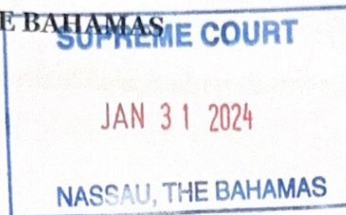


COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
COMMERCIAL DIVISION



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)

ORDER OF SANCTION

Before His Lordship, the Honourable Mr. Justice Klein

Dated the 22nd day of January, A.D. 2024

UPON THE APPLICATION by Summons filed herein on 11th January 2024 on behalf of the Joint Official Liquidators ("**the JPLs**") of FTX Digital Markets Ltd. ("**FTX DM**") and FTX DM.

AND UPON HEARING Mrs. Sophia T. Rolle-Kapousouzoglou with Miss. Vonisha Rolle of Counsel for the JOLs and FTX DM, Mr. Robert Adams, KC with Mr. Edward Marshall II of Counsel for Securities Commission of The Bahamas, Mr. Jason T. Maynard with Mr. Colin A. Jupp and Mrs. Tamika Pinder of Counsel for FTX Trading Ltd. ("**FTX Trading**") and its affiliated debtors and debtors-in-possession ("**the Debtors**") as identified in the GSA as defined further below and for Mr. Kurt Knipp the Foreign Representative of seven (7) of the Debtors.

AND UPON reading the Fifth Affidavit of Mr. Brian Simms KC filed herein on 12th January 2024 and the First Affidavit of Luke Andrew Raymond Groth filed herein on 12th January 2024.

IT IS HEREBY DECLARED AND ORDERED that: -

1. Pursuant to the Companies Act, Section 205(3) and the Fourth Schedule, Part I, paragraphs 3 to 9, this Honourable Court sanctions the exercise of the JOLs' powers to cause FTX DM to enter into and perform its obligations under, the Global Settlement Agreement dated 19th December 2023 ("**the GSA**") and the agreements ancillary thereto, namely the (i) Exclusive Sales Agency Agreement dated 19th December 2023; (ii) the Loan Agreement dated 19th December 2023; (iii) the Deed of Assignment dated 19th December 2023; (iv) the Declaration of Trust dated 19th December 2023; (v) the Deed of Indemnity dated 20th December 2023.
2. Without prejudice to the generality of the order of sanction in paragraph 1 above, this Honourable Court, pursuant to the Companies Act, Section 205(3) and the Fourth Schedule, Part I, sanctions the exercise by the JOLs of the following powers:
 - (1) Pursuant to paragraph 3, Part I, the JOLs' power to dispose of property of FTX DM (on the terms as provided by the GSA) to FTX Trading Ltd. ("**FTX Trading**") and its affiliated debtors and debtors-in-possession ("**the Debtors**") as identified in the GSA.
 - (2) Pursuant to paragraph 4, of Part I, the JOLs' power to pay certain creditors (other than customers) of FTX DM with distributions from the *DM Non-Customer Claims Pool* (as that italicised term is defined in the GSA) of US\$15 million.
 - (3) Pursuant to paragraphs 5 and 6 of Part I, the JOLs' power to compromise (in the terms of the GSA) the claims made by Alameda Research LLC, Alameda Research Ltd., FTX Trading Ltd., West Realm Shires Inc and West Realm Shires Services Ltd., ("**the Adversary Proceeding Plaintiffs**") against FTX DM and the

claims and counterclaims made by FTX DM against all the Debtors (including the Adversary Proceeding Plaintiffs) in the *Adversary Proceeding* (as that italicised term is defined in the GSA) in the United States Bankruptcy Court for the District of Delaware (“**the Bankruptcy Court**”).

