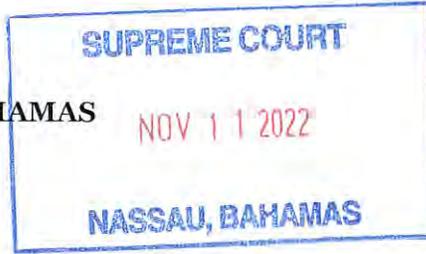


**EXHIBIT D**

COMMONWEALTH OF THE BAHAMAS  
IN THE SUPREME COURT  
COMMERCIAL DIVISION



2022  
COM/com/

**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)**

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**AFFIDAVIT OF CHRISTINA R. ROLLE**

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I, **CHRISTINA R. ROLLE**, Executive Director of the Securities Commission of The Bahamas ("**the Commission**") of the Island of New Providence, one of the Islands of the Commonwealth of The Bahamas, make Oath and Say as follows

1. I make this Affidavit on behalf of the Commission, the Petitioner herein in my capacity as the Executive Director of the Commission.
2. The facts and matters referred to herein are, unless otherwise stated, within my own knowledge or are obtained from information and documents in possession of the Commission or its legal advisors as the case may be, and are true to the best of my knowledge, information and belief. 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.
3. There is now produced and shown to me marked "**CR-1**" a paginated bundle of documents to which I shall refer in the course of my Affidavit. References to page numbers in this Affidavit are references to page numbers in the said paginated bundle unless otherwise stated.

4. This Affidavit is made in support of an application by way of Summons for Directions dated 10<sup>th</sup> November 2022 seeking among other things, an Order that Mr. Brian Simms KC be appointed as the provisional liquidator of FTX Digital Markets Ltd. (**“FTX Digital” or “the Company”**) on the basis that among other things, the Commission considers such action is in the public interest in order to protect the interest of clients or creditors of FTX Digital and the wider public interest in the orderly and secure management of the business of digital assets in the Commonwealth of the Bahamas.
5. As a preliminary, I would respectfully request this Honourable Court to note that this matter is extremely urgent and the investigation of the Commission relative to the matters as set out below are ongoing. Nonetheless, the Commission is of the considered view that the intervention of this Honourable Court is necessary in order to protect the assets of the Company and to maintain the integrity of the regulatory framework for digital assets within this jurisdiction.
6. I should also make clear that if this Honourable Court accedes to the relief sought in the Summons to appoint Mr Brian Simms KC as a provisional liquidator, he has informed me and I believe, that he will take urgent steps to obtain the urgent assistance of one of the big four accountancy firms to assist him in his role and, in due course, seek the appointment of a partner of one those firms to join him in a joint appointment as a provisional liquidator. In the time available it has not been possible for a partner of one of the big four to obtain clearance to act.
7. Due to time constraints and the urgency of this matter, I set out herein only the basic facts and information known to the Commission at this time. I am not able at this stage to comprehensively address each and every fact associated with this matter as there is simply insufficient time. Further our investigations are at a preliminary stage and new facts are emerging all the time. I will, however, to the extent necessary and appropriate supplement this affidavit as more information becomes available to the Commission.

### **Background**

8. FTX Digital is a company duly incorporated under the laws of The Bahamas and is registered as a digital asset business under the ***Digital Assets and Registered Exchanges Act, 2020*** (**“the DARE Act”**). FTX Digital is a subsidiary of FTX Trading Ltd, a company incorporated in Antigua and Barbuda (collectively referred to as **“FTX”**).

At pages [1]-[7] of Exhibit “CR-1” is a true copy of the jurisdiction, regulations, licensing and practices page obtained from FTX.com.

9. The Commission is the regulator of FTX Digital under the DARE Act.
10. Under the DARE Act, FTX Digital is registered as a digital asset business and is approved to provide the following services as (i) an exchange between digital assets and fiat currency; (ii) an exchange between one or more forms of digital assets; and (iii) the transfer of digital assets.
11. The officers of FTX Digital as registered with the Commission are:
  - Ryan Salame (Chairman and Director)
  - Sam Bankman Fried (Director Chief Executive Officer)
  - Daniel Friedberg (Secretary)
  - Metered Limited (Assistant Secretary)
12. At pages [8]-[9] of Exhibit “CR-1” is an organizational chart relative to FTX Digital, its subsidiaries, affiliates and otherwise.
13. The likely property and assets of FTX Digital consist in broad outline of the following:
  - 13.1. Tokens (i.e., digital assets that are built on top of existing blockchain (using smart contracts).
  - 13.2. Non-fungible tokens;
  - 13.3. Crypto currency coins (which are native to their own blockchain and not built on top of existing blockchains, such as BTC and ETC);
  - 13.4. Fiat Currency
  - 13.5. Crypto currency Derivative Contracts
  - 13.6. Realty;
  - 13.7. traditional stocks and bonds in other companies;
  - 13.8. private equity and venture capital investments and possible partnerships.
  - 13.9. loans to margin customers and related entities, and third parties.

14. In the time available and due to the unresponsiveness of the management of the Company it has not been possible to obtain any greater or more specific clarity of the property and assets of the Company.
15. In recent days, there have been reports in both the international and local media, which directly relate to and impact FTX Digital, including but not limited to the financial stability of FTX and allegations of possible misappropriation and/or negligence vis-à-vis clients' assets. At pages [10]-[25] of Exhibit "CR-1" are true copies of articles from Bloomberg, the Wall Street Journal and the Financial Times relative to FTX Digital.
16. On 9<sup>th</sup> November 2022, Bloomberg reported (see page [10] of Exhibit "CR-1") that,

*"Sam Bankman-Fried told FTX.com investors Wednesday that without a cash injection the company would need to file for bankruptcy, according to a person with direct knowledge of the matter.*

***On a call before Binance pulled an about-face and bailed on its takeover offer, Bankman-Fried informed investors his crypto exchange faced a shortfall of up to \$8 billion and needed \$4 billion to remain solvent, the person said, asking not to be named discussing private talks. FTX is attempting to raise rescue financing in the form of debt, equity, or a combination of the two, the person said."***

*[Emphasis added]*

17. Further, Yahoo! Finance reported on 8<sup>th</sup> November 2022 that FTX halted all non-fiat customer withdrawals, *See pages [13]-[17] of Exhibit "CR-1"*. In effect and substance, if this article is accurate it means that clients were unable to retrieve their funds from FTX despite the representation on FTX's website that *"FTX maintains 24/7 withdrawal availability."* At page [5] of Exhibit "CR-1" is a true copy of said representation.

