



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 Act

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

SECOND AFFIDAVIT OF KEATH SMITH
(Supplemental Affidavit – Notice to Creditors of Bahamas Bar Date)

I, **KEATH SMITH**, of the Western District of the Island of New Providence, one of the Islands of the Commonwealth of The Bahamas, Make Oath and Say as follows:

1. That I am an Associate at the law firm of Messrs. Lennox Paton (“**LXP**”), the Attorneys for the Joint Official Liquidators (“**JOLs**”) of FTX Digital Markets (“**FTX DM**” or “**the Company**”), and I am duly authorized to make this Affidavit on behalf of the JOLs.
2. I make this Affidavit from my review of the files in this matter, and from information supplied to me by Sophia T. Rolle-Kapousouzoglou, Sebastian Masnyk, and Vonisha Rolle who have carriage of this matter on behalf of the JOLs. Unless otherwise stated, the facts and matters deposed hereto are within my knowledge and are true. Where matters deposed hereto are not within my knowledge, they are derived from the sources which I identify and are true to the best of my information and belief.
3. This Affidavit is made with reference to the 5th Affidavit of Brian C Simms KC (“**the 5th Simms Affidavit**”), filed on 12 January 2024, and the 6th Affidavit of Brian C Simms KC exhibited to the Affidavit of Keath Smith filed 15th August, 2024.

4. There is now produced and shown to me marked “**KS-1**” a paginated bundle of documents to which I shall refer in the course of my Affidavit. References to page numbers in the Affidavit are references to page numbers in the said paginated bundle unless otherwise stated.
5. Unless otherwise stated, the abbreviations, nomenclatures and definitions as set out in the 5th Simms Affidavit are adopted herein.

Background

6. By a summons (“**the GSA Approval Summons**”) filed on 11 January 2024 on behalf of the JOLs, the JOLs sought the approval of this Honourable Court of the Global Settlement Agreement (“**GSA**”).
7. The 5th Simms Affidavit was made in support of the GSA Approval Summons.
8. By Order dated 22 January 2024 (“**the GSA Sanction Order**”), this Honourable Court approved the entry by the JOLs into the GSA, *inter alia*, and specifically, at paragraph 5(d) of the Order:

“The exercise of the JOLs’ power to impose a final Bahamas Bar Date (as that italicized term is defined in the GSA) of 15th May 2024 for creditors and customers wishing to prove in the official liquidation.”
9. The GSA Sanction Order is exhibited at pages **40-45** of the exhibit to the 6th Simms Affidavit.
10. By this Affidavit, I set out the steps taken by the JOLs to bring the Bahamas Bar Date, and the effect thereof, to the knowledge of all potential creditors of FTX DM.
11. The original Bahamas Bar Date was set as 15 May 2024, however, following continuing communication with the US Debtors, it became clear that it would be necessary to extend the Bahamas Bar Date to a date later than the May Bar Date. The Bahamas Bar Date was extended to 4:00pm prevailing Eastern Time on 16 August 2024 to align with the voting deadline in the US Chapter 11 Bankruptcy Proceedings.
12. Unless otherwise specified, where I refer to a document being published, I refer to the publication of that document on the PWC website dedicated to FTX DM, the address of

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

Bringing Notice to the Creditors of FTX DM

13. On or about 10 May 2024, a further communication was sent to creditors and also published (**see page 1**). This communication included the following statements:

“We last wrote to you around the end of March 2024 to update you on the progress of the liquidation of FTX Digital Markets Ltd (“FTX Digital”) in Official Liquidation (the “Bahamas process”).

We had initially set a bar date of 15 May 2024 for submitting Proof of Debt forms in the Bahamas process. The bar date is intended to represent the last date that customers of FTX.com (or “FTX International”) can lodge a claim and be eligible to participate in the Bahamas process.

The bar date will be extended to a date and time that is aligned with the voting deadline for creditors to approve a Chapter 11 reorganisation plan in the US process. Although a new bar date has not yet been fixed, the Joint Official Liquidators of FTX Digital expect the bar date to be towards the end of July, or early August giving customers at least a further 10-12 weeks to submit a claim in the Bahamas process.”

14. The latter two above paragraphs were repeated in a newspaper article by the Tribune on 17 May 2024, which appeared online and on the front page of their Business section (**see pages 2 - 6**).

15. On or about 12 June 2024, a further update was sent to creditors and published (**see page 7**). This update included the following statement:

*“For those customers who submitted a Proof of Debt claim in the Bahamas Process we will shortly be writing to you to confirm that you wish to continue to have your claim administered, processed, adjudicated and settled in the Bahamas. **For those customers who have not yet submitted a Proof of Debt claim in the Bahamas Process, you will be able to do so up to the claim bar date, currently anticipated to be mid August 2024.**”*

16. On 11 July 2024, PwC published a press release (see pages 8 - 10) on the PwC website which included the following:

“Any Dotcom Customer or other creditor choosing to pursue their claim in the Bahamas Process as opposed to the Chapter 11 proceedings in the US (the “US Process”) must do so before the Election Deadline of 4:00 PM Prevailing Eastern Time, 16 August 2024 (“Election Deadline”) in order to receive distributions in the Bahamas Process in respect of their claims.”

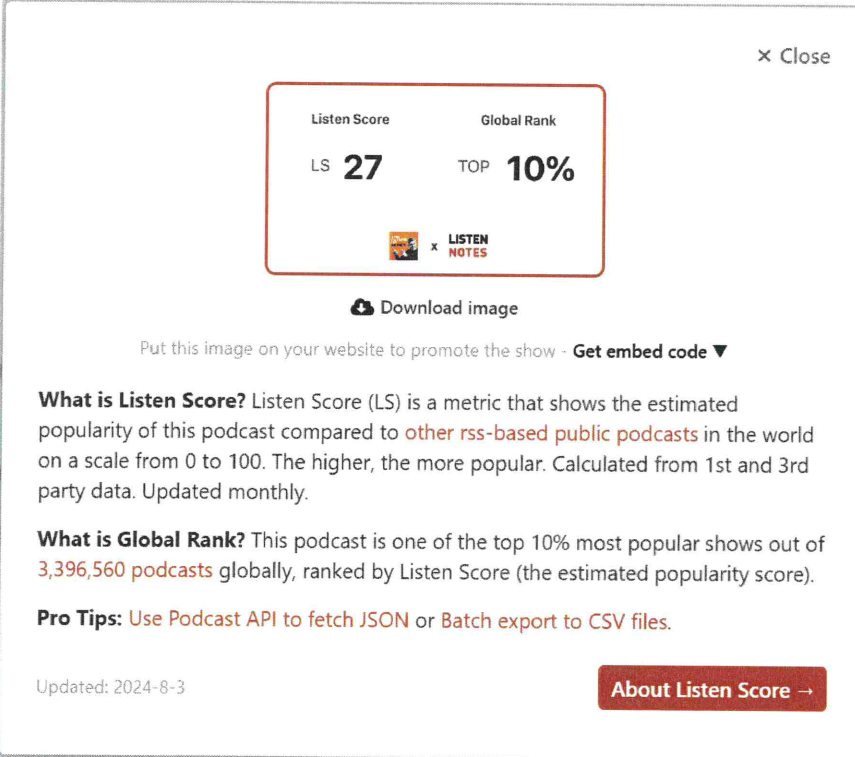
“In a joint statement, the Joint Official Liquidators of FTX Digital Markets, Peter Greaves and Kevin Cambridge of PwC and Brian Simms KC of Lennox Paton said:

*“We are delighted to invite all customers of FTX.com to elect to make their claims and receive distributions in the Bahamas Process. Distributions will be made on the same basis as in the US Process, with returns expected to be well in excess of 100% of balances outstanding at the date of insolvency. Constructive collaboration under the Global Settlement Agreement reached with the Chapter 11 Debtors has put the Liquidators in a position to drive this positive outcome which gives Dotcom Customers a choice of jurisdiction for their claims. The FTX Digital Claim Portal has a streamlined process for FTX.com customers to submit their claims and make their election. **If you have not already submitted a claim, there is still time to do so before the 16 August deadline.**”*

17. On or about 11 July 2024, an explanatory document was also published (see pages 11 - 23). The FTX Digital Markets Election Process Overview Document (“the EPO”) also referred expressly to the August Bar Date at paragraph 2.2 of the EPO:

“In the Bahamas Process, any customer or non-customer creditor who wishes to file an electronic Proof of Debt may still do so up to the proposed Bahamas bar date of 4:00PM Prevailing Eastern Time 16 August 2024 (“the Bahamas Bar Date”). The customer claim bar date for the US Process passed on 29 September 2023. As a result, customers who did not object to their scheduled claim amount in the US Process by that date may be barred from doing so.”

