating
<ul style="list-style-type: none">• Employed• Regulated institutions that apply equivalent AML/CFT measures		

<ul style="list-style-type: none"> • Self-employed or beneficial owners • Student/retired • HNWI • Businesses (not from high-risk sectors) 		
<ul style="list-style-type: none"> • PEPs • Unemployed • Self-employed or beneficial owner of a business operating in a high-risk, or cash-based sector • Businesses from high-risk or cash-intensive sector • Entities with complex structures 		
<ul style="list-style-type: none"> • Sanctioned customers (prohibited) • Customers with stolen identities 		Prohibited

Geographic exposure

In assessing the risks associated with the countries to which FDM is exposed, in line with recommended guidelines, the following factors were considered:

- geographies where FDM operates;
- location of customers;
- nationality of customers; and
- cross-border deposits and withdrawals.

Vulnerability

The vulnerabilities identified as part of this assessment include:

- remote access to FDM's products and services;
- customers using a VPN to hide their true location;
- customers from high-risk countries using FDM's products and services;
- customers with multiple nationalities;
- exposure to residents and nationals from high-risk jurisdictions;
- cross-border nature of VAs; and
- deposits from or withdrawals to accounts or addresses in jurisdictions with weak or no AML/CFT controls.

Risk

Although FDM is a Bahamian entity, customers will be sourced globally. FDM operates remotely, making itself more accessible to customers from other, and potentially high-risk jurisdictions.

Deposits or withdrawals paid from or to accounts in high-risk jurisdictions also present an increased geographic risk exposure. However, this risk is considered in further detail when looking at the risk associated with different types of transactions.

There is a risk that customers will use tools such as VPNs, to hide their true location, leading to inappropriate levels of due diligence.

VAs can be moved across borders very easily. When dealing with self-hosted wallets, it may be difficult to determine who owns or controls the address and therefore the jurisdiction from which it is controlled.

The effectiveness of AML/CFT regimes varies across jurisdictions. VAs and VA-related activities are still unregulated in many countries.

Mitigation

FDM has undertaken a geographic risk assessment to identify customers and potential customers who are from or based in high-risk jurisdictions; these customers present a higher risk and will therefore be subject to further scrutiny during the onboarding and ongoing monitoring stages of the business relationship.

All customers will be screened against sanctions lists.

FDM will also check the IP address used at the time of onboarding and customers with IPs from sanctioned jurisdictions will not be onboarded. FDM will also require its customers that onboard with a mobile device to have that device match both their country of residence and their name.

Transactions are monitored on a regular basis, including the geographic destination or the origin of an address (see *Mitigation* section below under *Transactions*). The same IP geo-location checks applied during the onboarding stage continue to be applied as part of ongoing monitoring

Risk rating

Countries	Inherent risk rating	Residual risk rating
<ul style="list-style-type: none"> Customers who are resident and/or are nationals in countries and/or states not deemed as high-risk based on our internal geographic risk assessment. 		
<ul style="list-style-type: none"> Customers who are resident and/or are nationals in countries and/or states deemed as high-risk based on international standards and our internal geographic risk assessment. 		

Transactions

In assessing the risks associated with transactions executed by FDM, in line with recommended guidelines, the following factors were considered:

- types of transactions;
- value, volume, and speed of transactions;
- complexity of transactions;
- methods of deposits and withdrawals;
- exposure to third parties;
- ability to obfuscate and exposure to cash; and
- transparency and audit trail.

FDM's services allow customers to buy, sell, and trade a range of spot and derivative products using fiat currencies and other VAs. Customers will be able to deposit VAs into an FDM hosted wallet and they will also be able to withdraw VAs.

Given the nature of its services and the types of customers that will be attracted to its trading venue, the average value of transactions will be relatively high.

FDM supports several payment methods including the ability to deposit and withdraw in VAs.

Vulnerabilities

The vulnerabilities identified as part of this assessment include:

- exposure to deposits and withdrawals to or from addresses linked to high-risk locations such as unregulated exchanges or peer-to-peer exchanges or with links to the dark web;
- use of tumblers/mixers to obfuscate the origin of VAs before depositing to FDM hosted wallets;
- deposits and withdrawals to addresses or accounts owned and controlled by third parties;
- deposits made in fiat currencies from financial institutions with weak due diligence processes; and
- customers making multiple small deposits, withdrawals or transactions to avoid CDD thresholds.

Risk

FDM can be exposed to criminals looking to use VAs to launder the proceeds of crime. Criminal funds could be held in fiat currencies, already in the financial system where the criminal is looking to create layers of transactions to make it harder for law enforcement to trace the origin of the funds. It could also be criminals looking to convert fiat to VAs in order to move the funds more easily across borders or peer-to-peer. Likewise, the risk might arise from criminals who have generated VAs from criminal activities and are looking to convert these to fiat currencies and integrate the profits into the financial system. There is also the risk that customers might be converting legitimate funds to VAs to then fund terrorist activities.

The main vulnerability is at the time of depositing and withdrawing funds. The risk is increased when deposits and withdrawals are done using VAs. This is predominantly because of the ability for customers to transact in VAs without having to undergo due diligence, although it is noted that this will decrease with time as more and more jurisdictions apply AML/CFT standards to VA activities and VASPs.