### **Investigation of the Commission**

18. The investigation of the Commission relative to the present state of affairs of FTX Digital is at a preliminary stage. For the reasons as set out herein, the Commission has grave concerns relative to the operations and affairs of FTX Digital.
19. On 8<sup>th</sup> November 2022, I sent an e-mail to SBF and Ms. Jessica Murray (in her capacity as the Compliance Officer and Money Laundering Reporting Officer ("MLRO")) of FTX

Digital requesting a meeting to discuss these recent developments, that is, the liquidity issues and potential acquisition of FTX by Binance.

20. It should be noted that Ms. Murray has apparently since resigned as the Compliance Officer and MLRO of FTX Digital.
21. The potential acquisition of FTX by Binance was reported in the media. Binance is said to be the largest cryptocurrency exchange in the world in terms of daily trading volume of cryptocurrencies.
22. For these purposes, it must be noted that Binance has since released the following statement on the social media platform, Twitter on 9<sup>th</sup> November 2022:

*“As a result of corporate due diligence, as well as the latest news reports regarding mishandled customer funds and alleged US agency investigations, we have decided that we will not pursue the potential acquisition of FTX.com.”*

*[Emphasis Added]*

At page [26] of Exhibit “CR-1” is a true copy of the social media post.

23. On 8<sup>th</sup> November, Ms. Murray responded to my e-mail as referred to above at paragraph 19 as follows:

*“Your e-mail is well received. Let me confirm a day and time and revert.”*

24. I responded and requested that it would be good if the call could take place “today” [8<sup>th</sup> November 2022] and received the following response from SBF,

*“Hey! I’m pretty pressed for time but will make sure that we talk to you ASAP; I’ll briefly say that, as of now, no sale has happened or been finalized although there are active talks. We’ll keep you updated about those.”*

25. On 9<sup>th</sup> November 2022, I sent follow up questions to FTX Digital on behalf of the Commission about client assets but have not yet received a response to the queries. The e-mail stated as follows:

*“Further to my note below, please see some initial queries from the Securities Commission of The Bahamas with respect to ongoing issues. Please advise as follows:*

1. *Number of clients registered on the FDM platform, total value of assets held for all FDM clients and whether those assets are held in a segregated account;*
2. *Total value of client withdrawals from FDM platform over the past week. Have there been any withdrawal requests that were unsatisfied or that remain outstanding?*

3. *The extent to which FDM clients' assets may have been invested, loaned, used as collateral or otherwise hypothecated or encumbered on behalf of FDM, Alameda, other related parties and/or third parties;*

*Please also provide an explanation with respect to the following:*

1. *Which FTX Group entity is party to the non-binding LOI with Binance? What are the terms of the LOI and what is the potential impact for clients of FDM;*
2. *Details of the connection between FDM and Alameda. Were there any services provided by Alameda to FDM or vice versa? Were there any related party or counterparty transactions between the entities.*

*Please also provide a sample of FDM's client agreement (including general terms and conditions).*

*Your urgent attention and response by end of day is needed. If you wish to discuss, please feel free to reach out to us.*

*[Emphasis Added]*

At pages [27]-[30] of Exhibit "CR-1" is a true copy of the said e-mails.

26. On 9<sup>th</sup> November 2022 at 9:27PM, SBF sent the following e-mail to Mr. Ryan Pinder KC, the Attorney General of The Bahamas, to which I was copied:

*"Hi all,*

*I'm really sorry about the delayed responses here -- it's been a hectic week but that's on me. Myself, and Joe (cc'ed), will be responsive going forward.*

*And I'm also deeply sorry for ending up in this position in the first place.*

*I'll give the answers I can give right now and try to get to the others ASAP.*

*1) Right now we are focused on one thing: making customers whole. We are focusing exclusively on doing that this week. We are ceasing all nonessential operations beyond that. I am doing everything I can to try to do right by our customers.*

*2) I have not briefed the securities commission. I would be more than happy to have a phone call with you, the PM, and the SCB in the next few days to give a thorough overview of the situation.*

*3) I am cautiously optimistic that we will be able to survive the turmoil and have enough liquidity for all customer withdrawals, and that is my sole focus this week. I will keep you guys updated.*

*4) We are investigating a more thorough answer to this question; we did not intend to, but are concerned that poor risk management lead to a liquidity issue.*

*5) As you saw, Binance did not end up following through on their transaction. However, we are in the middle of a separate process to make users whole; we will know within a week if that comes through. So far, we have strong*

*indications of interest that would be more than enough to cover all liquidity needs; we are working on confirming those. I am cautiously optimistic that we will be able to.*

*6) We are deeply grateful for what The Bahamas has done for us, and deeply committed to it. We are also deeply sorry about this mess.*

*As part of this: we have segregated funds for all Bahamian customers on FTX. And **we would be more than happy to open up withdrawals for all Bahamian customers on FTX, so that they can, tomorrow, fully withdraw all of their assets, making them fully whole.** It's your call whether you want us to do this--but we are more than happy to and would consider it the very least of our duty to the country, and could open it up immediately if you reply saying you want us to. If we don't hear back from you, we are going to go ahead and do it tomorrow."*

At pages [31]-[35] of Exhibit "CR-1" is a true copy of the said e-mail.