18. Mr. Greaves and Mr. Simms KC also appeared on a podcast with the host of “The Future of Money”, the episode is titled “Exclusive Interview with FTX Liquidators: A Behind-The-Scenes Look at the Latest in the FTX Restructuring Process” (see page 24 - 25).
19. The episode was uploaded to <https://www.listennotes.com/podcasts/the-future-of-money/exclusive-interview-with-ftx-xYmpUbPMINw/> on 2 August 2024. Commencing at 00:06:50 of that episode (the total duration of which is 00:35:40), Mr. Greaves and Mr. Simms explained the difference between the US Bar Date and the Bahamas Bar Date, emphasised the importance of submitting a claim before the Bahamas Bar Date, and that creditors are still able to dispute the value of their claim in the Bahamas Process. According to listennotes.com, this podcast is in the top 10% out of 3,396,560 podcasts globally:



The screenshot shows a Listen Notes interface with a red border. At the top right is a close button labeled 'x Close'. The main content is a white box with a red border containing the following information:

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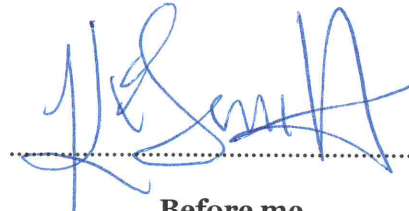
20. On or about 14 August 2024, FAQs (Frequently Asked Questions) were published (see page 26) which stated:

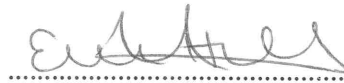
“What do I have to do before the Election Deadline?”

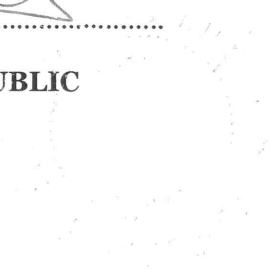
If you wish to claim in the Bahamas Process you need to complete the following steps before the Election Deadline of 4pm Prevaling Eastern Time 16 August 2024 through the FTX Digital Claim Portal

(link).: i. Submit a Proof of Debt in the Bahamas Process, and ii. Elect to have your claim processed in the Bahamas If you have not completed both steps above, any previous claim you have submitted in the Bahamas Process will be deemed incomplete and withdrawn. Customers who wish to participate in the US Process do not need to do anything in the Bahamas Process (assuming you have not already elected into the Bahamas Process, in which case you must change your election before the deadline).”

SWORN TO before me this)
16th day of August, A.D. 2024 at)
Nassau, N.P., The Bahamas)


.....
Before me,


.....
NOTARY PUBLIC



COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT
Commercial Division

2022
COM/com/00060

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

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

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

CERTIFICATE

I hereby certify that the attached are true copies of Exhibits "KS-1" referred to in the Second Affidavit of Keath Smith sworn before me this 16th day of August A.D., 2024.



NOTARY PUBLIC



FTX Digital Markets Ltd. (In Official Liquidation)

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

NASSAU, N.P., THE BAHAMAS

Dear customers and creditors of FTX Digital,

We last wrote to you around the end of March 2024 to update you on the progress of the liquidation of FTX Digital Markets Ltd ("FTX Digital") in Official Liquidation (the "Bahamas process").

We had initially set a bar date of 15 May 2024 for submitting Proof of Debt forms in the Bahamas process. The bar date is intended to represent the last date that customers of FTX.com (or "FTX International") can lodge a claim and be eligible to participate in the Bahamas process.

The bar date will be extended to a date and time that is aligned with the voting deadline for creditors to approve a Chapter 11 reorganisation plan in the US process. Although a new bar date has not yet been fixed, the Joint Official Liquidators of FTX Digital expect the bar date to be towards the end of July, or early August giving customers at least a further 10-12 weeks to submit a claim in the Bahamas process.

Customers of FTX.com (or "FTX International") may participate in either the Bahamas process or US process, but cannot participate in both. Customers will be sent disclosures in June setting out the implications of participating in either process and will have 6-8 weeks from the date that disclosures are issued to make their final elections. Although there may be some differences between the Bahamas process and the US process, customers are expected to receive the same distribution at the same point in time.

Customers can file a Proof of Debt form in the FTX Digital process by following this link (<https://digitalmarketsclaim.pwc.com>), or alternatively by navigating to the claim form from the PwC FTX Digital Markets case website (<https://www.pwc.com/FTX>).

Kind regards,

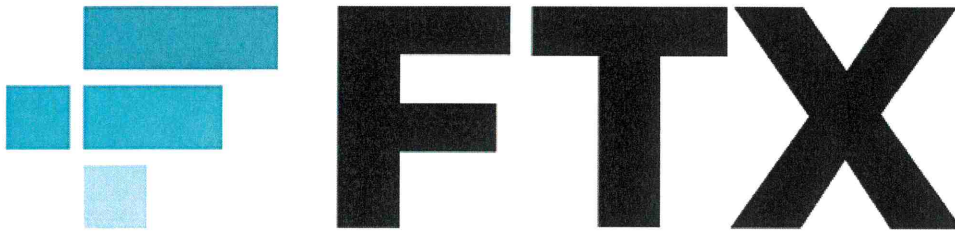
On behalf of the Joint Official Liquidators of FTX Digital Markets Ltd

The Tribune

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FTX Bahamas creditors given claims extension



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By NEIL HARTNELL

Tribune Business Editor

nhartnell@tribunemedia.net

FTX's Bahamian liquidators have told creditors that they will likely have an extra 10-12 weeks until at least end-July to submit proof of what the imploded crypto exchange owes them.

Brian Simms KC, the Lennox Paton senior partner, and Kevin Cambridge and Peter Greaves, the PricewaterhouseCoopers (PwC) accounting duo, confirmed in a letter to former investors and clients that the original May 15 deadline to submit claims - which expired on Wednesday - has been extended by at least two-and-a-half months.

"We had initially set a bar date of May 15, 2024, for submitting proof of debt forms in The Bahamas' process. The bar date is intended to represent the last date that customers of FTX.com (or FTX International) can lodge a claim and be eligible to participate in The Bahamas' process," the wrote.

"The bar date will be extended to a date and time that is aligned with the voting deadline for creditors to approve a Chapter 11 reorganisation plan in the US process. Although a new bar date has not yet been fixed, the joint official liquidators of FTX Digital Markets expect the bar date to be towards the end of July, or early August, giving customers at least a further 10-12 weeks to submit a claim in The Bahamas process."

The extension has been granted because John Ray, the FTX US chief in charge of 134 entities presently in Chapter 11 bankruptcy protection in Delaware, and his team have yet to obtain US court and investor/creditor approval of their reorganisation plan for the crypto exchange.

The cut-off period for accepting creditor claims in The Bahamas must be aligned with that of Mr Ray’s in the US under the terms of the global settlement agreement the latter concluded with the local liquidation trio.