- (4) Pursuant to paragraph 6 of Part I, the JOLs’ power to compromise (pursuant to the terms of the GSA) the claims of FTX DM against FTX Property Holdings Ltd. (“**Propco**”) and all other Debtors.
- (5) Pursuant to paragraph 7 of Part I, the JOLs’ power to deal with the following issues in the GSA in the following manner relating to or affecting the assets or the winding up of FTX DM, specifically:
 - a. The exercise of the JOLs’ power in causing FTX DM, on the terms of the GSA, to discharge the debt, liability or claim that FTX DM claims it has against the Debtors.
 - b. The exercise of the JOLs’ power to effect a form of pooling of the assets of FTX DM and the Debtors as provided for in the GSA and for the JOLs to make distributions from the pool to customers of FTX DM who elect to prove in the official liquidation of FTX DM.
 - c. The exercise of the JOLs’ power to impose a valuation date for customers’ and creditors’ claims of 11th November 2022 rather than the date of the winding-up order made by this Honourable Court on 10th November 2023 in respect of FTX DM.
 - d. The exercise of the JOLs’ power to impose a final *Bahamas Bar Date* (as that italicised term is defined in the GSA) of 15th May 2024 for creditors and customers wishing to prove in the official liquidation.
 - e. The exercise of the JOLs’ power not to admit to proof any *DM Customer Entitlement Claim* that has not *Commenced KYC* by the *KYC Cut-off Date* (as those italicised terms are defined in the GSA).
 - f. The exercise of the JOLs’ power to value at zero claims by customers to FTT digital assets and to have their claims treated as *DM Excess Claims*

(as that italicised term is defined in the GSA) in accordance with the provisions of the GSA.

- g. The exercise of the JOLs' power, at the request of the Debtors, to permit customers holding *DM Customer Entitlement Claims* to receive distributions on a digital currency exchange operated by any buyer of the *FTX.com Exchange* (as those italicised terms are defined in the GSA).
- h. The exercise of the JOLs' power to exclude certain parties from proving in the official liquidation.
- i. The exercise of the JOLs' power to exclude certain categories of claim from proof in the official liquidation.
- j. The exercise of the JOLs' power to agree to a dispute resolution protocol pursuant to the terms of the GSA, including a procedure involving the concurrent jurisdiction of the Bankruptcy Court and this Honourable Court, which is consistent with the Judicial Insolvency Network's Guidelines for Communication and Cooperation between Courts in Cross-Border Matters.

(6) If, and to the extent that the properties in the name of Propco are, in fact, property of FTX DM, the exercise of the JOLs' power pursuant to paragraph 8 of Part I to cause FTX DM to acquiesce in the sale by Propco of any and all of those properties and for the proceeds of sale to be dealt with in accordance with the terms of the GSA.

(7) Pursuant to paragraph 9 of Part I, the exercise of the JOLs' power to cause FTX DM to borrow money on the terms of the Loan Agreement dated 19th December 2023 in the sum of US\$45 million.

3. In so far as assets of FTX DM may have been held on trust for customers of FTX DM, pursuant to the Trustee Act 1998, Sections 77, 79 and 79A and/or the inherent jurisdiction of this Honourable Court, FTX DM, acting by its JOLs, may distribute such assets pursuant to the terms of the GSA to customers who elect to prove in the official liquidation of FTX DM.

4. Pursuant to the Trustee Act, 1998 Section 73, the JOLs and FTX DM are hereby relieved from any personal liability insofar as the JOLs may have caused FTX DM to commit any breach of trust in causing FTX DM to enter into the GSA and/or making distributions to customers who elect to prove in the official liquidation of FTX DM, such relief is hereby granted on the ground that the JOLs and FTX DM have at all times acted honestly and reasonably and ought fairly to be excused for any breach of trust that they may have committed in connection with the entry into the GSA or making distributions to customers in accordance with the GSA.

AND IT IS FURTHER ORDERED that:

5. The JOLs have liberty to withdraw the Directions Application issued on 15th March 2023.
6. Pursuant to the Companies Liquidation Rules 2012, O.8, r.2(1) there be an extension to the statutory ninety (90) day deadline for holding the First Creditors Meeting to 15th March 2024.
7. The costs of and occasioned by this Summons be paid out of the assets of the FTX DM and/or any assets that may be trust assets.

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 Joint Official Liquidators of FTX Digital Markets Ltd. (In Official Liquidation)

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 OF SANCTION

2022
COM/com/00060

Lennox Paton
LENNOX PATON

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

*Attorneys for the Joint Official Liquidators of FTX Digital
Markets Ltd. ('In Official Liquidation')*