Transactions in VAs are public, leaving a clear audit trail. However, the use of tools such as tumblers and mixers make it harder to follow the trail, and thus make it easier for criminals to obfuscate transactions.

FDM does not support any deposits and withdrawals in VAs with enhanced privacy features.

Stablecoins such as USDC can be deposited and withdrawn to/from customer accounts. Stablecoins are designed to stabilise their value by pegging them to an underlying asset or fiat currency. Stablecoins can be more attractive to criminals as they will decrease the risk of criminal funds devaluing compared to other VAs but can still be easily transferred remotely and on a peer-to-peer basis.

Deposits and withdrawals in fiat currencies made from regulated financial institutions may be deemed to pose a lower risk. This is because the customer would have undergone due diligence with the relevant institution to an acceptable level. Deposits and withdrawals to banks or other financial institutions, that do not meet equivalent standards, should be treated as higher risk.

Mitigation

All transactions will be monitored on an ongoing basis. As part of the ongoing monitoring, some of the transaction characteristics scrutinised include:

- transactions inconsistent with FDM's knowledge of the customer;
- account activity by dormant customers;
- geographic destination or origin of a VA wallet;
- customer attempts to use a VA wallet and/or address assessed as high-risk using blockchain analytics;
- deposits followed by withdrawals with minimal trading activity; and
- monitoring for unusual spikes and dips in activity in contrast to how the markets are behaving, to ID anomalies on FTC compared to other exchanges.

FDM uses a blockchain analytics company to monitor transactions in VAs.

All deposits and withdrawals made in VAs will be monitored by FDM.

Before accepting a deposit or effecting a withdrawal in fiat, FDM will check that the name of the account matches their customers' details. FDM will also incorporate automated fiat transaction monitoring tools. This however is not possible at present for VA deposits and withdrawals, although this risk will be mitigated (at least for addresses controlled by VASPs) once the *travel rule* comes into force.

There is a risk that customers could carry out numerous smaller transactions to avoid EDD measures. However, FDM will monitor transaction velocity as part of the ongoing monitoring.

FDM will neither enter nor maintain relationships with entities such as:

- unlicensed fiat money service businesses;
- entities involved in the buying or selling of products/services in the darknet;
- entities involved in criminal activities, including organised crime, terrorist financing, money laundering, and tax evasion.

Risk rating

Transactions	Inherent risk rating	Residual risk rating
<ul style="list-style-type: none"> • Deposits and withdrawals in fiat currencies to accounts in customer's name and held with financial institutions in low-risk jurisdictions. • Deposits and withdrawals in VAs to wallets rated as low-risk using third party tools. 		
<ul style="list-style-type: none"> • Deposits and withdrawals in fiat currencies to accounts in customer's name and held with financial institutions in a medium-risk jurisdiction. • Deposits and withdrawals in VAs to wallets rated as medium-risk using third party tools. 		

<ul style="list-style-type: none"> • Withdrawals made to different wallets than that used for original deposit. 		
<ul style="list-style-type: none"> • Deposits and withdrawals in fiat currencies to accounts in customer's name and held with financial institutions in a high-risk or prohibited jurisdiction. • Deposits or withdrawals in VAs to wallets where blockchain monitoring tools alert exposure to tumblers/mixers, unregulated exchanges, peer to peer exchanges, or other high-risk indicators. • Any transaction which is outside normal customer behaviour. • Any deposits and withdrawals with no trading activity. • Any deposits or withdrawals attempted or made to third parties, whether in VAs or fiat currencies. • Customers using multiple low value transactions to avoid CDD measures. 		

Distribution channels

In assessing the risks associated with the different distribution channels and the customer engagement method used by FDM, in line with recommended guidelines, the following factors were considered:

- face to face vs online; and
- reliance on intermediaries or other third parties.

FDM is purely a remote operator and therefore all customer interaction is conducted online.

Vulnerabilities

The vulnerabilities identified as part of this assessment include:

- Non-face-to-face engagements increase the risk of impersonation or identity fraud.

Risks

Remote operations can be exposed to international sources of ML and TF. Additionally, not meeting customers face-to-face can also increase the risk of impersonation or identity fraud.

Mitigation

Although all customer engagement is conducted online, FDM applies processes as part of its due diligence measures that allow it to minimise the risk of impersonation and identity fraud. FDM applies a degree of artificial intelligence and monitoring through a third-party service provider over the commencement and subsequent transactions of its business relationships. A third-party service provider will enable image digital authenticity and document integrity checks which will help to provide comfort that the customer is the true owner of the account and the funds being traded.

As an additional measure, a selfie will need to be submitted together with the ID document when customers are onboarded manually.

Risk rating

Distribution Channel	Inherent risk rating	Residual risk rating
<ul style="list-style-type: none">None face-to-face		

Operational risks

This section considers ML and TF risks relating to FDM's operations, including its governance arrangements, internal control environment, and people.

Vulnerabilities

The potential vulnerabilities identified as part of this assessment include:

- lack of understanding of the ML and TF risks relevant to the business;
- weak AML/CFT controls that are not aligned and proportionate to the ML and TF risks the company faces;
- lack of oversight from senior management over the AML/CFT control environment;
- adoption of a culture that prioritises and rewards commercial, short-term gains over the long-term success of the business and that induces poor risk and compliance practices;
- inability for the MLRO to act independently and challenge other members of senior management and the board;
- lack of understanding of AML/CFT responsibilities by people at all levels within the organisation;
- staff members being corrupted or bribed leading to FDM being exploited for ML or TF purposes;
- AML/CFT functions outsourced to third parties with weak controls or that do not operate to the standards expected; and
- failure to keep adequate customer and transaction records.

