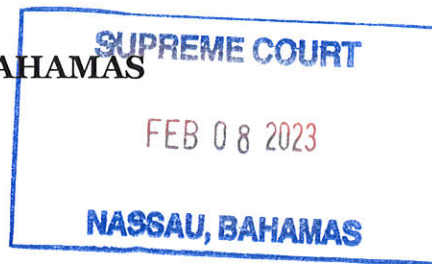


COMMONWEALTH OF THE BAHAMAS

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. (In Provisional
Liquidation)
(A Registered Digital Asset Business)

**SEVENTH AFFIDAVIT OF KEVIN CAMBRIDGE
(1st Joint Provisional Liquidators' Interim Report)**

I, **KEVIN CAMBRIDGE**, of 2 Bayside Executive Park, West Bay Street and Blake Road, Nassau, N.P., The Bahamas make Oath and Say as follows:

1. That I am a Partner of PricewaterhouseCoopers Advisory (Bahamas) Limited ("**PwC Bahamas**"), having its place of business at 2 Bayside Executive Park, Nassau, N.P., The Bahamas.
2. By Court Orders dated 10 and 14 November 2022, I, along with Mr. Brian Simms KC of Messrs. Lennox Paton and Mr. Peter Greaves of PricewaterhouseCoopers Limited (a Hong Kong incorporated entity) were appointed to act as the Joint Provisional Liquidators ("**the JPLs**") of FTX Digital Markets Ltd. (In Provisional Liquidation) ("**FTX Digital**"). I am duly authorized to make this Affidavit on behalf of FTX Digital.
3. Unless otherwise stated the facts and matters deposed hereto are within my knowledge and are true. 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.

4. This Affidavit is made for the purpose of exhibiting the First Interim Report of the JPLs in the provisional liquidation of FTX Digital in order to apprise this Honourable Court with the progress made and the current circumstances of FTX Digital. The facts set out therein are true and correct to the best of my knowledge and belief.
5. There is now produced and shown to me marked, “**KC-1**” a full and true copy of the First Interim Report of the JPLs dated 8th February, 2023.

SWORN TO before me this 8th)
day of February, 2023 at)
New Providence, 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. (In Provisional
Liquidation)
(A Registered Digital Asset Business)**

CERTIFICATE

I hereby certify that the attached is a true copy of **Exhibit “KC-1”** referred to in the Seventh Affidavit of Kevin Cambridge sworn before me this **8th day of February 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

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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.

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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

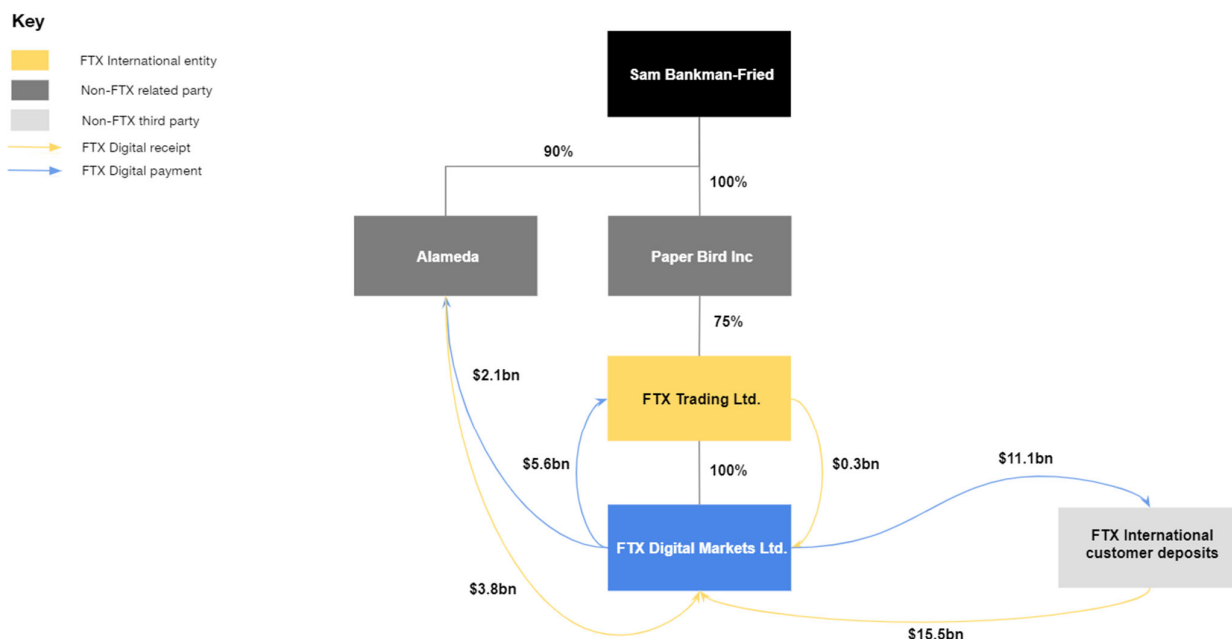
FTX Digital operated several bank accounts through which customers' deposits or withdrawals from the FTX International Platform were settled. The bank accounts each appear to have served a different purpose relating to customer deposits or withdrawals linked to FTX International Platform code changes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