Under the terms of that deal, both FTX’s Bahamian liquidators and Mr Ray are pooling all recovered assets into one giant pot that will be used to compensate creditors by the same amounts, terms and conditions regardless of whether they submit their claims locally or in the US. As a result, both sides have to closely co-ordinate the timing of their respective claims acceptance deadlines and payouts.

“Customers of FTX.com (or FTX International) may participate in either The Bahamas process or US process, but cannot participate in both. Customers will be sent disclosures in June setting out the implications of participating in either process and will have six to eight weeks from the date that disclosures are issued to make their final elections,” the Bahamian liquidation trio said.

“Although there may be some differences between The Bahamas process and the US process, customers are expected to receive the same distribution at the same point in time.” The Bahamian liquidators for FTX Digital Markets are also supporting the Chapter 11 reorganisation plan that will see the crypto exchange’s creditors and investors recover more than they are owed.

“The plan does more than return petition date value to creditors: It includes potential incremental recoveries to compensate creditors for the time value of their money trapped at the FTX group since the petition date [November 11, 2022]. Indeed, the debtors currently forecast that customers and digital asset loan creditors will recover between 118 percent and 142% percent of their petition date claim values,” Mr Ray revealed.

“The monetisation effort has been successful and the debtors currently expect to have approximately \$12.8bn in cash as of the expected effective date of the plan, enough to pay all non-governmental customers and creditors in full based on the petition date value of their claims, subject to the conditions and assumptions described in this disclosure statement.

“Now that the debtors have reached a situation where projected cash covers all non-governmental creditor claims, the debtors intend to continue to gradually monetise their remaining assets in order to maximise the amount available for payment of supplemental amounts to creditors.

“The debtors anticipate reducing all of these assets to cash opportunistically based on market prices and the timing of distributions, and certain assets may not be sold immediately but held for sale for some reasonable period of time based on the nature of the asset and market conditions.” FTX Digital Markets in The Bahamas was said to have almost 61,000 potential creditors.

FTX’s Bahamian liquidators previously asserted that the settlement with their US adversary “represents the best deal” possible given that lengthy legal battles would slash creditor recoveries “possibly to extinction”.

Mr Simms, in a January 12, 2024, affidavit filed with the Supreme Court alleged it was “extremely unlikely that more favourable terms could be achieved” with Mr Ray given that the Bahamian liquidation is in a “much weaker financial position” than their Chapter 11 counterpart.

While he and his fellow FTX Digital Markets liquidators have “repeatedly pushed back” against “unacceptable” offers by the FTX US chief, Mr Simms signalled that “limited assets” presently available to the trio would be exhausted by continuing their courtroom fight “with no end in sight”.

With the Bahamian trio controlling just 30 percent of the local subsidiary’s cash assets, due in large measure to the US Justice Department’s seizure of \$143.2m from its US accounts in late 2022, the Lennox Paton senior partner conceded that assets available to pay creditors would ultimately be exhausted by the legal sparring and they would have to seek litigation financing that comes with its own risks.

And customer and FTX group assets and liabilities are “so commingled” and “inextricably intertwined that it would be practically impossible”, in addition to creating enormous delays and costs, to try and “unravel” what belongs to which liquidation estate - The Bahamas or Delaware.

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With the Bahamian trio controlling just 30 percent of the local subsidiary's cash assets, due in large measure to the US Justice Department's seizure of \$143.2m from its US accounts in late 2022, the Lennox Paton senior partner conceded that assets available to pay creditors would ultimately be exhausted by the legal sparring and they would have to seek litigation financing that comes with its own risks.

And customer and FTX group assets and liabilities are "so commingled" and "inextricably intertwined that it would be practically impossible", in addition to creating enormous delays and costs, to try and "unravel" what belongs to which liquidation estate - The Bahamas or Delaware.

The creditors of FTX/Alameda got royally screwed by the unnecessary massive depletion of the FTX group assets by the Bahamas based liquidators. Millions of dollars in liquidators' fees and related other costs were squandered as a result of the Bahamas based liquidators' refusal to recognise early on that it was impossible to reconstruct accounting records that simply did not exist. The Bahamas based liquidators also should have recognised and accepted early on that their many turf skirmishes with John Ray were futile and only good for their pockets as opposed to the creditors at large of the FTX group.

The financially fattened Bahamas based liquidators are only now willing to throw in the towel because of their own exposure to the greatly increased risk of significant downside changes in both the real estate and crypto markets that could cause huge realised losses to the FTX group's estate. And of course the creditors would be justified in blaming the losses on the inordinate delay caused to the FTX group's liquidation process by the Bahamas based liquidators.

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Insurer eyes 'beyond Caribbean' expansion despite \$3m profit fall

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

A BAHAMIAN insurer yesterday revealed it is targeting expansion beyond the Caribbean after overcoming a more than \$3m net income drop as catastrophe costs "increased over 50 percent".

Anton Saunders, RoyalStar Assurance's managing director, told Tribune Business that The Bahamas' escape from the European Union's (EU) tax blacklist has enabled the property and casualty underwriter to resume "feasibility studies" on which Caribbean market it will enter next within the upcoming 18 months.

And he disclosed that the carrier has expansion "beyond the region in the back of our heads" as it seeks to further diversify its geographical risk, and exposure to hurricane loss perils by eliminating the "eggs in one basket" concern.

Mr Saunders told this newspaper that RoyalStar is "back

- RoyalStar 'back on plan' after blacklist escape
- Growth focus but catastrophe costs jump 50%
- 'Second worst' market ever behind Andrew

to our five-year strategic plan" after The Bahamas' delisting in February 2024 removed all threat that it could be cut-off from European reinsurance markets. However, this comes after the Bahamian underwriter saw its 2023 net income slump by more than 40 percent year-over-year, dropping from \$8.651m to \$5.169m.

However, a \$1,888m one-off gain on the revaluation of RoyalStar's land and buildings brought its total comprehensive income within range of prior year figures at \$7,058m - an 18.4 percent fall compared to 2022. While

reinsurance premium revenue rose by more than \$17m, or 17.6 percent, in rising from \$98.648m to \$116.019m, this was more than countered by rising reinsurance costs.

Bahamian insurers, due to their relatively thin capital bases, have to acquire huge amounts of reinsurance support on an annual basis to enable them to cover all property, auto and marine risks. Reinsurance-related and other expenses jumped to a combined \$11.5m in 2023, representing around a \$20m jump on the prior year's \$91.5m

As a result, gross insurance-related income fell year-over-year by 39.2 percent to \$4.344m compared to \$7.149m in 2022. Mr Saunders confirmed that, while margins had shrunk due to what he described as the toughest trading and reinsurance market for more than three decades since Hurricane Andrew struck in 1992, RoyalStar had not passed all these cost hikes on to consumers.

Not taking the ability of business and household clients to afford surging insurance premiums for granted, he added that the entire property and casualty industry is hoping for a "not devastating" 2024 hurricane season given the impact that multi-billion losses and claims payouts in the Caribbean and US could have for Bahamian coverage rates moving forward.

With the increase in top-line premiums and related expenses both driven by the higher prices demanded by reinsurers, Mr Saunders told

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MAB chief: Over half of doctors unsure hospital 'fiscally sound'

- Queries \$290m outlay when 'can't use what we have now'
- Consultation warning: 'No hospital without the physicians'
- Profession 'baffled' as left in dark; seeking minister meet

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

MORE than half of surveyed doctors feel the new \$290m hospital is not "fiscally sound", the Medical Association of The Bahamas (MAB) president said yesterday, as she warned: "There's no hospital without the physicians."