27. The Commission has grave concerns as a result of the lack of responsiveness on the part of SBF (and FTX Digital generally) to the correspondence *from* the Commission.
28. The Commission regards the lack of responsiveness on the part of FTX Digital and its officers as a breach of their statutory obligations under the DARE Act, including but not limited to the duty to provide information relevant to the operations of the business as the Commission may require, and to deal openly, honestly and co-operatively with the Commission.
29. SBF acknowledged in his e-mail set out above at paragraph 26 that he has not briefed the securities commission.
30. Further SBF's e-mail gives rise to further concerns on the part of the Commission. Particularly, SBF has advised that FTX has "*segregated funds for Bahamian customers*" and are willing to allow those customers to withdraw those funds. The question that ultimately arises is whether such transactions would be characterized as voidable preferences under the insolvency regime and subsequently result in attempts to claw back funds from Bahamian customers. In any event, the Commission cannot condone the preferential treatment of any investor or client of FTX Digital or otherwise.
31. Ultimately, there is a paucity of information available to the Commission at this stage, including the financial affairs of FTX Digital. The vague representations in SBF's e-mail above does not quell the concerns on the part of the Commission and seemingly contradicts the reports in the media that FTX is in effect and substance in a liquidity crisis.

**Teleconference with Ryan Salame**

32. As stated above, Ryan Salame is the Chairman and Director of FTX Digital. On 9<sup>th</sup> November 2022, I had a call with Ryan Salame, Allyson Maynard-Gibson KC (in her capacity as local counsel on behalf of FTX Digital) and Ryne Miller, Counsel for FTX US in an attempt to gather further information.
33. The statements made by Mr. Salame has exacerbated the need for the intervention of this Honourable Court on an urgent basis.
34. Specifically, Mr. Salame advised that clients' assets which may have been held with FTX Digital were transferred to Alameda Research ("**Alameda**") to cover financial losses of Alameda. Alameda and FTX Digital are related companies, that is, SBF is the beneficial owner of both.
35. I understood Mr. Salame during the call as advising the Commission that the transfer of clients' assets in this manner was contrary to the normal corporate governance and operations of FTX Digital. Put simply, that such transfers were not allowed or consented to by their clients.
36. Mr. Salame further advised the Commission that there were only three (**3**) persons who had the necessary codes (or passwords) to transfer clients' assets to Alameda in this manner, that is, the founders of FTX namely Sam Bankman Fried, Nishad Singh and Zixiao (Gary) Wang. Given such actions may be deemed criminal, the Commission has requested by way of letter dated 9<sup>th</sup> November 2022 that the Royal Bahamas Police Force carry out on an investigation relative to same. At pages [36]-[37] of Exhibit "**CR-1**" is a true copy of the said letter.
37. As set out above at paragraphs 27 and 28 the Commission has not received a response from SBF relative to the transfer of assets to Alameda.

**Appointment of Provisional Liquidator**

38. In light of the foregoing, particularly the representations made by Mr. Salame, it is paramount that the Commission protect the welfare of investors, creditors and clients of

FTX Digital, as well as maintain the integrity and reputation of The Bahamas in the digital asset space.

39. In the circumstances, I hereby confirm that the Commission has determined that it is in the public interest of FTX Digital's investors and clients and the reputation of the Commonwealth's finance industry generally for a provisional liquidator to be appointed immediately to safeguard FTX Digital's assets until further order of this court.

40. This case satisfies the conditions for the appointment of a provisional liquidator in that:

40.1. FTX Digital is an International Business Company duly incorporated under the laws of The Bahamas with property and carrying on business in the Bahamas within the meaning of the Companies (Winding Up Amendment) Act 2011 ("**CWUA Act**"), s.185 (d). It is therefore subject to the winding up jurisdiction of this Honourable Court.

40.2. The Commission is a regulator within the meaning of that term in CWUA Act s.183. As a regulator the Commission is given authority to present a winding up petition against FTX Digital under CWUA Act, s.190(4). S.190(4) is extremely widely drafted. It provides that a winding up petition may be presented "*by a relevant regulator in respect of any company which is carrying on a regulated business ... for any other reason as provided under the regulatory laws or any other law*".

40.3. Accordingly, this Honourable Court may appoint a provisional liquidator pursuant to CWUA Act, s.199 on the application of the Commission if there is a prima facie case for making a winding up order and the appointment of a provisional liquidator is necessary (i) to prevent the dissipation or misuse of the company's assets and/or (ii) prevent mismanagement or misconduct on the part of the company's directors, or (iii) in the public interest.

41. There is a prima facie case for making a winding up order in this case. CWUA Act, s.186(c) provides that a company may be wound up by the Court if it is insolvent. CWUA Act, s.187 defines insolvent as (a) where the company is unable to pay its debts as they fall due or (b) the value of the company's liabilities exceeds its assets. The definition in s.187(a) is

expanded by s.188(c) which provides that a company shall be deemed unable to pay its debts if it is proved to the satisfaction of the court that the company is unable to pay its debts. As detailed above FTX Digital's management has not been forthcoming about its finances or the security of its investors' assets. However, the Bloomberg report referred to at paragraph 16 above indicates that FTX Digital may be insolvent by at least \$4 billion. Further the fact that FTX Digital's clients can no longer withdraw their funds despite the representation on FTX's website that "*FTX maintains 24/7 withdrawal availability*" is yet further evidence that the company is insolvent. Accordingly, there is a prima facie case for making a winding up order in this case.

42. The evidence detailed above makes out a strong case that the assets of FTX Digital including investors' assets need protection and that there may have been director misconduct and/or mismanagement. There is also a strong case for taking action in the public interest.
43. Further and/or alternatively, the Commission has certain powers under the DARE Act, where there has been a failure to comply with the DARE Act by a registrant [i.e., FTX Digital]. Specifically, the Commission may impose an administrative sanction for such failure, which such sanction in accordance with s.46 (1) (f) includes applying to this Honourable Court for an order to take such action as the Commission considers necessary to protect the interest of clients or creditors of registrant.
44. As set out above at paragraph 27, the Commission regards the lack of responsiveness on the part of FTX Digital and its officers as a breach of their statutory obligations under the DARE Act, including but not limited to the duty to provide information relevant to the operations of the business as the Commission may require, and to deal openly, honestly and co-operatively with the Commission.
45. The Commission has determined that the sanction warranted in the circumstances is for the winding-up of the Company and the appointment of a provisional liquidator to protect the interest of clients or creditors of FTX Digital. The Commission (as the regulator of FTX Digital) has jurisdiction under **s. 190 (4)** of CWUA Act in the circumstances for the reasons as aforementioned to present the winding-up petition for any other reason as provided under the laws of The Bahamas.

