

# FTX Digital Markets Ltd. (In Official Liquidation)

LENNOX PATON CORPORATE SERVICES LIMITED, BAYSIDE EXECUTIVE PARK, BUILDING 3, WEST BAY STREET & BLAKE ROAD, P.O. BOX N-4875

NASSAU, N.P., THE BAHAMAS

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## Notice to creditors to prove debt

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The Joint Official Liquidators (“JOLs”) of FTX Digital Markets Ltd (In Official Liquidation) (“FTX Digital”) are inviting customers and non-customer creditors to prove their debt in the FTX Digital liquidation via the FTX Digital Claim Portal available at this link (<https://digitalmarketsclaim.pwc.com>). A notice inviting creditors to submit a formal proof of debt or claim is attached to this email.

This email includes information relating to the following:

1. Who should submit a claim?
2. How do I submit my claim?
3. How is the FTX Digital liquidation different from the FTX Chapter 11 bankruptcy? Why are there separate bankruptcy and liquidation processes?
4. I am a customer of FTX and I logged on to the FTX.com platform to deposit fiat or cryptocurrency and trade on the exchange. I am owed money, which process should I make a claim in?
5. Does anything prevent me from making a claim in multiple estates?
6. Should I opt into the Bahamas process or the US process?
7. What are the key differences between the Bahamas process and the US process?
8. What are the next steps in the process?
9. Who can I contact if I have further questions?
10. How can I confirm this email is legitimate?

### 1. Who should submit a claim?

All customers of FTX.com or “FTX International”, bar a few exclusions set out below, may claim against FTX Digital and are welcome to submit a claim.

Non-customer creditors should also register their details if FTX Digital is indebted to them, the JOLs will be in contact with next steps for non-customer creditors to submit their claim against FTX Digital.

Customers of FTX.US are not eligible to submit a claim against FTX Digital.

### 2. How do I submit my claim?

The JOLs have just launched the FTX Digital Claim Portal for the purpose of inviting eligible customers and non-customer creditors to submit their claim in the FTX Digital liquidation. Through this portal, you will be able to view the balance in your FTX.com customer account (according to the JOLs records) and lodge an electronic claim in the FTX Digital liquidation (the “Bahamas process”). Only customers and non-customer creditors who lodge an electronic claim by the stipulated deadline of 15 May 2024 (the “Claim Bar Date”) will be eligible to

receive a distribution in the Bahamas process (subject to such claim being admitted for the purpose of receiving a distribution).

You will be required to complete the following steps in order to register your claim:

1. **Account registration** - register an account to log in to the portal;
2. **Link your FTX account** - Link your FTX customer account to view your balance information per the JOLs records; and
3. **Balance acceptance** - accept or dispute your balance:
  - If you accept your balance, a Proof of Debt will be auto populated with the amount listed for customers to review and submit;
  - If you dispute your balance, you will be required to provide additional information on the reasons for disputing the JOLs record balance and provide supporting documentation. The JOLs will then consider and determine whether to admit or reject your claim accordingly.

Please note, non-customer creditors will be dealt with manually and therefore will only be required to complete Step 1 (Account registration). The JOLs will be in contact with next steps to allow them to submit their claims.

The JOLs have released a claims portal user guide, which can be found [here](#), to assist customers and non-customer creditors to use the portal.

The FTX Digital Claim Portal is being administered by PwC on behalf of the JOLs and can be validated via PwC's case website (<https://www.pwc.com/FTX>). If you do not trust this email, please navigate to this page via the main PwC global website and review the relevant documents including, but not limited to, the official court orders.

### **3. How is the FTX Digital liquidation different from the FTX Chapter 11 bankruptcy? Why are there separate bankruptcy and liquidation processes?**

The FTX group operated globally trading with more than one hundred entities. The FTX Digital liquidation is the Court-mandated process for the orderly liquidation of the FTX Digital operation and legal entity business in the Bahamas. In addition to the liquidation of FTX Digital and the US Chapter 11 bankruptcy process, there are separate winding up processes for FTX Australia, FTX Japan, FTX Turkey and FTX EU which are driven by the regulators in each of those territories taking separate action to wind up the FTX group on behalf of customers and creditors.

### **4. I am a customer of FTX International and I logged on to the FTX.com platform to deposit fiat or cryptocurrency and trade on the exchange. I am owed money, which process should I make a claim in?**

Due to the poor internal record keeping and governance structure of the FTX group, there is not a clear perimeter between the assets and liabilities of FTX Digital, which is subject to an Official Liquidation process in the Bahamas, and FTX Trading Ltd, which is subject to a US Chapter 11 bankruptcy process.

Following extensive review and analysis, the JOLs of FTX Digital and FTX Trading Ltd and affiliates (the "US Chapter 11 Debtors") have concluded that the assets and liabilities of the estate are so hopelessly commingled that they should be consolidated (in the case of the US Chapter 11 Debtors) and/or pooled (in the case of FTX Digital with that of the rest of the FTX group) for the purpose of realising assets and then returning money to customers.

The JOLs and the US Chapter 11 Debtors have entered into an arrangement (the "Global Settlement Agreement") to pool assets and liabilities from both estates. Under the Global Settlement Agreement, for the purposes of making distributions to all customers of FTX.com or "FTX International," the US Chapter 11 Debtors and FTX Digital will pool assets and coordinate the establishment of reserves and the timing and amount of distributions, in order to ensure that FTX.com customers in both the FTX Digital liquidation and the FTX Chapter 11 bankruptcy receive substantially similar relative distributions at substantially similar times. Customers can lodge a claim either in the "US process" (via the Kroll Claim Portal) or in the "Bahamas process" (via the FTX Digital Claim Portal). If a customer is entitled to a dividend, they will receive substantially the same return at the same time irrespective of whichever process they make a claim in.