Dr Gemma Rolle, unveiling the initial feedback from Association members, told Tribune Business there were multiple unanswered questions over the proposed project including why the Government is investing hundreds of millions of dollars into "a brand new, state-of-the-art hospital when we cannot even utilise what we have now".

Pointing to current staff shortages at Princess Margaret Hospital (PMH), which mean only four of its seven combined operations and endoscopy rooms can be used at any one time, she challenged why the focus is being placed on the Perwall Tract plans when the public healthcare system is struggling to "optimise the time and space" it presently has for surgeries and operations.

Besides fixing the system's existing deficiencies, Dr Rolle told this newspaper that Medical Association of The Bahamas (MAB) members were "baffled" as to why the new hospital plans had been publicly disclosed prior to consultation with themselves and other healthcare professionals. They are now "eagerly awaiting" a promised meeting with Dr Michael Darville, minister of health and wellness.

Disclosing some of the initial responses to the 12 question-strong survey issued to MAB members, the Association president said of the 97 replies received to-date some 46 percent had said they were "confused" and thought "resources should be directed to optimising the current hospital system".

This came in response to a question where doctors were asked to state their feelings on

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Pharmacist chief hits out on 'catastrophic' marijuana Bills

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

THE Bahamas Pharmaceutical Association's (BPA) president yesterday accused the Government of making "catastrophic changes" via the medical marijuana Bills that will cause the profession's "downfall".

Dr Marvin Smith, in a statement to Association members,

blasted the Davis administration for what he asserted was its failure to properly consult the group and wider pharmaceutical industry on its plans to regulate medical marijuana dispensaries.

He argued that it has "chosen to ignore serious concerns that we raised" even though the reforms to the Pharmacy Act, via the Pharmacy (Amendment) Bill 2024, appear to give the sector much

of what it wanted by placing all registered cannabis dispensaries under "the supervision" of licensed pharmacists.

The Bill, which has been tabled in the House of Assembly, stipulates: "No person shall, unless he is registered as a cannabis dispenser under the Health Professions Act (Chapter 233) make use of the title of 'cannabis dispenser'."

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DR MARVIN SMITH

Marijuana co-chair's fear on enforcement 'black market'

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

THE co-chair of the Government-appointed commission that examined legalising medical marijuana yesterday voiced fears that weak enforcement could spur creation of "a black market".

Bishop Simeon Hall, speaking after the Government tabled in the House of Assembly a long-awaited package of Bills to legalise and regulate such activities, told Tribune Business he remains concerned that a lack of will and capacity to properly regulate the sector could "exacerbate some of the social problems" presently facing The Bahamas.



BISHOP SIMEON HALL

While backing medicinal marijuana for both its potential health and economic benefits, he admitted this nation does "not have a good track record of enforcing almost anything" as it has multiple statute

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FTX Bahamas creditors given claims extension

By NEIL HARTNELL
Tribune Business Editor
nhartnell@tribunemedia.net

FTX's Bahamian liquidators have told creditors that they will likely have an extra 10-12 weeks until at least end-July to submit proof of what the implored crypto exchange owes them.

Brian Simms KC, the Lennox Paton senior partner and Kevin Cambridge and Peter Graves, the firm's managing director, confirmed in a letter to former investors and clients that the original May 15 deadline to submit claims - which expired on Wednesday - has

been extended by at least two-and-a-half months. "We had initially set a bar date of May 15, 2024, for submitting proof of debt forms in The Bahamas' process. The bar date is intended to represent the last date that customers of FTX.com (or FTX International) can lodge a claim and be eligible to participate in The Bahamas' process," he wrote.

"The bar date will be extended to a date and time that is aligned with the voting deadline for creditors to approve a Chapter 11 reorganisation plan in the US process. Although a new bar date has not yet

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FTX Digital Markets Ltd. (In Official Liquidation)

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

NASSAU, N.P., THE BAHAMAS

Dear Customers,

We are writing to inform customers of the next stage in the liquidation of FTX Digital Markets Ltd ("FTX Digital") (the "Bahamas process").

Customers of FTX.com or "FTX International" ("Dotcom customers") are entitled to claim in either the Bahamas Process or the US Process (The Chapter 11 bankruptcy of FTX Trading Ltd. and its Debtor Affiliates). In either process, customers can expect to receive the same distribution at broadly the same time. At this stage, subject to the approval of the Chapter 11 plan, Dotcom customers are anticipated to receive between 119-143 c/\$.

For those customers who submitted a Proof of Debt claim in the Bahamas Process we will shortly be writing to you to confirm that you wish to continue to have your claim administered, processed, adjudicated and settled in the Bahamas. For those customers who have not yet submitted a Proof of Debt claim in the Bahamas Process, you will be able to do so up to the claim bar date, currently anticipated to be mid August 2024.

Dates and next steps will be confirmed by us in writing, after the Chapter 11 Debtors' Reorganisation Plan is approved in court. The current scheduled date for the hearing of the Plan in the US Bankruptcy Court is 25 June 2024. The Plan is available to view on the FTX Digital case website at <https://www.pwc.com/FTX>.

Customers who are yet to submit a claim in the Bahamas Process are welcome to do so on the FTX Digital Claim Portal (available at this link <https://digitalmarketsclaim.pwc.com/>) before the claim bar date.

If you have any questions or issues submitting your claim, please email gbl_fdm_creditors@pwc.com or gbl_fdm_customers@pwc.com.

Kind regards,

On behalf of the Joint Official Liquidators of FTX Digital Markets Ltd



The Bahamas Press releases FTX Digital Markets Ltd. press release

FTX Digital Markets Ltd. press release

11th July 2024 - Customers of FTX.com are invited to choose to have their claims handled and settled in the Official Liquidation of FTX Digital Markets Ltd. under the supervision of the Supreme Court of The Bahamas (“the Bahamas Process”). Customers can expect to have their claims paid at the same time and in the same amount as in the US Chapter 11 Process, with the expectation that all creditor claims will be paid in full, including accrued interest.

The Joint Official Liquidators (“Liquidators”) of FTX Digital Markets Ltd., Kevin Cambridge and Peter Greaves of PwC and Brian Simms KC of Lennox Paton, have notified customers of FTX.com (“Dotcom Customers”) that they may elect to submit their claim in the Bahamas Process. All Dotcom Customers are welcome to submit a claim in the Bahamas Process via the FTX Digital Claim Portal (available here - <https://digitalmarketsclaim.pwc.com/>) which launched in February 2024, even if they have not submitted in the Bahamas Process to date. Dotcom Customers who have already submitted a claim and wish to remain in the Bahamas Process are required to take positive action to confirm their choice to continue to have their claim handled in the Bahamas Process. Any Dotcom Customer or other creditor choosing to pursue their claim in the Bahamas Process as opposed to the Chapter 11 proceedings in the US (the “US Process”) must do so before the Election Deadline of 4:00 PM Prevaling Eastern Time, 16 August 2024 (“Election Deadline”) in order to receive distributions in the Bahamas Process in respect of their claims.

Dotcom Customers and non-customer creditors are set to be paid in excess of 100% in respect of their claims in the Liquidation of FTX Digital Markets Ltd., in line with projected payments in the US Process.