Risks

As highlighted throughout this report, the nature of the activities carried out by FDM and the environment under which it operates, mean that FDM is at risk of being used as a conduit for ML, TF, and PF. Failure to identify and understand threats would leave FDM more vulnerable as it would prevent it from designing and implementing effective measures for combating ML, TF, and PF.

Senior management and the board are responsible for the effectiveness of FDM's AML/CFT/CPF measures. Failure to exercise their duties and responsibilities, and embracing a toxic compliance culture, can lead to the adoption of poor practices and behaviours.

Everyone within an organisation has a role to play in the fight against financial crime. Failure to provide adequate training to staff will increase the risk of ML and TF as staff will not understand their responsibilities, lack the skills to be able to identify suspicious activities, and apply the controls effectively.

When outsourcing one or more functions relating to AML/CFT/CPF, FDM retains ultimate responsibility for the delivery of that function and compliance with its AML/CFT/CPF obligations. Failure to carry out due diligence on third-party service providers or monitor the activity on an ongoing basis can lead to the crystallisation of ML and TF risks.

Mitigation

In line with FDM's AML/CFT policy, senior management and the board are required to set the 'tone from the top' and demonstrate leadership through a culture of compliance.

FDM will undertake this risk assessment of the threats and vulnerabilities to ML and TF on an annual basis. The result of this assessment will be reviewed in line with the operating environment at the time and, wherever necessary, FDM will make changes to its control environment, product offering, or business model. The results of the risk assessment will be presented to senior management and the board, along with any risk management actions for approval.

FDM's senior management and board will also be required to perform periodic reviews of the adequacy of its AML/CFT measures. The MLRO, who has a direct reporting line to the board, is required to produce management information relating to AML/CFT matters to allow the board to discharge their duties and obligations.

A review will be conducted annually to determine whether an independent audit is required for the year in question and its scope.

Every FDM employee must be aware of their duties to prevent ML and TF. Wherever an employee has reason to believe that any transaction or potential transaction could involve the proceeds of criminal conduct, they must report this to the MLRO. FDM has implemented disciplinary actions for employees failing to comply with these measures.

The MLRO is also responsible for ensuring that arrangements are made for all staff and advisers' awareness and training on ML and TF matters. All relevant employees are to be made aware and kept abreast of ML developments, and all employees are required to familiarise themselves with the company's AML/CFT policy. Training will also be provided to relevant staff upon recruitment and on a monthly basis thereafter.

Risk rating

Distribution Channel	Inherent risk rating	Residual risk rating
<ul style="list-style-type: none"> Operational risk 		

FTX DIGITAL MARKETS LIMITED

MARKETING POLICY

DRAFT

Document History		
Date	Version	Description
August 2021	V1.0	N/A.

Confidentiality

All information contained in this document shall be kept in confidence. No part of this document is to be altered or copied without the written agreement of FTX Digital Markets Limited (FDM). None of this information shall be divulged to persons other than to authorised employees and contractors of FDM on a need to know basis. The release of this document to other parties must be authorised by FDM, and only once an NDA has been signed with that party.

Review & Approvals

This document requires review and approval as it may be released to third parties as part of FDM's planning and decision management process. The following representatives of FDM have approved this document:

Name	Title	Date Approved
Ryan Salame	CEO	13/08/2021



INTRODUCTION	4
OBJECTIVES	4
SCOPE	4
POLICY COMPLIANCE	4
APPORTIONMENT OF RESPONSIBILITIES	4
SENIOR MANAGEMENT RESPONSIBILITY	4
HEAD OF COMPLIANCE RESPONSIBILITY	5
DISCLOSURE AND COMMUNICATION REGULATORY REQUIREMENTS	5
DISCLOSURES BY FDM	5
ACCURATE REPRESENTATION ON SCOPE OF LICENCE	5
STATEMENTS MADE BY THIRD PARTIES	5
MARKETING AND ADVERTISING STANDARDS	6
SOCIAL MEDIA	7
WEBSITES	7
PREPARATION AND APPROVAL OF MARKETING COMMUNICATIONS	7
MONITORING AND REPORTING	8
RECORD KEEPING	9
TRAINING AND AWARENESS	9
VIOLATIONS	9
GOVERNANCE	10

INTRODUCTION

The aim of this policy is to ensure that FDM has established and developed a clear marketing strategy, in particular, to its regulatory requirements with regards to customer care.

This policy outlines the marketing policies and procedures established and implemented by the FDM and has been designed in such a manner to achieve a transparent and consistent image of the company's brands.

With respect to marketing and advertising, FDM will ensure that any advertisement concerning its business or the products and services it offers will identify FDM as the issuer, will contain the relevant risk warnings, and the contents and presentation of the advertisement are demonstrably fair and not misleading.

OBJECTIVES

The objective of this policy is to ensure all information addressed by FDM to its customers or potential customers, including marketing communication, be fair, clear, and not misleading. FDM recognises that good customer care and honesty is a core component of its products.