The FTX Digital Claim Portal, under the Bahamas process, has been designed to enable creditors to view the balance of their holdings on the FTX.com trading platform, alongside the calculated claim values (at an 11 November 2022 reference date) and to lodge an electronic Proof of Debt form in one place. Furthermore, the FTX Digital Claim Portal has been designed to enable the transfer of claims between original customers and claim purchasers.

If you are a customer in Australia, Europe, Turkey or Japan you may be dealt with under one of the separate processes outlined above. However, if in doubt, we welcome you to make a claim in the Bahamas process and the JOLs will consider your claim.

#### **5. Does anything prevent me from making a claim in multiple processes/estates?**

No, nothing prevents you from making a claim in multiple processes. However, creditors will only be paid a distribution from one of those processes with a procedure agreed for customers to elect which process they wish to follow. Those customers of FTX.com who have or will make a claim in both the US process and the Bahamas process will have the ability to formally elect to opt in to one or the other prior to the Claim Bar Date of 15 May 2024. For any customers who have already submitted a claim in the US process but want to make a claim in the Bahamas process, you must positively opt in to the Bahamas process via either by submitting a Proof of Debt in the FTX Digital liquidation or making the election to opt into the Bahamas process by selecting the appropriate box in the voting process for the Chapter 11 process that will commence in the United States in due course in order to participate in the Bahamas process.

#### **6. Should I opt into the Bahamas process or the US process?**

You may opt into either and will receive substantially the same level of distributions at the same time (it is expected that distributions should be identical in either process). The Customer Claim Bar Date for the US process passed on 29 September 2023, and for some, on 26 February 2023. This means that in the US Process, if any customer that disagreed with the amount scheduled in the US Chapter 11 Debtors' schedules and did not file a proof of claim in the US Process by that applicable date, it may now be too late to do so.

The Claim Bar Date for the Bahamas process is 15 May 2024, meaning any customer or non-customer creditor who wishes to file a Proof of Debt may still do so up to that date.

#### **7. What are the key differences between the Bahamas process and the US process?**

You may opt into either process and will receive substantially the same level of distributions at the same time. However, there are some key differences. As mentioned above, the Customer Claim Bar Date in the US process closed on 29 September 2023, whilst the Claim Bar Date in the Bahamas process remains open until 15 May 2024.

The US process will compromise (i.e. not pay) customers who have "de minimis" claims (i.e. small claims). This is because the cost of distributing to these customers will exceed the value of distributions to be made. The JOLs, however, are obligated under Bahamian law to distribute to the dollar on every eligible claim, irrespective of size. The de minimis level set in the US process is \$10.00.

#### **8. What are the next steps in the process?**

Claims against FTX Digital will undergo a formal adjudication process in which further supporting evidence might be requested to substantiate the position, taken by customers with respect to their proof, and creditors will be notified thereafter whether their claim has been admitted for the purpose of dividend or rejected.

The JOLs will also be running a Know-Your-Customer ("KYC") / Anti-Money Laundering process. Customers and non-customer creditors will be required to submit appropriate documentation to assist with this process and they will only receive distributions after the KYC process is completed.

Payment of the first interim distribution is then expected to be made in late 2024 or early 2025. The JOLs will provide further information on additional distributions in due course.

#### **9. Who can I contact if I have further questions?**

We have listed some key frequently asked questions below, additional questions are included on the case website at <https://pwc.com/ftx> which includes an [FAQ section for customers and claimants](#).

If you have additional questions which you believe are not addressed by the FAQ section or the user guide, please contact the JOLs' liquidation team at [gbl\\_fdm\\_creditors@pwc.com](mailto:gbl_fdm_creditors@pwc.com). Please do not respond to this email as this mailbox is not monitored.

#### **10. How can I confirm this email is legitimate?**

We understand that customers and non-customer creditors may have concerns about the authenticity of this email, related website and communications. The official Court order confirming the JOLs appointment and powers can be found on the PwC case website at <https://pwc.com/ftx>. If you are concerned about the authenticity of this email, please refer to this webpage. The [FAQ section for customers and claimants](#) also includes reference to the two email addresses we use to email customers and non-customer creditors.

**COMMONWEALTH OF THE BAHAMAS**

**2022/COM/com/00060**

**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 the Companies (Winding Up Amendment) Act, 2011**

**AND IN THE MATTER OF FTX DIGITAL MARKETS LTD. (In Official Liquidation)**

**(A Registered Digital Asset Business)(the “Company”)**

**NOTICE TO CREDITORS TO PROVE DEBT**

TAKE NOTICE that pursuant to Order 16 of the Companies Liquidation Rules 2012 and the Order of Sanction granted by the Supreme Court of the Bahamas on 22 January 2024, customers and non-customer creditors of the Company are required on or before 15 May 2024 to send in their names, contact details, full particulars of their debts or claims, and the names and addresses of their representatives (if any) to the Joint Official Liquidators of the Company (“JOLs”) on the JOLs case website (<https://digitalmarketsclaim.pwc.com>), or in default thereof, they will be excluded from the benefit of any distribution.

Dated this 27th day of February 2024

Brian C. Simms KC

Kevin G. Cambridge

Peter Greaves

Joint Official Liquidator

Joint Official Liquidator

Joint Official Liquidator

**-Ends-**