FTX Digital Markets Ltd. executed a Global Settlement Agreement with FTX Trading Ltd. and its affiliated debtor entities subject to Chapter 11 proceedings in the US, which will see assets combined from the respective estates, enabling a coordinated and accelerated return of significant value to creditors. As a result, Dotcom Customers are entitled to claim in either the Bahamas Process or through the US Process. Dotcom Customers are now required to make a choice between the two processes as they cannot continue to participate in both. The Liquidators of FTX Digital Markets Ltd. have released an Election Process Overview through the FTX Digital Claim Portal which outlines relevant information and considerations.

in a joint statement, the Joint Official Liquidators of FTX Digital Markets, Peter Greaves and Kevin Cambridge of PwC and Brian Simms KC of Lennox Paton said:

“We are delighted to invite all customers of FTX.com to elect to make their claims and receive distributions in the Bahamas Process. Distributions will be made on the same basis as in the US Process, with returns expected to be well in excess of 100% of balances outstanding at the date of insolvency. Constructive collaboration under the Global Settlement Agreement reached with the Chapter 11 Debtors has put the Liquidators in a position to drive this positive outcome which gives Dotcom Customers a choice of jurisdiction for their claims. The FTX Digital Claim Portal has a streamlined process for FTX.com customers to submit their claims and make their election. If you have not already submitted a claim, there is still time to do so before the 16 August deadline.”

ENDS

Notes to editors:

1. Following the presentation of the winding up petition by the Securities Commission of The Bahamas, the Commercial Division of The Supreme Court of the Bahamas (“the Court”) appointed Mr Brian Simms KC of Lennox Paton as Provisional Liquidator and commenced Provisional Liquidation proceedings for FTX Digital on 10 November 2022. On 14 November 2022, Kevin Cambridge of PwC Bahamas and Peter Greaves of PwC Hong Kong were also appointed by the Court as Provisional Liquidators. On 10 November 2023, the Company was placed into Official Liquidation and the Joint Provisional Liquidators were appointed by the Court as Joint Official Liquidators.
2. The Global Settlement Agreement will see assets combined from the respective estates, enabling a coordinated and accelerated return of significant value to creditors.
3. The Global Settlement Agreement includes important agreements between FTX Digital Markets Ltd. and the US Chapter 11 Debtors with respect to the monetisation and distribution of the assets of the FTX group.
4. Customers of FTX.com (which does not include the US Exchange FTX.US) have to date been able to submit claims in both the US Process the Bahamas Process but will only be able to receive a distribution from one of the processes. Customers now have until 16 August 2024 to choose whether to have their claim processed and paid in the Bahamas Process or the US Process. The Liquidators of FTX Digital Markets Ltd. have released their Election Process Overview through the FTX Digital Claim Portal which outlines information FTX.com Customers should find helpful in making an informed decision. Relevant documents can be viewed by referring to the document library on the case website: <https://www.pwc.com/ftx>

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FTX DIGITAL MARKETS LTD. (IN OFFICIAL LIQUIDATION)

Election Process Overview

JULY 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 the requirement for customers to elect whether they want to proceed with a claim in the liquidation of FTX Digital (the "Bahamas Process") or in the alternative, to pursue a claim in the US Chapter 11 cases (the "US Process").

Neither the JOLs, Lennox Paton ("LXP"), 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, damage, liabilities or claims arising from the use and/or reliance on this document. 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 document. The JOLs are acting as agents of the Company, without personal liability. No representation of any kind (whether expressed or implied) is given by the JOLs as to the accuracy or completeness of the information. The JOLs reserve their right to amend or supplement this document in due course. In producing this document, the JOLs are not waiving any legal privilege whatsoever in relation to legal advice they have received.

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1. Background

1.1 Background of FTX Digital Markets Ltd.

FTX Digital Markets Ltd. (“FTX Digital” or “FTX DM”) was incorporated in the Bahamas as an International Business Company on 22 July 2021 and registered and licensed to conduct business as a Digital Asset Business pursuant to the Digital Assets and Registered Exchanges Act in September 2021.

In May 2022, the Terms of Service governing the relationship between the FTX.com platform (also known as the “International Platform”) and customers were updated to include FTX Digital as a provider of the majority of services available.

1.2 Events leading up to FTX Digital’s Official Liquidation

On 10 November 2022, the Securities Commission of The Bahamas (“SCB”) suspended FTX Digital’s license and presented a petition to the Supreme Court of the Bahamas (“the Bahamas Court”), and subsequently the Joint Provisional Liquidators (“JPLs”) were appointed on 10 November 2022 and 14 November 2022.

On 11 November 2022 and 14 November 2022, several other entities in the FTX Group, including FTX Trading Ltd., FTX US and Alameda entities, along with numerous other affiliated entities (together the “US Debtors”) filed for protection under Chapter 11 of the US Bankruptcy Code in the Delaware Bankruptcy Court. FTX Digital was not included in this filing by virtue of the existing Provisional Liquidation proceedings in the Bahamas.

The JPLs were then appointed as Joint Official Liquidators (“JOLs”) on 10 November 2023. An official liquidation occurs once it has been determined there is no prospect of restarting operations and rescuing the business.

1.3 The Global Settlement Agreement

Following extensive review of the available books and records of FTX Digital, the JOLs reached the conclusion that there was no realistic prospect of unravelling the affairs of FTX Digital from those of the US Debtor entities, and that attempting to do so would not benefit the creditors of FTX Digital (due to the cost and time involved). This was based on evidence that FTX Digital’s assets and affairs were so hopelessly commingled with those of the US Debtors that there was no means of determining the true counterparty for customers.

After extensive negotiations, the Global Settlement Agreement (“GSA”) was executed between FTX Digital and the US Debtors on 19 December 2023 and subsequently approved by both the Supreme Court of the Bahamas and the US Bankruptcy Court. As a result, FTX Digital is entitled to access the whole of the FTX Group estate for the benefit of its creditors, including all realisations and gains made by the US Debtors as both estates will pool recoveries to pay creditors of both estates on the same basis.

2. Claim and election process

2.1 Overview

The GSA allows FTX.com customers (“Dotcom Customers”) to choose whether they wish to participate in either the Official Liquidation proceeding of FTX Digital Markets Ltd. (the “Bahamas Process”) or alternatively the US Chapter 11 cases (the “US Process”), however they cannot participate in both. Some customers have submitted claims in both processes, resulting in duplicate claims that will need to be settled in one process or the other.

As such, from 10 July 2024 until the Election Deadline of 4:00PM Prevailing Eastern Time 16 August 2024, the Bahamas Process and the US Process will ask Dotcom Customers to elect which process they wish to participate in. Following the Election Deadline, each Dotcom Customer claim will be handled in either the US Process or the Bahamas Process (according to the election made by the customer). From the Election Deadline, claims confirmed as going forward in one process will be withdrawn from the other and it will no longer be possible to switch processes.

Non-customer creditors of FTX Digital only have a claim in the Bahamas Process and will therefore not be required to complete an election.

2.2 The Bahamas Process and the US Process are aligned in key aspects

Although there are some differences between the Bahamas Process and the US Process, it is the expectation of both the US Debtors and the JOLs that Dotcom Customers will receive the same value in distributions on or around the same dates, subject to the US Debtors Plan of Reorganisation becoming effective. Before distribution payments are made in respect of creditor claims it will be necessary for customers and creditors to satisfy Know Your Customer (“KYC”), Anti-money laundering (“AML”) and tax reporting requirements, irrespective of the process they elect to participate in. Key areas of alignment:

- The JOLs and the US Debtors are using the same base calculation and valuation methodologies at a common date when assessing the claim value of each FTX.com customer account;
- Customers will be subject to the same (or similar) KYC, AML and tax reporting requirements (including the requirement to complete and deliver IRS Forms W-9 or IRS Forms W-8, as applicable) irrespective of whether they elect to participate in the Bahamas Process or in the US Process; and
- The JOLs and the US Debtors plan to use the same or similar payment schedules and mechanisms to make distributions to customers.

The claims process in the Bahamas Process has been designed to enable customers to review balances and lodge Proof of Debt claim forms all in one place.