This includes ensuring that all employees of FDM, as well as any third parties which have a direct communication with the company's customers and is responsible for the preparation of marketing material (**Marketing Team**) are aware of their duties with respect to this policy.

SCOPE

This policy applies to:

- FDM's marketing team (its employees, consultants, contractors, temporary employees); and
- external third parties, through contract commitments.

POLICY COMPLIANCE

FDM employees who willingly and deliberately violate this policy will be subject to disciplinary action up to and including termination of employment or contract. Any employee aware of any violation of this policy is required to report it to their supervisor or other authorised representative.

APPORTIONMENT OF RESPONSIBILITIES

SENIOR MANAGEMENT RESPONSIBILITY

FDM's senior management is accountable for implementing and managing the company's marketing policy and advertising approach.

FDM's senior management will support the company's Head of Compliance, who is responsible for managing and maintaining this policy.

- FDM's senior management is responsible for ensuring the marketing team, and all relevant FDM employees, understand and execute this policy.

HEAD OF COMPLIANCE RESPONSIBILITY

The Head of Compliance is responsible for ensuring all public-facing statements made by FDM, directly or via third parties, to promote FDM's services and products ("advertisements") meet the standards set forth herein.

The Head of Compliance will support the marketing team to ensure compliance with this policy.

The Head of Compliance shall be responsible for auditing compliance with this policy and report recommendations to be reviewed by senior management.

The Head of Compliance is responsible for keeping this policy updated at all times.

DISCLOSURE AND COMMUNICATION REGULATORY REQUIREMENTS

FDM is required to make certain public disclosures and marketing communications.

DISCLOSURES BY FDM

FDM will provide all customers and potential customers with a risk warning statement.

The disclosure set out above will be:

- (a) published at least once in publicly available material issued by FDM;
- (b) provided to a potential customer prior to the potential customer using the payment services provided by FDM;
- (c) provided at least once in writing to any customer where such a customer was not provided the statement in the manner set out in (b) above;
- (d) unobstructed or unobscured, or unembedded within other unrelated writing; and
- (e) of a reasonable size and typeface.

ACCURATE REPRESENTATION ON SCOPE OF LICENCE

Where FDM makes a representation in respect of the scope of its regulation by the Securities Commission of The Bahamas (SCB) in any publicly available material, FDM will at all times ensure the representation is accurate and not false or misleading, including by ensuring that the representation:

- does not misrepresent the scope of activities that FDM is licensed to carry out; and
- states clearly that FDM, and not any other entity in the FDM Group, holds the licence.

STATEMENTS MADE BY THIRD PARTIES

Where SCB has informed FDM that a third party has made a false or misleading statement in relation to FDM's licence, FDM will request that the third party correct the statement.

MARKETING AND ADVERTISING STANDARDS

FDM has several marketing channels in order to broaden the visibility of its marketing and communication material. The marketing channels used by the company are as follows and are related to both potential and existing customers:

- Email Marketing.
- Social Media Marketing.
- Content Marketing.
- Affiliate Marketing.

Advertisements include items produced by employees of FDM responsible for preparing marketing material, as well as items produced by any third party that FDM engages, whether or not that third party is compensated by FDM, to create public-facing statements that promote FDM.

In certain circumstances, as described below, the use of social media marketing to promote FDM may also be considered an advertisement.

The Head of Compliance shall assure that all advertisements:

(a) Identify FDM as the issuer:

- FDM's advertisements are prepared by an experienced marketing team which identifies FDM as the issuer on each published piece of advertising.
- FDM's marketing team also oversees advertisements produced or otherwise published by third parties and ensures each bears a clear notice that FDM is the ultimate issuer of the advertisement.

The information provided in any publicly available material about FDM will include:

- FDM's Full Name.
- FDM's Scope of Licence.
- FDM's Registered Address.
- FDM's Company Incorporation Number.

(b) Includes contents and presentations that are demonstrably fair and not misleading:

- FDM advertisements must be clearly and easily understood by its customers. FDM strictly prohibits any statement that tends to offer partial truths or obfuscates material details.
- FDM advertisements or the public profile/description of the relevant FDM social media account must include or refer to the following features intended to ensure clarity and understanding among its customers and potential customers:
 - Include the required disclosure and risk warnings on virtual assets.
 - Risk warnings are clearly stated within the main body of the advertisement and ahead of the 'small print' (i.e. the additional product / legal text and company contact information).
 - If the advertisement contains any statistical indicators such as past or simulated performance, it shall explicitly state the essence of such indicators and clearly explain the probabilistic nature of any conclusions drawn from such indicators.
 - Important information, statements or warnings are shown using clear type styles across neutral backgrounds.
 - The size of the important information, statement or warnings is proportionate, taking into account the content, size and orientation of the promotional material as a whole.

- (c) All such disclosures shall be presented, if in writing, in a font that is similar in colour and size to the rest of the advertisement and, if verbal, in a manner of speech similar in speed and pitch as the rest of the advertisement.

For social media content, disclosures will be clearly presented as part of the social media account's public profile and/or description, or through a link from the social media account's public profile and/or description to a disclosure page belonging to FDM.

