

Convenience Class - Frequently Asked Questions

November 2024



Basis of preparation & disclaimers

This document has been prepared by the Joint Official Liquidators ("JOLs") of FTX Digital Markets Ltd. (In Official Liquidation) ("the Company", "FTX Digital" or "FTX DM") for the purpose of providing customers with information and instructions regarding Convenience Class election in the FTX Digital liquidation ("the Bahamas Process").

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Convenience class selection

What is the Convenience Class?

In the Bahamas Process, customers with reconciled claim values of US\$50,000 or under (per claim) will be classified under a “Convenience Class” and receive payment with interest within 60 days of the effective date of the Plan of Reorganisation, subject to completion of KYC, submission of tax forms and provision of the necessary distribution elections. These customers will receive a one time, full and final distribution.

Customers who are not in the Convenience Class (i.e., customers with adjudicated claim values greater than US\$50,000 who do not opt into the Convenience Class) are expected to receive distributions over a longer period but are likely to recover a greater amount from Post Petition Interest and Supplemental Remission Fund proceeds.

What is the expected difference in timing between the Convenience Class and Non-Convenience Class?

The Joint Official Liquidators expect to make a first and final distribution to Convenience Class customers in Q1 2025.

The timing of the distribution to Non-Convenience Class customers is currently unknown but these customers are expected to receive distributions over a longer period (on a schedule to be determined), driven by the activities necessary to efficiently liquidate remaining assets and wind up the estates.

What is the expected difference in distribution amount between the Convenience Class and Non-Convenience Class?

The exact amount of the full and final distribution to Convenience Class customers depends on the date upon which the claims can be settled but is currently estimated to amount to approximately 119% of the reconciled claim value which is equivalent to:

1. 100% of their reconciled claim value based on the conversion rates as at 11 November 2022 approved by the Bahamas Court; and
2. An amount representing Post Petition Interest of 9.0% per annum on the reconciled claim value from the reference date of 11 November 2022 through the applicable distribution date.

Customers who are not in the Convenience Class (i.e., customers with agreed claims greater than US\$50,000 who do not opt into the Convenience Class) are currently estimated to receive an amount representing approximately 129-143% of the reconciled claim value which is equivalent to:

1. 100% of their reconciled claim value based on the conversion rate as at 11 November 2022 approved by the Bahamas Court;
2. An amount representing Post Petition Interest of 9.0% per annum on the reconciled claim value from the reference date of 11 November 2022 through the applicable distribution date; and
3. A share of any proceeds from the Supplemental Remission Fund as defined in the Plan of Reorganisation.

Why can't I change my Convenience Class election to “Opted Out”?

Customers with claim values of US\$50,000 or less (per account) will not have the option to opt out of the Convenience Class and therefore the FTX Digital Claim Portal will automatically show “Opted In” for these customers.

My claim is more than US\$50,000, what happens if I elect to Opt-in to the Convenience Class?

Customers with claims over US\$50,000 (per account) who opt into the Convenience Class agree to have their claim capped at US\$50,000 for that specific claim.

For example, if a customer whose account balance is US\$60,000 opts into the Convenience Class, they agree to cap their claim at US\$50,000 and therefore agree to forgo US\$10,000 from their claim value. That customers will still receive Post Petition Interest in respect of that claim, and if the dividend rate is finalised at 119%, would receive a full and final dividend settlement of US\$59,500.

How do I elect to Opt-in to the Convenience Class?

Customers can access the “Convenience Class Selection” section from the “Payment Instruction Dashboard” of the FTX Digital Claim Portal. To make a Convenience Class election (for customers with adjudicated balances greater than US\$50,000) the customer will need to select either:

- Option 1: DO NOT PARTICIPATE IN THE CONVENIENCE CLASS; or
- Option 2: PARTICIPATE IN THE CONVENIENCE CLASS

Customers will be required to draw their signature to confirm their decision and that they have read the FTX Digital Convenience Class FAQ (this document).

When do I have to make my Convenience Class election?

The JOLs will write to customers to advise them when the deadline is to make their Convenience Class election. We expect this to be around early January 2025.

What if I do not make my Convenience Class election before the deadline?

If you do not make your Convenience Class election before the deadline and your claim is greater than US\$50,000 you will be deemed to have not opted into the Convenience Class.

Customers who have claims under US\$50,000 do not have a choice to opt out of the Convenience Class.

Is the US\$50,000 amount for the Convenience Class before or after interest and any proceeds from the Supplemental Remission Fund?

The US\$50,000 is based on the adjudicated claim amount before Post Petition Interest.

Why is my Convenience Class selection showing as not open?

The Convenience Class selection will open for customers after their claim has been adjudicated.

Can I change my Convenience Class selection after making it?

You can change your Convenience Class selection through the FTX Digital Claim Portal up to the deadline.

Thank you