- In the Bahamas Process, any customer or non-customer creditor who wishes to file an electronic Proof of Debt **may still do so up to the proposed Bahamas bar date of 4:00PM Prevailing Eastern Time 16 August 2024** (“the Bahamas Bar Date”). The customer claim bar date for the US Process passed on 29 September 2023. As a result, customers who did not object to their scheduled claim amount in the US Process by that date may be barred from doing so.
- In the Bahamas Process, the claim adjudication process is still ongoing, and as such customer claims may be admitted at a higher or lower amount than the amount of their claim as submitted. However, for customers who have accepted the scheduled balance on the FTX Digital Claim Portal, the JOLs anticipate these claims will be valued at no less than these amounts.
- In the US Process, claims below US\$10 (“De Minimis Claims”) will not be paid. In the Bahamas Process, the law requires that all valid claims rank for distribution regardless of the size of the claim so claims less than US\$10 will be adjudicated and paid.
- Note, distributions in the Bahamas Process could be diluted if the JOLs accept incremental claims in excess of US\$75m of the scheduled balances. However, based on current information and claims to date, the JOLs do not anticipate that this will occur.

2.3 Implications of the election

By electing to participate in either the Bahamas Process or the US Process, a customer's Dotcom Claim will be released/removed from the other process that they do not participate in. Effectively this means that after the Election Deadline, the customer's claim will only be recognised in the process that the customer has elected to participate in and the claim will be treated as if it does not exist in the other process.

In addition, as part of the election process the customer will be required to relinquish any claim in the other process and agree to releases in respect of certain legal action and/or other obligations. Please refer to the specific release language on the Bahamas Process Election Form, or the US Ballot, for details of the release clauses.

2.4 How to participate in the Bahamas Process

To participate in the Bahamas Process, customers must have completed the following two steps prior to **4:00PM Prevailing Eastern Time 16 August 2024**:

- i. Submitted a Proof of Debt in the Bahamas Process, and
- ii. Elected to have their claim processed in the Bahamas.

To submit a Proof of Debt in the Bahamas Process, if they have not already done so customers should follow the instructions on the FTX Digital Claim Portal (<https://digitalmarketsclaim.pwc.com/>).

To confirm that they elect to have their claims processed in the Bahamas Process, customers should complete the Election Form on the FTX Digital Claim Portal (<https://digitalmarketsclaim.pwc.com/>) and select "**Option 1: Participate in the Bahamas Process**".

- Customers who submitted their Proof of Debt prior to 10 July 2024 will receive an email with instructions on how to access the form. The form can also be accessed directly via the FTX Digital Claim Portal (<https://digitalmarketsclaim.pwc.com/>).
- Customers who submit their Proof of Debt on or after 10 July 2024 will be directed to the form on the FTX Digital Claim Portal immediately following the submission of the Proof of Debt.

Customers who make an election to participate in the Bahamas Process using the above steps are not required to complete or submit any portion of any US Ballot which will be distributed after 10 July. However, customers may also elect to participate in the Bahamas Process via the US Ballot if they so choose. If so, customers must ensure that they follow the US Debtors' instructions on how to do so. **Note - customers who elect to participate in the Bahamas Process via the US Ballot still need to submit their Proof of Debt on the FTX Digital Claim Portal.**

2.5 How to participate in the US Process

Customers who wish to participate in the US Process should first confirm that their claim is scheduled in the US Process or was previously filed as a proof of claim in the US Process. If not, these customers may no longer be eligible to participate in the US Process as the bar date has passed. Customers who are scheduled or had filed an objection of claim in the US Process should receive a US Ballot from the US Debtors.

Customers intending to participate in the US process **should NOT** tick the box electing to participate in the Bahamas Process when completing the US Ballot.

Customers who have previously submitted a Proof of Debt in the Bahamas Process, and wish to participate in the US Process, must complete the Bahamas Process Election Form prior to 4:00PM Prevailing Eastern Time 16 August 2024 and select "**Option 2: Withdraw Bahamas Proof of Debt**".

Customers who have not previously submitted a Proof of Debt in the Bahamas Process **are not required** to complete the Bahamas Process Election Form and should simply follow the instructions provided by the US Debtors with respect to the US Ballot.

2.6 Implications of making contradicting elections or no election

Customer claims cannot be processed in both the Bahamas Process and the US Process. If, by the Election Deadline, customers have (i) submitted (and not withdrawn) a Proof of Debt in the Bahamas Process and elected

to have their claim processed in the Bahamas Process on the FTX Digital Claim Portal, but also (ii) submitted (and not withdrawn) a US Ballot where they failed to elect to have their claim processed in the Bahamas Process, then their election to participate in the Bahamas Process will prevail and they will be deemed to have elected to participate in the Bahamas Process and withdraw from the US Process.

Customers who have submitted or will submit a Proof of Debt in the Bahamas Process, but fail to make an election before the Election Deadline, will not have their claims reconciled, or adjudicated or paid in the Bahamas Process as their previously submitted Proof of Debt in the Bahamas Process will be deemed to be incomplete.

3. The Bahamas Process

3.1 Valuation of customer claims in the Bahamas Process

The value of scheduled claims is generally the same in both the Bahamas Process and the US Process. The claim values set out in the FTX Digital Claim Portal have been calculated in accordance with Court orders granted respectively in the Supreme Court of the Bahamas and the US Bankruptcy Court.

Claims were valued based on FTX.com platform records of the closing balances of fiat currency, any cryptocurrency tokens in the account and open derivative positions as at 11 November 2022 at 10:00am ET/3:00pm UTC. Where required, manual adjustments were made, based on available information, to the closing balance for any deposits or withdrawals where the platform records are known to not reflect actual deposits received or processed withdrawals.

Adjusted closing balances were used to convert each balance into a USD equivalent value using conversion rates based on the Digital Assets Conversion Table ("DACT") set out in the Estimation Order granted by the Supreme Court of the Bahamas on 11 June 2024. The DACT can be found at Exhibit 1 of the Bahamas Court Summons to Approve Estimation Methodology available at this link (<https://www.pwc.com/bs/en/services/business-restructuring-ftx-digital-markets/assets/summons-reapproval-of-estimation-methodology.pdf>). The USD equivalent value of each asset held on a customer's platform account (excluding NFTs) was aggregated to calculate the net account balance. Customers with zero or negative account balances are not entitled to a distribution.

To the extent that surplus proceeds are available to repay customer balances in full, customers are entitled to an ex gratia payment representing Post Petition Interest calculated at a rate of 9.0% p.a. of the outstanding balance accruing on a simple interest basis (i.e. non compounding) from 11 November 2022, until customer principal and interest balances are paid in full. In addition to Post Petition Interest, some customers will be entitled to a share of any proceeds from the Supplemental Remission Fund as defined in the Plan of Reorganisation.

Some customers may have had non-fungible tokens ("NFTs") stored in their FTX.com account, whereby custody of the underlying digital asset was controlled by the FTX.com platform. As part of the Bahamas Process, through the FTX Digital Claim Portal customers will be able to view the list of NFTs in their account and make a claim for these as part of the claims process.

It is anticipated that NFTs will be returned to customers in kind where the asset is in the control of FTX Digital or the US Debtors (i.e., the underlying NFT will be transferred to a wallet of the customer's choice). Where an NFT is not available to be returned to the customer, a provision will be made to distribute a US dollar equivalent amount of the value of the NFT.

3.2 Adjudication of claims in the Bahamas Process

The FTX Digital Claim Portal sets out for customers the balance of their accounts according to the books and records of FTX.com, subject to the adjustments and conversion rates set out above. Customers who submit a Proof of Debt form confirming their scheduled balance will be entitled to a distribution (subject to submitting a correctly completed Proof of Debt form and satisfying KYC, AML and tax requirements).

Claims submitted disputing a scheduled balance will be subject to a claim adjudication process, whereby the JOLs will assess claims submitted by customers that do not match the schedule of claims. As part of the claim adjudication process, the JOLs will undertake an investigation of the books and records of FTX.com alongside any supporting information submitted by the customer. Possible outcomes of adjudication are:

1. Claim admitted for dividend distribution in full (i.e., whole amount claimed by the creditor); or
2. Claim admitted for dividend distribution in part; or
3. Claim rejected in full.