(d) FDM advertisements must not include any of the following:

- Any mention of tax benefits or tax advice.
- Any promise or guarantee, whether explicit or implied, of future profitability from trading on FDM.
- Any exaggeration of the likelihood of receiving income or diminishing risk due to trading on FDM.
- Any legal advice, including, without limitation, advice related to laws regarding digital payment token services within The Bahamas or in other jurisdictions.
- Any manner of promoting sexually explicit materials, violence, discrimination based on race, sex, religion, nationality, disability, sexual orientation, or age and/or any illegal activities or violate any intellectual property or other proprietary rights of any third party.

SOCIAL MEDIA

FDM recognises that it is responsible for monitoring social media that promotes its business. The Head of Compliance must approve, prior to use, any employee or third party's plans to use a social media platform to promote FDM.

The Head of Compliance will only approve use of a social media platform if it determines that the person proposing to use it can comply with the requirements of this policy.

All social media content is supervised by the Head of Compliance as advertising under this policy.

WEBSITES

FDM operates one website which may change from time to time. FDM will ensure that at all times, the communication made to customers through its website is fair and not misleading.

In this respect and at least on an annual basis, the Head of Compliance will review FDM's website in order to ensure that the material displayed on the website is in accordance with the website approvals issued by the company, and in line with this policy.

PREPARATION AND APPROVAL OF MARKETING COMMUNICATIONS

As set out above, customer care and transparency are central to FDM's approach when creating advertisements or marketing communications, particularly in the way that risk is disclosed and in the way that digital payment token services are described. This section aims to provide the process for preparing and approving marketing communications.

When FDM is preparing marketing communications, the following factors are considered in order to ensure that the literature and promotions are fair, clear and not misleading:

- Is there any ambiguous wording.

- Is the nature of the product/service clearly explained.
- Is the advertisement written and designed in a clear and simple language.
- Could the advertisement be misunderstood by the average member of the target audience.
- Does the advertisement contain the necessary risk warnings.
- Is the risk warning in the main body of the text.
- Ensure the risk warning has not been made to appear less obvious than the rest of the text.
- Ensure no important items, statements, or warnings have been disguised, diminished, or obscured in any way.
- Does the advertisement contain the company name and all the other relevant details.
- For online banners only - Is there sufficient room for the risk warning. If not, is there a landing page containing the risk warning/other information.
- Where a comparison has been made in the advertisement, is it presented in a fair and balanced way.
- Where a comparison has been made, are the sources of information specified and dated.
- Where a comparison has been made, are the key facts and assumptions included.
- Taking a step back - is the advertisement as a whole 'fair, clear and not misleading'.

All marketing materials are required to be delivered to the Head of Compliance for approval via email by the marketing team.

The approval process is to evaluate the marketing materials and ensure that they abide by the internal marketing guidelines and the relevant regulatory requirements.

In cases where the Head of Compliance for the approval of marketing material deem that information is required to be amended to ensure compliance with the internal policies of the FDM and the relevant regulatory requirements, the marketing team is required to proceed with the relevant amendments in order for the marketing material to be transformed into final deliverables.

The updated versions of the marketing materials are required to be sent to the Head of Compliance for approval, in order to confirm that all requested changes have been implemented and where applicable, deficiencies have been rectified.

Once the marketing material has undergone the internal marketing material approval process and it has been verified and approved by the Head of Compliance, that the marketing material is compliant with regards to existing regulatory requirements.

Where relevant, the IT team shall proceed with the launch of the marketing material.

Any rejections for any marketing material will be decided by senior management, prior to discussion with the Head of Compliance.

MONITORING AND REPORTING

The Head of Compliance is responsible for the establishment of the necessary procedures relevant to the continuous monitoring of any marketing communications to be addressed to customers.

The Head of Compliance reviews on a weekly basis any information which has gone live and is available to customers. A relevant work plan is maintained, for the company's records.

In the event that the Head of Compliance identifies any possible variations from the version which initially has been approved, it communicates it to the marketing team for the rectification of the deficiencies identified.

Should FDM become aware of any advertising made on behalf of itself that may reasonably be determined to be misleading and/or not true, the Head of Compliance will take appropriate steps to immediately stop further publication of the advertisement.

Should FDM become aware of any advertising made on behalf of itself that may reasonably be detrimental to The Bahamas's reputation as a financial centre, the Head of Compliance will take appropriate steps to immediately stop further publication of the advertisement and immediately report the event to the SCB.

RECORD KEEPING

All records created relating to marketing materials will be retained for at least 5 years, in an electronic form, as of the date that the marketing material was disseminated to customers.

FDM will ensure the proper maintenance of records in regards to the preparation and approval of marketing material as well as in regards to the conducting of ongoing monitoring of marketing material.

In particular, FDM will ensure the record keeping of at least the following:

- All marketing material prepared as per the provisions of this policy, as well as the correspondence in regard to the preparation/approval/rejection of marketing material.
- Evidence in regard to the approval of websites operated by the FDM.

FDM will retain all marketing material in electronic form, subject to the requirement that the company is, at any time, in a position to retrieve them without undue delay, if requested by SCB. In the event where FDM wishes to also maintain records of files which includes its marketing material, the company shall ensure that the said file is always updated.

TRAINING AND AWARENESS

FDM will ensure employees responsible for the preparation of marketing material are aware of the relevant regulatory requirements regarding marketing communication. Senior management shall also arrange meetings with the marketing team for the preparation of marketing material on a regular basis, to assist them accordingly and provide on-going training.