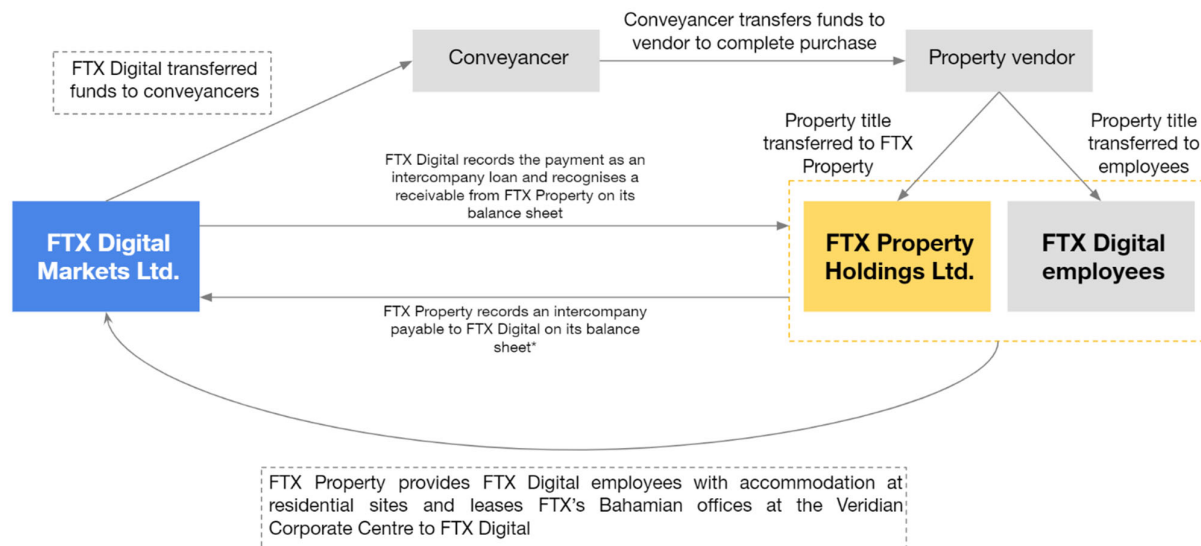
Upon appointment, the JPLs took steps to identify the portfolio of FTX Group properties located in The Bahamas (the “Properties”), identifying 52 in number. Most of the Properties are titled in the name of FTX Property but were funded directly by FTX Digital and recorded on FTX Digital's balance sheet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