Notices of admission or rejection of claims (as appropriate) will be issued via the FTX Digital Claim Portal. For claims that have been rejected, either in part or full, the creditor will have the ability to appeal the JOLs' decision to the Supreme Court of The Bahamas within 21 days of receipt of the notice of rejection. The adjudicated amount will form the basis of the claim against which distributions are calculated in the Bahamas Process.

3.3 Know Your Customer requirements in the Bahamas Process

Identity Verification processes are required to ensure that distributions are only made to a valid party. Valid parties are those whose identities match the intended recipients and where payments comply with relevant financial crime, regulatory and sanctions requirements.

Customers who choose to have their claims dealt with in the Bahamas Process will be required to comply with the Identity Verification requirements. The JOLs will conduct KYC and AML checks on all customers. The KYC standards applied by the JOLs in the Bahamas Process will be substantially the same as those applied in the US Process, although differences may arise in consideration of relevant regulatory standards in the Bahamas or elsewhere. Non-customer creditors will also be asked to verify their identities.

The Bahamas Process and US Process will mirror one another in relation to KYC requirements as follows:

- Customers and non-customer creditors are requested to satisfy KYC requests within 30 days from the date of the request
- Customers and non-customer creditors who do not satisfy KYC requests within 30 days will receive a second request
- Customers and non-customer creditors who do not satisfy the KYC request within 60 days of the second request (90 days from the first request) will be deemed to have forfeited their right to receive a distribution
- Such customers and non-customer creditors shall be forever barred and prevented from asserting any right to distributions in the Bahamas Process made prior to receipt by the JOLs of that customer or non-customer creditor's completed KYC documentation
- Customers and non-customer creditors who satisfy KYC informational requests but fail to pass the KYC procedures, will also be ineligible to receive distributions.

Customers will be notified when they can commence the Identity Verification stage via the FTX Digital Claim Portal. Retail customers will be asked to review and confirm any previously submitted identity information, provide incremental identity information and complete an online identity matching process. The automated identity matching process is performed using third-party technology and will involve capturing the individual's photo identification document (e.g., a passport), completing a liveness checking process, and capturing the individual's proof of address. Upon successful completion of the questionnaire and identity matching process, additional verification processes will be conducted.

A separate institutional customer verification process will apply to all customers other than natural persons. After it has been confirmed that an institutional customer has confirmed their choice to have their claims dealt with in the Bahamas Process, the representative of the institutional customer of FTX Digital will receive a message in the FTX Digital Claim Portal inviting them to commence KYC. Institutional customers will be asked to review and confirm any previously submitted identity information and submit incremental information relating to the structure, status, operations, ownership and control of the institution. Certain basic documents may be requested.

For both retail and institutional customers, the secure messaging function of the FTX Digital Claim Portal will be used for any follow-up queries, information or documentation requests, and to advise of any required actions. The status of the Identity Verification process will be displayed on the customer's FTX Digital Claim Portal dashboard.

For transferred, purchased or assigned claims held by parties other than the original customer, it will be necessary to perform KYC and AML procedures on the original holder of the account. The current account holder will undergo identity verification and sanction screening. These requirements will be consistent between both the Bahamas Process and the US Process.

Where customers have already provided KYC information in the US Process, to the extent possible and permitted by law, the JOLs will use this information to minimise the need for customers to repeat steps they may have already performed. By confirming their election to have their claims dealt with in the Bahamas Process, customers will be required to acknowledge and agree to make any KYC information they have submitted to the US Debtors accessible to FTX Digital, its agents and representatives including the JOLs, and to authorise the US Debtors to make such KYC information available to FTX Digital, its agents and representatives including the JOLs.

3.4 Tax requirements in the Bahamas Process

Customers who participate in the Bahamas process will be required to submit tax residency information to the JOLs prior to any distribution. Only customers who have submitted the necessary tax information will be eligible for a distribution.

3.5 Distributions to customers in the Bahamas Process

Claims from all customers and non-customer creditors will be adjudicated in the Bahamas Process equally and fairly pursuant to Bahamian Law. No claim will be prioritised over others in the same creditor class.

Customers with reconciled claim values of US\$50,000 or less will be classified as Convenience Class customers. These Customers will receive a one time, full and final distribution 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.

The JOLs currently estimate that this will amount to a payment of approximately 119% of the reconciled claim value for Convenience Class customers.

Customers with reconciled claim values over US\$50,000 will have the option to opt into the Convenience Class. This will result in their reconciled claim value being capped at US\$50,000 (i.e. they will forgo any right to claim any balance above US\$50,000), but will entitle them to receive a distribution payment at the same date and on the same basis as other Convenience Class customers.

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 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, 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.

At present, the JOLs currently estimate that this will amount to a payment of approximately 129-143% of the reconciled claim value for non-Convenience Class customers of FTX.com.

Distributions will be made via selected payment processors or cryptocurrency exchanges and service providers. We expect to offer retail customers a choice between short listed distribution agents. NFTs will be returned to customers (where available) via a transfer to a selected wallet address.

Appendix I – Glossary

Term/Abbreviation	Description
AML	Anti-money laundering
the Bahamas Court or the Supreme Court of The Bahamas	The Commercial Division of the Supreme Court of The Commonwealth of The Bahamas
the Bahamas Process	The official liquidation proceeding of FTX Digital Markets Ltd. in the Bahamas
the Bahamas Bar Date	The deadline to file a proof of debt in the Liquidation of FTX Digital Markets Ltd., set at 4:00PM Prevailing Eastern Time 16 August 2024. Note - The Bahamas Bar Date is synchronised with the Election Deadline as customers are required to file both a proof of debt and make an affirmative election to proceed in the Bahamas Process
Convenience Class	A specific group of creditors created during the bankruptcy process to make the distribution process more efficient and expedite payments to those creditors. The creation of this class has been approved by the Court in the US Process and to maintain equivalence, has been recognised as a separate class of creditors in the liquidation of FTX Digital
DACT	Digital Asset Conversion Table, set out in the Estimation Order granted by the Supreme Court of the Bahamas by order on 11 June 2024.
De Minimis	A threshold below which certain laws or regulations do not apply or where legal violations are considered too minor to merit consideration or prosecution
Dotcom Claims	Claims from customers of FTX.com or “FTX International”
Dotcom Customers	Customers of FTX.com or the FTX International platform
Election Deadline	The deadline to complete the election, set at 4:00PM Prevailing Eastern Time 16 August 2024
ET	Eastern Time
FTX Digital (or “the Company”)	FTX Digital Markets Ltd. (In Official Liquidation)
FTX Digital Claim Portal	Portal used by customers and non-customer creditors to submit a claim in the Bahamas Process
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 Trading	FTX Trading Limited, a company incorporated in Antigua and Barbuda and the immediate parent of FTX Digital
FTX US	West Realm Shires Inc. and its subsidiaries, that operate, maintain and administer the FTX.us platform
GSA	Global Settlement Agreement. An agreement between the US Debtors and the JOLs dated 6 January 2023, setting out the shared goal in maximising recoveries for customers and creditors of each estate, which includes maximising the recoverable assets at each estate, using the most effective legal mechanisms for recovery and returning value to the appropriate estate