All employees will be expected to understand FDM's high level marketing and communications approach, and this will form part of their induction to the company.

When necessary, specialised training will be provided to senior management and the Head of Compliance.

VIOLATIONS

Potential violations of this policy will be subject to investigation by the Head of Compliance (or disinterested director(s), as the case may be). Any failure to comply with his policy, in letter and spirit, may result in the application of the disciplinary actions and/or contractual remedies up to and including termination of the relevant employment or contract.

GOVERNANCE

The Head of Compliance will review, at least annually, whether this policy should be revised in order to ensure it remains fit for purpose and in line with FDM's business objectives and marketing strategy and approach, and in the event of changing circumstances or regulations.

DRAFT

FTX DIGITAL MARKETS LIMITED

SAFEGUARDING OF ASSETS & DIGITAL
TOKEN MANAGEMENT POLICY

DRAFT

Document History		
Date	Version	Description
August 2021	v1.0	N/A.

Confidentiality

All information contained in this document shall be kept in confidence. No part of this document is to be altered or copied without the written agreement of FTX Digital Markets Limited (**FDM**). None of this information shall be divulged to persons other than to authorised employees and contractors of FDM on a need to know basis. The release of this document to other parties must be authorised by FDM, and only once an NDA has been signed with that party.

Review & Approvals

This document requires review and approval as it may be released to third parties as part of FDM's planning and decision management process. The following representatives of FDM have approved this document:

Name	Title	Date Approved
Ryan Salame	CEO	16/08/2021

TABLE OF CONTENTS

INTRODUCTION	4
OBJECTIVE	4
SCOPE	4
POLICY COMPLIANCE	4
APPORTIONMENT OF RESPONSIBILITIES	5
FDM'S RESPONSIBILITIES	5
SENIOR MANAGEMENT RESPONSIBILITIES	5
SYSTEMS OF CONTROL	6
ACCOUNTING STANDARDS	6
IT AND SOFTWARE	6
SAFEGUARDING AND SEGREGATION	7
RECONCILIATION	7
VIRTUAL ASSET RECONCILIATION	7
FIAT ASSET RECONCILIATION	8
DIGITAL TOKEN MANAGEMENT	8
PRIVATE KEY MANAGEMENT	9
RECORD KEEPING	9

INTRODUCTION

This policy outlines FDM's approach to the safeguarding of assets. In developing this policy, FDM has considered the operational, technical, and organisational aspects of its approach to the safeguarding of assets. Furthermore, FDM has considered the best practice guidance issued for the virtual asset sector.

FDM fully acknowledges that its products and services are at risk from criminals and others seeking to steal and misappropriate assets belonging to FDM and its customers. FDM is committed to take appropriate measures to prevent potential loss of assets.

OBJECTIVE

This policy's objective are to:

- Emphasise our stringent commitment to safeguarding assets belonging to both FDM and its customers;
- Summarise the main procedures, systems, and controls FDM has implemented to appropriately segregate its own assets and its customers' assets;
- Summarise the main procedures FDM has implemented to reconcile its own assets and its customers' assets; and
- Explain how FDM will manage the digital tokens under its custody.

SCOPE

This policy, subject to any local or jurisdictional legal or regulatory requirements, applies to:

- FDM, its employees, consultants, contractors, temporary employees, or any person having access to FDM or customer assets;
- External third parties, through contract commitments; and
- All information systems owned by and/or managed by FDM including all computers, technical infrastructure, network devices, applications, and databases.

This policy defines the manual and electronic protection requirements for FDM and its customers' assets.

Where FDM authorises arrangements whereby a third party stores or transmits FDM or its customers' assets on its behalf, it is FDM's responsibility for the oversight of the third party's procedures and practices and ensuring that they meet the requirements of this policy and any applicable regulations.

POLICY COMPLIANCE

Compliance with this policy is mandatory for all users that access (or have access to) FDM's or its customers' assets. Any internal or external business supporting processes or procedures that cannot comply with this policy or supporting policies and standards, must have an exception statement approved by the Compliance Officer (CO).

Users involved in the management of third-party suppliers and service providers are responsible for ensuring that all third-party contracts and agreements impose sufficient obligations on suppliers and service providers to support FDM's cybersecurity objectives as set by this policy.

Deliberate or persistent attempts to violate or actual violations of this policy will lead to disciplinary measures.

FDM is a company incorporated and registered in The Bahamas, as is therefore bound to comply with certain rules and regulations covering customer data.

APPORTIONMENT OF RESPONSIBILITIES

FDM clearly defines the roles and responsibilities of all individuals with oversight of the company's safeguarding of assets strategy.

FDM'S RESPONSIBILITIES

FDM is ultimately responsible for the safeguarding of its customers' assets.

FDM's key roles and responsibilities in relation to safeguarding of assets are outlined below:

- Appropriately account for the difference between its own assets and its customers' assets;
- All third-party providers will be aware that customer assets do not represent assets of FDM;
- All third-party providers are aware that customer assets are held in trust;
- FDM will have systems of control in place that are proportionate to its size, the assets in custody and the risks involved in its business, including the management of digital tokens in its custody;
- Developing and implementing procedures appropriate to the nature, size, and complexity of FDM's business and the risks it may reasonably face; and
- Ensure that the policies, controls, and procedures are regularly reviewed and updated according to the latest technology available, and that these are approved by senior management.