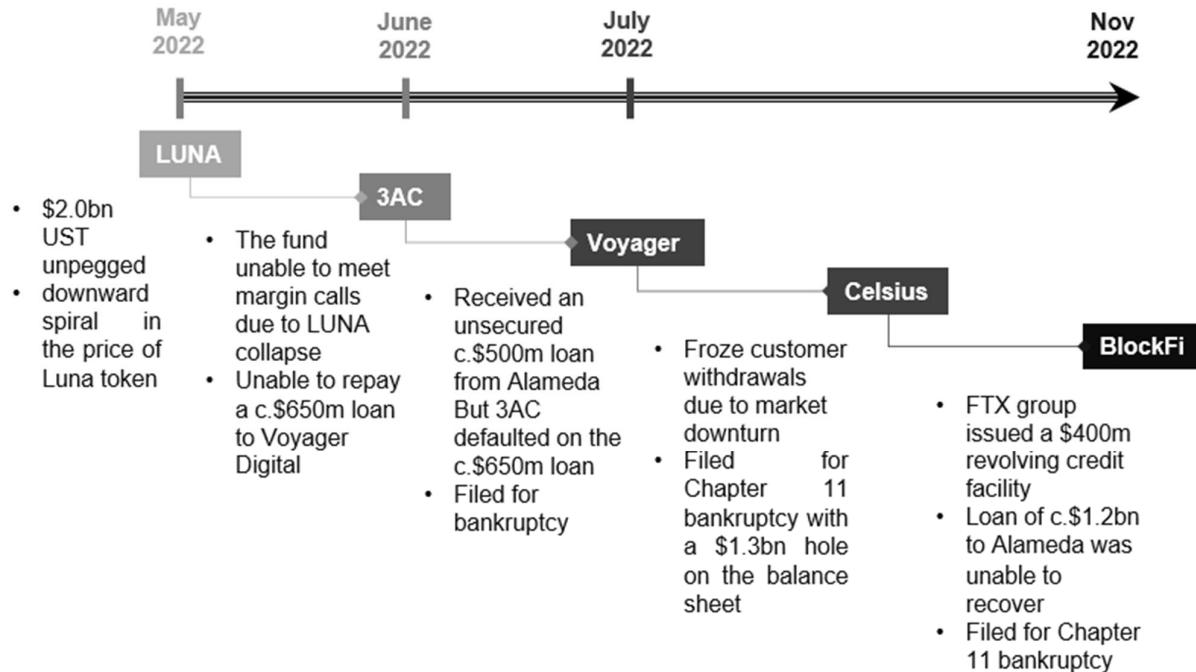
Term/Abbreviation	Description
3AC	Three Arrows Capital
Affiliates	In relation to a party, any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such party. A person shall be deemed to control another person if such person 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: • 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

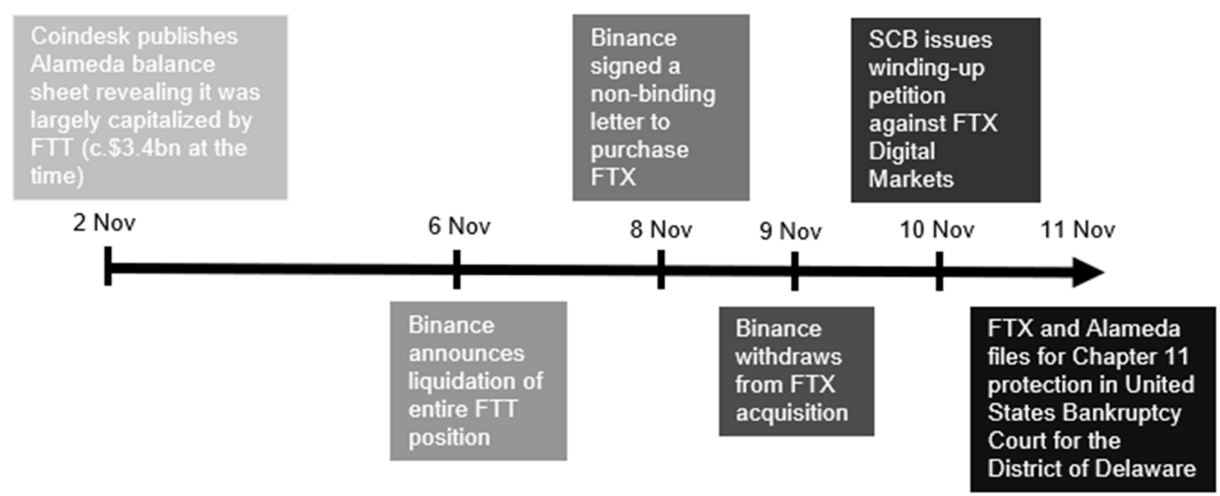
Appendix II - Notable events

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

**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 Provisional Liquidation)
(A Registered Digital Asset Business)**

**SEVENTH AFFIDAVIT
OF
KEVIN CAMBRIDGE
(1st Joint Provisional Liquidators'
Interim Report)**

2022
COM/com/00060



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