JOLs	Joint Official 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	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 (prior to their appointment as Joint Official Liquidators on 10 November 2023)
KYC	Know Your Customer
LXP	Lennox Paton (the JOLs' Bahamas legal counsel)
NFT	Non-Fungible Token
p.a.	per annum
Plan of Reorganisation	The Joint Chapter 11 Plan of Reorganisation of FTX Trading Ltd. and its Debtor Affiliates
Post Petition Interest	The interest that accrues on debts after the date of the insolvency until the date of payment
Proof of Debt	The electronic form submitted in the Bahamas Process by customers to substantiate their claims
PwC	PwC Bahamas, PwC Hong Kong, or a member firm of PricewaterhouseCoopers International Limited (each member firm of which is a separate legal entity)
PwC Bahamas	PricewaterhouseCoopers Advisory (The Bahamas) Limited
PwC Hong Kong	PricewaterhouseCoopers Limited, an entity incorporated in Hong Kong
SCB	Securities Commission of The Bahamas
the US Process	US Chapter 11 bankruptcy process, which is being run by FTX Trading Limited and its affiliated debtor entities
US	United States
US Ballot	The US Process ballot for customers to make their confirmation of election to participate in either the Bahamas Process or the US Process
US Debtors	Collective group of FTX affiliated entities filing for Chapter 11 relief under case number 22-11068
USD / \$	United States dollar currency
UTC	Universal Time Coordinated



Thank you

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Exclusive Interview with FTX Liquidators: A Behind-The-Scenes Look at the Latest in the FTX Restructuring Process

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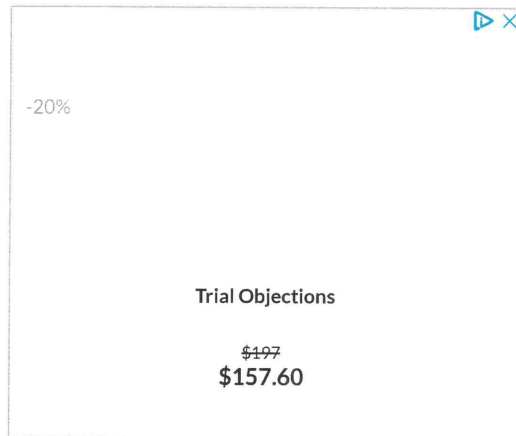
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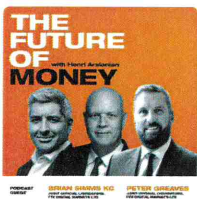
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ABOUT THIS EPISODE



Joint liquidators from the FTX Digital Markets restructuring process Peter Greaves and Brian Simms KC join the podcast to provide much-needed clarity and behind-the-scenes perspective on the FTX insolvency.

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They discuss the current status of the liquidation process, the options for creditors to file claims, and the expected recovery amounts.

They also address the challenges of dealing with the lack of accounting books, and the complexity of the FTX insolvency due to the large number of customers and creditors across multiple international jurisdictions.

A must-listen episode for anyone interested in a behind-the-scenes look at the bankruptcy and liquidation process behind one of the biggest corporate collapses of the century.

Show Highlights

- The complex nature of the FTX insolvency, with challenges ranging from a large number of customers and creditors across multiple international jurisdictions
- How creditors have the option to file claims in either the US or the Bahamas, with the expected recovery amounts being similar in both cases
- How the lack of accounting books and the commingling of customer assets made it a challenge for the liquidators to determine the actual assets of the company
- Why entrepreneurs need to seek advice and proper structuring to avoid similar situations
- How the liquidators are working to maximize recoveries for customers and ensure a fair distribution of assets

For any of our listeners affected by the FTX insolvency, this is a reminder that anyone with exposure to FTX can file a claim under the Bahamas process by August 16th using this link: <https://claims.ftx.com/welcome>

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IN THIS EPISODE

FTX Digital Markets Ltd. (In Official Liquidation)

Bahamas Process – FAQ for FTX.com Customer Claims



01 What do I have to do before the Election Deadline?

If you wish to claim in the Bahamas Process you need to complete the following steps before the Election Deadline of 4pm Prevaling Eastern Time 16 August 2024 through the FTX Digital Claim Portal ([link](#)):

- i. Submit a Proof of Debt in the Bahamas Process, and
- ii. Elect to have your claim processed in the Bahamas

If you have not completed both steps above, any previous claim you have submitted in the Bahamas Process will be deemed incomplete and withdrawn.

Customers who wish to participate in the US Process do not need to do anything in the Bahamas Process (assuming you have not already elected into the Bahamas Process, in which case you must change your election before the deadline).

02 Why does it say my claim has not started or passed adjudication / KYC?

Customers in the Bahamas Process will not commence any adjudication or KYC steps until after the election deadline has passed and the claim has been confirmed to be handled in the Bahamas Process.

It is expected adjudication and KYC will commence from September, and further details will be sent to customers on timings and requirements for these steps in due course.

03 How and when will I receive the distribution?

Distribution timing is dependent on the approval of the wider reorganisation plan and details of expected distributions will be released later. Per the reorganisation plan, recoveries are currently projected to be:

- i. 100% of your reconciled claim value;
- ii. An amount representing 9% per annum on the reconciled claim value outstanding; and
- iii. A share of any proceeds from the Supplemental Remission Fund (only applicable to customers with reconciled claim values of over USD 50,000)

Customers with reconciled claim values of USD 50,000 or less are expected to receive a one time, full and final distribution. Customers with reconciled claim values over USD 50,000 are expected to receive distributions over a longer period.

04 What do I have to do before I can receive the distribution?

Customers who have accepted their scheduled claim balances will be required to complete Know Your Client ("KYC"), Anti Money Laundering ("AML") and provide tax disclosures prior to receiving a distribution.

Customers who have disputed their scheduled balances will additionally be subject to an adjudication process whereby the JOLs will investigate the records of FTX to determine if the scheduled balances are incorrect and should be amended.

05 I have already completed KYC in the US Portal, will I need to KYC again?

If you are a retail customer who already completed KYC with SumSub and elected into the Bahamas Process, as part of your election you provided your consent to the JOLs to access the KYC information you have already provided.

Although the JOLs will need to carry out their own KYC procedures, they are applying similar KYC criteria as the US Process, and where possible will consider any KYC information you have already provided.

In some edge cases, the JOLs may require further KYC information from customers and will contact any affected customers directly.

06 What are the tax requirement and implications on distribution?

FTX.com customers will be required to submit the same tax declaration forms in both processes.

The tax structuring work is ongoing but at present there is expected to be no difference for FTX.com customers between the Bahamas Process and the US Process in respect of withholding tax.

In relation to capital gains tax or income tax on distributions this is a matter for individual customers as tax treatment may vary by jurisdiction.

Customers are advised to seek tax advice in respect of your personal tax position from tax professionals as appropriate.

07 I am a FTX EU customer. Can I make a claim in the Bahamas Process?

FTX EU customers may need to make claims in both the FTX EU process AND either the Bahamas Process or the US Process.

FTX EU customers can make a claim in respect of any "Processing Withdrawal" claims in either the Bahamas Process or the US Process. Processing Withdrawal claims arise when FTX EU customers made a cryptocurrency withdrawal request on the platform prior to the insolvency date, but that withdrawal was incomplete at the time of the insolvency.

If you are unsure of whether or not you have a "Processing Withdrawal" claim, log on to the FTX Digital Claim Portal and check if you have a scheduled balance ([link](#)).

08 How can I confirm the legitimacy of emails or get further information?

You are advised to verify that emails are from legitimate sources before responding or clicking on links. Neither the JOLs or the Chapter 11 Debtors will ever ask you for your wallet details.

You can view the official email addresses that will be used to contact you for FTX.com related matters on the PwC FTX Digital case website ([link](#)).

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If you require further information, please refer to the FAQs on the PwC FTX Digital case website (pwc.com/ftx)

14 August 2024

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
Act, 1992 (as amended)**

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

**SECOND AFFIDAVIT OF KEATH SMITH
(Supplemental Affidavit – Notice to Creditors of
Bahamas Bar Date)**

**2022
COM/com/00060**



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