46. Additionally, on 10 November 2022 the Commission has suspended the license of FTX Digital under **s.19 (1)** of the DARE Act pending the completion of an investigation of the matters as set out herein. That is, the Commission is of the considered view that among other things:

- 46.1. the suspension would be in the public interest;
- 46.2. the digital asset business is being conducted in breach of the DARE Act or in breach of other laws of The Bahamas; and/or
- 46.3. that the persons operating the digital asset business and the digital token exchange, may no longer be fit and proper persons to provide these services.

47. This Honourable Court, pursuant to **s.186 (f)** of the *CWUAA* has the jurisdiction to wind up FTX Digital. That is, a company may be wound up by the court if a regulator [i.e., the Commission] petitions for the winding up of a company over which it has regulatory authority and whose license or registration has been suspended or revoked.

**Conclusion**

48. Based on the foregoing, the Commission humbly prays that this Honourable Court do grant the relief as prayed for in the Summons for Directions dated 10 November 2022, that is, an Order that *inter alia* Mr. Simms KC be appointed as the provisional liquidator of FTX Digital pending the hearing of the Petition.

49. The Commission is of the view that there are exceptional circumstances as set out above which justifies the application being made ex-parte.

SWORN TO before me this )  
10<sup>th</sup> day of November, 2022 at )  
Nassau, N.P., The Bahamas )

  
.....

Before me,

  
.....

**NOTARY PUBLIC**

COMMONWEALTH OF THE BAHAMAS  
IN THE SUPREME COURT  
COMMERCIAL DIVISION

2022  
COM/com/

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

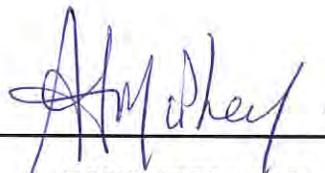
AND IN THE MATTER OF FTX DIGITAL MARKETS LTD.  
(A Registered Digital Asset Business)

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CERTIFICATE

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I hereby certify that the attached is a true copy of **Exhibit "CR-1"** referred to in the Affidavit of Christina Rolle sworn before me this **10<sup>th</sup> day of November A.D., 2022.**

  
\_\_\_\_\_  
NOTARY PUBLIC



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# Jurisdiction, regulations, licensing, and practices



FTX Crypto Derivatives Exchange  
Updated 2 months ago

## BROWSE



### Licensure and Regulation

1. FTX Trading Ltd is incorporated in Antigua and Barbuda.
2. FTX Digital Markets Ltd, a subsidiary of FTX Trading Ltd, is licensed under The Bahamas' Digital Assets and Registered Exchange Act, 2020 and regulated by the Securities Commission of the Bahamas.
3. FTX Trading Ltd owns, through its Gibraltar subsidiary Zubr Exchange Limited, a crypto derivatives exchange licensed by the Gibraltar Financial Services Commission as a distributed ledger technology provider.
4. FTX provides services to Australian customers via FTX Express Pty Ltd, an AUSTRAC-registered digital currency exchange provider, and FTX Australia Pty Ltd, an Australian Financial Services Licensee.
5. FTX Digital Markets Ltd does not currently facilitate



stocks or prediction markets. All other services and users currently are or soon will be facilitated by FTX Digital Markets Ltd.

6. FTX Europe's domain is approved through K-DNA Financial Services Ltd., a duly incorporated Investment Firm in Cyprus that is passported to the European Economic Area. FTX is a brand operated by K-DNA Financial Services Ltd. and regulated by the Cyprus Securities and Exchange Commission, with license number 273/15.
7. FTX offers tokenized stock trading in partnership with K-DNA and FTX Switzerland GmbH, utilizing a German license in concert with FTX Trading GmbH. See [here](#) for details.
8. FTX's subsidiary, FTX Switzerland GmbH, can provide financial services and limited custody services. It is registered for AML purposes with SRO Treuhand Suisse and is a member of Finanzombudsstelle Schweiz (FINOS)
9. FTX's subsidiary, DAAG Certificates GmbH, has an approved base prospectus for various tokenized financial instruments, which is valid in Switzerland and is passported across the EEA.
10. FTX's subsidiary DAAG Trading, DMCC, is a licensed proprietary trader and swap dealer in the United Arab Emirates.
11. FTX's subsidiary, FTX Exchange FZE, is licensed and prudentially supervised as a Virtual Asset Exchange and Clearing House in the United Arab Emirates by the Virtual Asset Regulatory Authority (VARA).
12. FTX's subsidiary, FTX Japan Corporation (formerly Quoine Corporation), is licensed as a cryptocurrency exchange business (Cryptocurrency Exchange Business Kanto Finance Bureau Director No. 00002), and a Type 1 Financial Instruments Business by the Japan Financial Services Agency.
13. FTX's subsidiary, Quoine Pte Ltd, has been granted an exemption from holding a licence under the Singapore Payment Services Act with respect to digital payment token services.



- 15. FTX International is not offered in the United States of America. If you are looking for a US platform, you can go to FTX US, which, along with its subsidiaries, holds Money Transmitter, Money Service Business, Derivatives Clearing Organization, Designated Contract Market, Swap Execution Facility, Broker Dealer, and other licenses in the United States.

## Various Jurisdictions

### 1. United States:

- 1. FTX does not allow residents of the United States of America to trade on its platform.
- 2. FTT is not offered in the United States of America.
- 3. FTX.US, a separate trading platform not owned by FTX, does operate in the United States, and maintains a variety of US regulatory licenses, including an MSB, MTLs, DCO, DCM, and SEF.

### 2. China:

- 1. FTX does not maintain an office in mainland China.
- 2. FTX does not offer RMB trading or access in any way.

### 3. Japan:

- 1. FTX serves all Japanese residents via FTX Japan.