SENIOR MANAGEMENT RESPONSIBILITIES

The CEO is the primary person responsible for the secure storage and implementation of certain financial and treasury procedures in place to protect FDM and its customers' assets.

To do so, the CEO will appoint a person(s) with sufficient seniority, skills, and experience to oversee the relevant procedures below:

- **Chief Technology Officer or equivalent:**
 - combating attacks on and attempts to steal funds and damage the infrastructure put in place to secure storage;
 - ensure that cryptography algorithms and hardware meet relevant security standards;
 - developing and releasing software ensuring security including, but not limited to, cryptography algorithms and hardware; and
 - performing regular security testing (pen-testing).
- **Chief Operating Officer or equivalent;**
 - ensuring FDM and customer assets segregation for accounting, operational and storage purposes;
 - maintaining regular reconciliation of FDM and customer assets; and
 - auditing record keeping system.

- **Chief Financial Officer or equivalent;** and
 - managing FDM assets; and
 - protecting customer assets from third-party creditor claims.
- **Compliance Officer and/or MLRO.**
 - ensuring FDM, its employees, consultants, contractors, temporary employees, or any person having access to FDM, or customer assets complies with this policy.

SYSTEMS OF CONTROL

FDM will ensure that it has in place systems of control to manage customer assets that are proportionate to its size, the assets in custody and the risks involved in its business.

ACCOUNTING STANDARDS

As part of its business operations, FDM will maintain reliable accounting records or cause reliable accounting records to be kept in relation to all sums of money received and expended, inclusive of all customer trading activity, trading revenue, and other transactions relating to FDM operations, and FDM will document the reason for such receipt or expenditure.

FDM will ensure that:

- accounting records are maintained in relation to all sums of money received and expended and indicate the reason for the receipt and expenditure accounting records establish the authorisation of transactions relating to expenditure;
- accounting records are reliable, in that the records;
 - explain all transactions by providing a record of the transaction along with an adequate summary of its details;
 - enable the financial position of the company to be determined with reasonable accuracy;
 - enable the preparation of financial statements; and include documentation underlying the transaction.
 - reconcile to cash positions held within banks or to blockchain balances
- there is a written statement included in the accounting records that the records are prepared to the directors' or officers' best knowledge, information and belief;
- the accounting records show the assets and liabilities of the company;
- in the case of Segregated Accounts Company, the accounting records must be maintained in relation to each segregated account as well as the general account of the company;

IT AND SOFTWARE

Systems of control relating to IT and software will be kept up to date and will meet the latest industry protocols and standards. The systems of control that will be implemented and kept up to date will include, but it not restricted to:

- Multi factor authentication;
- Pattern analysis on internet traffic to servers;
- IP and device checking;
- Looking for brute force attacks on account passwords; and
- Multi-level security checks of customers that request access to their accounts.

SAFEGUARDING AND SEGREGATION

FDM has a responsibility to ensure that customer assets are appropriately safeguarded and segregated from its own funds. This includes customer assets that may be held by third party service providers. FDM will ensure that:

- Customer assets (both fiat and virtual assets) are segregated from its own assets;
- Customer assets (both fiat and virtual assets) will be clearly designated and easily identifiable;
- All third-party service providers are aware that customer funds do not represent property of FDM and are therefore protected from third-party creditors; and
- All third-party providers are aware that customer assets are held in trust.

Regarding customer fiat assets, FDM will maintain customer accounts with a regulated credit, e-money or payment institution that is acceptable to the Securities Commission of The Bahamas (SCB). Customer accounts will be designated as such, and the monies contained therein will be appropriately ring-fenced and protected from claims against FDM.

Customer monies will be appropriately ring-fenced to protect from:

- The unlikely event FDM becomes insolvent;
- The use of customer monies being used to benefit others; and
- FDM using customer monies to finance its own operations.

Written notice will be provided to the relevant regulated credit, e-money, or payment institution to clarify that the assets contained are held by us on trust for our customers and they are not entitled to combine the account any other account, or to exercise any right of set-off or counterclaim against the money in those accounts, in respect of any debt owed by us.

All customer accounts will be under the dual signatory of two directors or of one director, together with a senior member of the management team.

RECONCILIATION

FDM will take all reasonable steps to ensure that any value is applied to the correct accounts in good time.

VIRTUAL ASSET RECONCILIATION

FDM must take all reasonable steps to ensure that any value is applied to the correct wallets in good time.

FDM has implemented an automated process which identifies differences between expected customer balances and virtual assets on the relevant blockchains. These amounts are then investigated and reconciled.

When reconciling virtual asset movements, FDM will ensure that any internally calculated balances are reconciled to the expected balance on the underlying blockchain in question. Any differences will be investigated. Any unidentified differences leading to a lower amount of virtual asset balances on the underlying distributed ledger when compared to the internal records, may be covered by the firm until these are investigated and cleared.

The company will look to apply an automated process due to the frequent movement in customer funds.

FIAT ASSET RECONCILIATION

As a minimum, FDM will reconcile its customer fiat assets and its own assets on a monthly basis. Customer fund reconciliation requires FDM to carry out checks of its internal records and the amount of customer money that the company holds for each customer with its internal records and what the company should hold in customer bank accounts or has placed in customer transaction accounts. If there are resource constraints that prevent the company from performing customer reconciliation, senior management needs to be notified on that business day and a reconciliation must be performed as soon as possible.