### 4. Restricted Jurisdictions

- 1. FTX does not onboard or provide services to personal accounts of current residents of restricted jurisdictions or corporate accounts of entities established in restricted jurisdictions

- 2. The restricted jurisdictions may include the



Donetsk People's Republic, Iran, Afghanistan, Syria, and North Korea. FTX also does not onboard any users from Ontario, and FTX does not permit non-professional investors from Hong Kong purchasing certain products. Other jurisdictions may be added to this list.

3. Various other services on FTX, potentially including prediction markets, may have further restricted jurisdictions or be restricted to certain users, potentially including Australia, Hong Kong, Singapore, and Canada.
4. FTX does not offer derivatives products to users from Brazil.
5. FTX does not onboard or provide services to any sanctioned individuals or entities. In addition, FTX does not allow transactions with Russian banks or the Russian Ruble. For more information, see [here](#).
6. FTX offers tokenized stock trading in partnership with K-DNA and FTX Switzerland GmbH, utilizing a German license in concert with FTX Trading GmbH. See [here](#) for details.
7. FTX is owned by FTX Trading LTD, a company incorporated in Antigua and Barbuda, and headquartered in the Bahamas as FTX Digital Markets Ltd.
8. FTX's market identifier code (MIC) under ISO 10383 is XFTX.

## Trading

1. FTX offers a platform for users to match against each other.
2. FTX does not actively trade itself.
3. FTX does not use any other exchanges for trading.
4. FTX maintains [backstop funds](#) to prevent losses or clawbacks
5. In its history, FTX has *never* clawed back legitimate



## Deposits and Withdrawals

1. FTX strives to process all deposits and withdrawals promptly; FTX maintains 24/7 withdrawal availability.
2. FTX has *never* had an outage of deposit or withdrawal services.
3. Users who deposit to incorrect addresses may lose their funds, though in some cases FTX may be able to recover them for a fee. Please create a request at <https://ftx.com/support> if you do so.
4. FTX has *never* clawed back or restricted legitimate user funds due to any security issues on its behalf. FTX encourages its customers to make use of the full suite of [tools available](#) to protect their accounts, and mandates 2-factor authentication on all active accounts.



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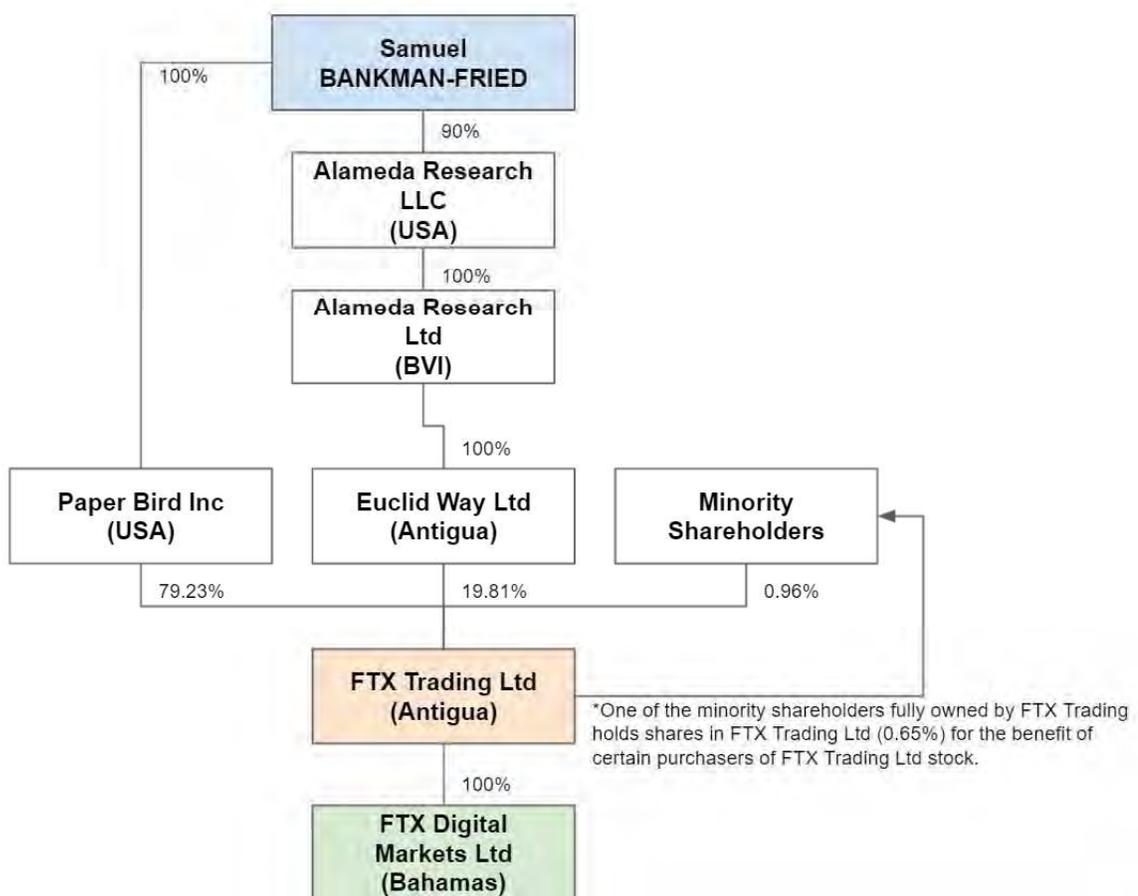
FTX Services and FTX Token (FTT) are not available in the United States or other prohibited jurisdictions



A related Bahamian entity, under common ownership, has secured a lease on office premises at Building 27, Veridian Corporate Center, Western Road, Nassau, The Bahamas. Negotiations are underway to purchase the entire land and buildings at Veridian Corporate Center, with the intention of establishing the FTX Campus.

## Corporate Structure

FDM is a wholly-owned subsidiary of FTX, a company incorporated in Antigua and Barbuda. FTX is majority-owned by Sam Bankman-Fried, who is the ultimate beneficial owner of FDM.



## Corporate Governance

FDM is governed by a board of directors (the **Board**) comprising Sam Bankman-Fried and Ryan Salame. The Board intends to expand its composition in line with the growth of the business.

The role of the Board is to ensure FDM's prosperity while meeting the appropriate interests of the company's shareholders and relevant stakeholders, including the Securities Commission of

The Bahamas (**SCB**). It oversees the performance of the executive team and sets strategic objectives and policies. It is responsible for the company's risk management and compliance frameworks, and compliance with local and international legal and regulatory requirements.

The Board will meet once a quarter and, additionally, as necessary and needed.

FDM's officers are:

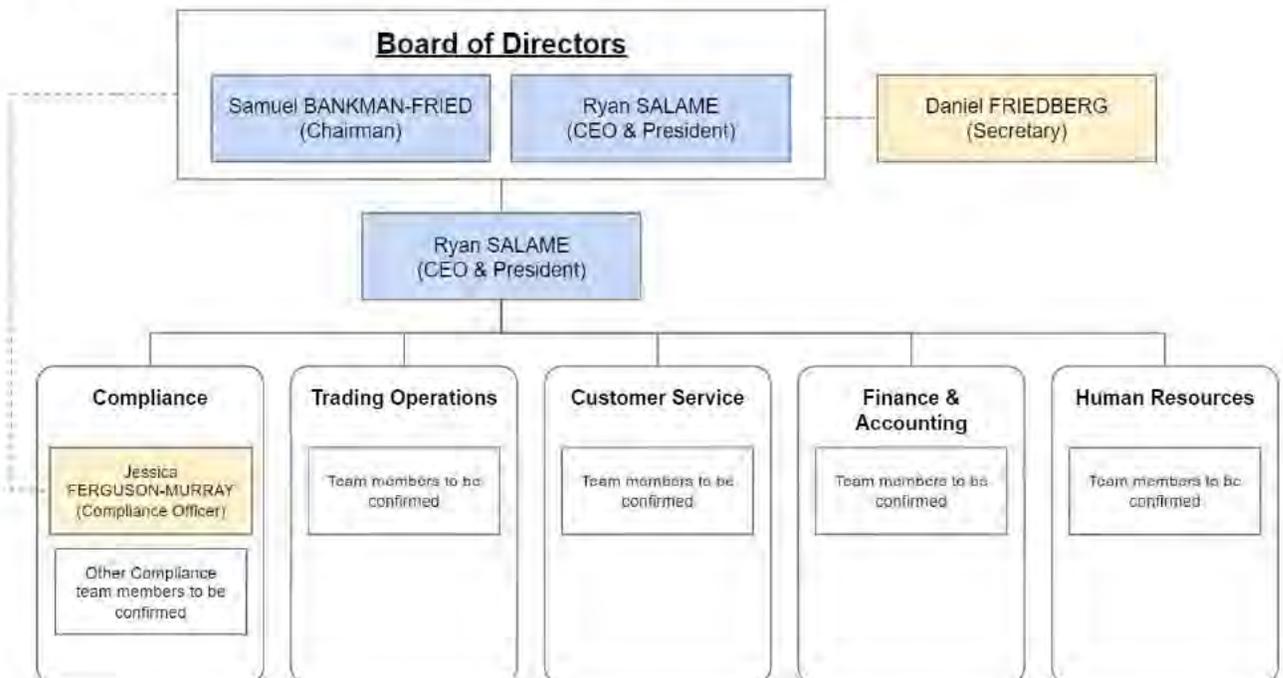
Chairman	Sam Bankman-Fried
Chief Executive Officer & President	Ryan Salame
Secretary	Daniel Friedberg

## Executive Team

As CEO & President, Ryan Salame will have overall responsibility for FDM's day-to-day affairs. The CEO is accountable to the Board of Directors. A US and St Kitts and Nevis citizen, Mr Salame, will be permanently resident in The Bahamas, subject to the issue of a work permit.

FDM's Compliance Officer is Jessica Ferguson-Murray, a Bahamian citizen. She reports to the CEO but is accountable, and has direct access, to the Board of Directors.

Both roles are subject to SCB approval.



**Crypto**  
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# FTX Warns of Bankruptcy Without Rescue for \$8 Billion Shortfall

- Bankman-Fried said his firm faced up to \$8 billion shortfall
- Binance bailed on FTX takeover, citing finances and probes

By Gillian Tan

9 November 2022 at 16:57 GMT-5 *Updated on 9 November 2022 at 22:31 GMT-5*

Sam Bankman-Fried told FTX.com investors Wednesday that without a cash injection the company would need to file for bankruptcy, according to a person with direct knowledge of the matter.

On a call before Binance pulled an about-face and bailed on its takeover offer, Bankman-Fried informed investors his crypto exchange faced a shortfall of up to \$8 billion and needed \$4 billion to remain solvent, the person said, asking not to be named discussing private talks. FTX is attempting to raise rescue financing in the form of debt, equity, or a combination of the two, the person said.

“I f--ed up,” Bankman-Fried told investors on the call, according to people with knowledge of the conversation. He said he would be “incredibly, unbelievably grateful” if investors could help.



Sam Bankman-Fried *Photographer: Ting Shen/Bloomberg*

An FTX representative declined to comment.

The acknowledgment of his firm's deepening troubles and limited options is a stunning turn for the crypto industry's onetime wunderkind, who was once worth \$26 billion and likened to John Pierpont Morgan. It also underscores the uncertainty hanging over FTX, its clients and cryptocurrency markets.

Hanging in the balance as the exchange teeters is not just the fate of its investors and lenders but anyone who has been unable to retrieve customer assets since it halted some withdrawals earlier in the week. The failure of crypto firms Celsius and Voyager saw billions in client money tied up in bankruptcy proceedings.

FTX has a prominent list of backers such as Sequoia Capital, BlackRock Inc., Tiger Global Management and SoftBank Group Corp. Sequoia wrote down the full value of its holdings in FTX.com and FTX.us, an indication that the firm sees no clear path to recouping its investment.

Still, Bankman-Fried remained defiant during a hectic period of roughly 24 hours that included mounting speculation that Binance wouldn't go through with the deal.

He repeatedly told investors during the conference call on Wednesday afternoon that it was simply not true that Changpeng Zhao was walking away from the takeover, the person said.

About an hour later, Binance said it was indeed backing out.