In carrying out a customer funds reconciliation, FDM must use the values contained in its internal records and ledgers, rather than the values contained in the records it has obtained from banks and other third parties with whom it has placed customer monies. FDM uses the normal approach to segregate customer money, which means rather than the funds being first received into the company's corporate account and then segregated, customer money is deposited directly into the company's designated customer bank accounts.

A customer asset reconciliation should:

- Help FDM to have adequate protection for its customers' assets when the company is responsible for them; and
- Help minimise the risk of the loss or reduction of customer money, or of rights in connection with customer money, because of misuse of customer money, fraud, poor administration, inadequate record-keeping, or negligence.

If a discrepancy is found between FDM's total customer funds and its total customer fund requirement identified by reconciliations, FDM must determine the reason for the discrepancy and ensure that:

- Any shortfall identified after considering assets in transit, timing differences, or any other feasible reasoning not noted previously must be communicated to SMT as soon as possible and paid into a customer assets bank account;
- Any excess and revenues are clearly recorded and transferred out without delay;
- If any discrepancy is identified in the customer money reconciliation, FDM must investigate the reason for the discrepancy and take all reasonable steps to resolve it, without undue delay, unless the discrepancy arises solely because of timing differences between the accounting systems of the party providing the statement of confirmation and that of the company.

FDM must also inform the Board in writing, without delay if:

- Its internal records and accounts of customer assets are materially out of date, inaccurate or invalid, so that the company is no longer able to accurately reconcile customer assets; and
- If it will be unable to, or materially fails to, pay any shortfall into a customer bank account so that the company is unable to meet customer money requirements after carrying out reconciliation.

DIGITAL TOKEN MANAGEMENT

FDM uses a best practice hot wallet and cold wallet standard solution for the custody of virtual assets. The firm aims to maintain sufficient virtual assets in the hot wallet to cover two days of trading activities, which means only a small proportion of assets held are exposed to the internet, the remaining assets are stored offline. The 2-day trading figure is continuously monitored and if the hot wallet exceeds this amount, it will overflow into the cold wallet. If the figure drops below the 2-day trading figure, the hot wallet will be topped up from the cold wallet.

The firm utilises a multi-sig signature process (2/3) to move funds between the hot and cold wallets.

PRIVATE KEY MANAGEMENT

The key protocols FDM will implement for the management of private keys will include -

- utilising a multi-signature process (2/3) for hot and cold wallet storage and transfers;
- ensuring keys/seeds are created by FDM and are generated using a random process;
- implementing multi-sig arrangements to ensure there is no single point of failure or reliance on a single party to initiate transactions;
- ensure redundant keys are assigned;
- where possible, ensure multi-sig keys are distributed in different geographical locations and different organisational entities;
- where possible, storing back-up keys in different geographical locations and different organisational entities;
- transactions will be signed in a fully offline environment and only broadcast to the network when required;
- having strong physical measures in place to protect keys held offline;
- requiring signatories to undergo background checks, to ensure they are fit and proper; and
- implementing a key compromise protocol.

RECORD KEEPING

FDM will securely store all customer asset records during the business relationship with a customer for a minimum of 5 years, following termination of a business relationship. The records will be kept in a manner and format that is accessible, retrievable and provides a clear audit trail to enable our auditors to sign off on our financial statements and our systems and controls.

Document History		
Date	Version	Description
August 2021	v1.0	N/A.

Confidentiality

All information contained in this document shall be kept in confidence. No part of this document is to be altered or copied without the written agreement of FDM Digital Markets Limited (**FDM**). None of this information shall be divulged to persons other than to authorised employees and contractors of FDM on a need to know basis. The release of this document to other parties must be authorised by FDM, and only once an NDA has been signed with that party.

Review & Approvals

This document requires review and approval as it may be released to third parties as part of FDM's planning and decision management process. The following representatives of FDM have approved this document:

Name	Title	Date Approved
Ryan Salame	CEO	24 August 2021

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

**IN THE MATTER OF the Digital Assets and
Registered Exchanges Act, 2020 (as amended)**

**AND IN THE MATTER OF
FTX DIGITAL MARKETS LTD.**
(A Registered Digital Asset Business)

**AND IN THE MATTER OF the
Companies (Winding Up Amendment) Act, 2011**

FIFTH AFFIDAVIT OF BRIAN SIMMS KC

2022
COM/com/00060

LENNOX PATON
Chambers
No. 3 Bayside Executive Park
Blake Road and West Bay Street
Nassau, New Providence
The Bahamas
Attorneys for the Joint Provisional Liquidators

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

**IN THE MATTER OF the Digital Assets and
Registered Exchanges Act, 2020 (as amended)**

**AND IN THE MATTER OF
FTX DIGITAL MARKETS LTD.
(A Registered Digital Asset Business)**

**AND IN THE MATTER OF the
Companies (Winding Up Amendment) Act, 2011**

FOURTH AFFIDAVIT OF BRIAN SIMMS KC

2022
COM/com/00060

LENNOX PATON
Chambers
No. 3 Bayside Executive Park
Blake Road and West Bay Street
Nassau, New Providence
The Bahamas
Attorneys for the Joint Provisional Liquidators