[Read more: Binance Backs Out of FTX Rescue, Citing Finances, Investigations](#)

“Our hope was to be able to support FTX’s customers to provide liquidity, but the issues are beyond our control or ability to help,” Binance, the crypto exchange founded by Zhao, said in a statement.

In addition to the financial strains, FTX is drawing attention from US authorities.

The Securities and Exchange Commission and the Commodity Futures Trading Commission are investigating whether the firm properly handled customer funds, as well as its relationship with other parts of Bankman-Fried’s crypto empire, including his trading house Alameda Research, Bloomberg News reported Wednesday. Officials from the Justice Department also are working with SEC attorneys, one of the people said.

Zhao said in a memo earlier on Wednesday that there was no “master plan” to take over FTX, and that “user confidence is severely shaken.”

The renewed concern about contagion risk is showing up in the plunging prices of digital assets. Bitcoin fell below \$16,000, the lowest in two years, after Binance’s announcement.

Coinbase Chief Executive Officer Brian Armstrong said Tuesday in a Bloomberg TV interview that if the deal with Binance fell through, it would likely mean FTX customers would take losses.

“That’s a not a good thing for anybody,” he said.

For crypto market prices: {CRYPT}; for top crypto news: {TOP CRYPTO}.

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– *With assistance by Yueqi Yang and Hannah Miller*

*(Updates with Sequoia Capital writing down FTX investment in the seventh paragraph.)*

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CoinDesk

# FTX Exchange Halts All Crypto Withdrawals

11

Tracy Wang

Tue, November 8, 2022 at 4:51 PM · 1 min read

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- ✉



Alex Wong

Crypto exchange FTX has halted all non-fiat customer withdrawals, an FTX support employee confirmed in the company's official Telegram group Tuesday afternoon.

"Any transfers besides fiat are halted," wrote the FTX Support employee. The halt highlights the deteriorating condition of the exchange, which was previously still processing withdrawals, albeit at a slower pace.

Many FTX customers in Telegram posted that they had been waiting hours to withdraw their funds.

"It's been a full 11 hours since I've requested my withdrawal," one user wrote.

Just hours earlier, FTX co-founder Sam Bankman-Fried tweeted that FTX had reached a non-binding agreement to be acquired by crypto exchange rival, Binance. Bankman-Fried tweeted that "all assets will be covered 1:1."

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Things have come full circle, and FTX.com's first, and last, investors are the same: we have come to an agreement on a strategic transaction with Binance for FTX.com (pending DD etc.).



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2) Our teams are working on clearing out the withdrawal backlog as is. This will clear out liquidity crunches; all assets will be covered 1:1. This is one of the main reasons we've asked Binance to come in. It may take a bit to settle etc. -- we apologize for that.

11:03 AM · Nov 8, 2022

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It appears customers can still withdraw their assets to fiat, although opting for the fiat option could see the funds take up to five business days for settlement.

Reuters reported FTX saw withdrawals totaling \$6 billion in the past several days, citing an internal message to company employees sent by Bankman-Fried.

An FTX employee in the Telegram Support chat told panicked customers: "no eta for now, sorry."

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**FTX Blowup Puts Trove of Prized Bored Apes at Risk of Liquidation**

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**Top FTX Lawyer Orders Documents Preserved as Investigations Ramp Up**

FTX US General Counsel Ryne Miller called the turn of events "disappointing."

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**Trading in crypto derivatives surges as investors hedge positions after FTX shock**

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**FTX US Warns of Trading Halt Hours After Bankman-Fried Says It's '100% Liquid'**

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**Crypto market facing chaos amid the collapse of FTX**

Yahoo Finance's David Hollerith explains what happened to crypto exchange FTX, the fallout across the crypto industry, and what it means for investors.



That's when my friend told me to place a crayon in my wallet when traveling. The...



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**How Binance, FTX Deal Rocked the Crypto World and Then Collapsed**

(Bloomberg) -- It's been a tumultuous few days in the largely unregulated cryptocurrency world, with mudslinging on Twitter, a shock exchange takeover bid — which then collapsed — and plunging token values. Most Read from BloombergSam...

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**Tron's Justin Sun 'Putting Together Solution' for Troubled Crypto Exchange FTX**

Justin Sun, the founder of the Tron cryptocurrency network and Grenada's ambassador to the World Trade Organization, tweeted late Wednesday that he and his team were "putting together a solution" with beleaguered cryptocurrency...

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**FTX Website Experiences Temporary Outage, Warns Users Not to Make Deposits**

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**Binance buys FTX: Updates on what it means for the crypto industry**

The following is a running compilation of views and comments on Binance's takeover of the FTX exchange amid speculation of solvency problems at FTX.



exchange, turned to a rescue from its...  
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**FTX Balances Tumbled 87% in 5 Days in Epic Crypto Deposit Run, Data Shows**

A glance at data from Arkham Intelligence shows the behind-the-scenes operational reality that drove billionaire Sam Bankman-Fried's beleaguered FTX exchange to order a withdrawal halt this week.

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Fortune

**Sam Bankman-Fried quietly deletes his claim that FTX customer funds are safe**

The future of client assets locked on crypto exchange FTX remains uncertain, with a Binance deal that can bail out the company depending on a closer look at the books.

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MARKETSCURRENCIESCRYPTOCURRENCY

# Binance Walks Away From Deal to Rescue FTX

Crypto exchange's decision leaves FTX with uncertain future as it faces multibillion-dollar shortfall

By *Patricia Kowsmann* [Follow](#), *Caitlin Ostroff* [Follow](#) and *Berber Jin* [Follow](#)

Updated Nov. 9, 2022 9:33 pm ET

Crypto exchange Binance reversed course on a rescue offer for FTX Wednesday, leaving the prominent digital firm with an uncertain future as it faces a shortfall of up to \$8 billion, according to people familiar with the matter.

Binance chose not to go ahead with the nonbinding offer following a review of the company's finances, the exchange said. "In the beginning, our hope was to be able to support FTX's customers to provide liquidity, but the issues are beyond our control or ability to help," Binance said in a statement.

In a call Wednesday with investors in FTX, founder and Chief Executive Sam Bankman-Fried said he needs emergency funding because of customer withdrawal requests received in recent days, the people familiar with the matter said. Those requests sparked a debilitating liquidity squeeze.

FTX told investors that it was hoping to raise up to \$4 billion in equity to fill the shortfall, people familiar said.

The implosion of the Binance rescue deal weighed on financial markets already rattled by uncertainty around the outcome of U.S. midterm elections. The Nasdaq dove around 2.5% Wednesday while the Dow Jones Industrial Average and S&P 500 both fell around 2%.

Bitcoin, the biggest and best-known cryptocurrency, fell around 16%, bringing its value below \$16,000 for the first time since November 2020. It is now down around 75% from an all-time high reached in November 2021.

Also on Wednesday, Securities and Exchange Commission Chairman Gary Gensler issued a stern warning to crypto platforms, after more than a year of encouraging them publicly to register with his agency. He also likened the broader crypto market to a stack of Jenga blocks that gets weaker with each failure.

Once seen as a shining survivor in a struggling industry, FTX's fall has sent shock waves through the cryptocurrency industry. Just months ago, Mr. Bankman-Fried committed nearly a billion dollars to bail out struggling cryptocurrency lenders and was an active lobbyist considered widely to be the face of crypto in Washington.

Binance's retreat now leaves FTX's fate unclear; the cause and full extent of FTX's financial problems are unknown. FTX declined to comment.

In an internal FTX slack channel, Mr. Bankman-Fried on Wednesday wrote, "We obviously just saw Binance's statement; they relayed that to the media first, not to us, and had not previously informed us or expressed those reservations," according to a copy of the message reviewed by The Wall Street Journal.

Mr. Bankman-Fried wrote that he was working on next steps and doing what he can to protect customers, employees and investors. "I'm deeply sorry that we got into this place, and for my role in it. That's on me, and me alone, and it sucks, and I'm sorry, not that that makes it any better."



FTX founder and Chief Executive Sam Bankman-Fried told investors on Wednesday that the exchange needs emergency funding due to customers' recent withdrawal requests.

PHOTO: JEENAH MOON/BLOOMBERG NEWS

Besides the firm and Mr. Bankman-Fried, well-known institutions that invested in the exchange are on the hook for potentially big losses. Among investors in a \$900 million fundraising last year were SoftBank Group Corp., Sequoia Capital, hedge fund Third Point and tech-oriented private-equity firm Thoma Bravo.

In a letter to its investors late Wednesday, Sequoia said it is writing off the \$150 million that one of its funds invested in FTX because of "solvency risk" for the crypto company. "The full nature and extent of this risk is not known at this time," the letter said. "Based on our current understanding, we are marking out investment down to \$0."

Individual traders could also lose funds. FTX has halted withdrawals of both crypto and fiat currencies from the exchange, according to a pinned post in its official Telegram channel.

Michael Turský, a European crypto trader, said he hasn't been able to withdraw his nearly \$11,000 from FTX since midday Wednesday. Those funds represented around 70% of his liquid net worth, he said.

He said he tried to withdraw his cash multiple times, to no avail. “Knowing FTX’s brand and name, I would have never thought it would go under in a few days,” Mr. Turský said. “Even if it did, I would have never expected them to stop all withdrawals”

Losses related to FTX spread beyond the firm itself. Stock investors dumped shares of publicly traded companies that are tied to cryptocurrencies with holdings of them or that derive fees from trading them.

Shares in Coinbase Global Inc. fell almost 10% despite assurances from its chief executive on Twitter that the company has sufficient assets for customer withdrawals and doesn’t have any material exposure to FTX. Coinbase closed at its lowest level since going public last year when it fetched an \$85 billion valuation. Its market value Wednesday was around \$10 billion.

Shares of Silvergate Capital Corp., the closest U.S. bank to the crypto world, dropped 12% and have shed some 75% of their value this year. Shares of MicroStrategy Inc., which pivoted from business software into largely a buy-and-hold vehicle for bitcoin, fell nearly 20%.

Brokerage app Robinhood Markets Inc., which offers trading in more than just crypto, was burned by fears that one of its biggest shareholders, Mr. Bankman-Fried, would have to dump his shares. Robinhood shares dropped nearly 14% on Wednesday, bringing losses for the week to more than 30%.

The cause of the FTX liquidity squeeze still isn’t known, but some investors and crypto holders are asking if links between the exchange and a related company, Hong Kong crypto-trading firm Alameda Research, could have contributed to the crisis. Alameda is majority owned by Mr., Bankman-Fried, and he founded both FTX and Alameda.

Questions about the depth and extent of FTX and Alameda’s financial relationship grew last week after CoinDesk published a report that indicated much of Alameda’s balance sheet was made up of FTT, a cryptocurrency created by FTX.



Changpeng Zhao, CEO of the crypto exchange Binance, which decided it wouldn’t go forward with an offer for FTX after a review of its finances.

PHOTO: ZED JAMESON/BLOOMBERG NEWS

Cryptocurrency exchanges, like their counterparts in the world of traditional, regulated finance, rely on a mix of partners to provide digital assets for trading, like bitcoin or ether. So-called market makers help traders buy and sell. They get paid by collecting a small difference between the bid and offer price.

Having ties between an exchange and market maker raised governance issues and the potential for conflicts of interest. In theory, such ties could allow a market maker to potentially trade on privileged information or use the exchange to inflate or deflate prices of a given security.

“These related-party relationships are all red flags that any regulator would recognize,” said Larry Harris, a finance professor at the University of Southern California’s Marshall School of Business and a former Securities and Exchange Commission chief economist.

In traditional financial markets for equities and futures, exchanges are required to be neutral platforms. Regulators discourage them from being intertwined with trading firms. In the unregulated world of crypto, though, there aren’t any such constraints.

There were other links between FTX and Alameda, which besides being a market maker traded for its own purposes. The firm used FTX’s FTT tokens as collateral for loans it took out from other crypto lenders, according to people familiar with the matter.

FTT went into free fall in the days after the CoinDesk report and has lost around 90% of its value.

Mr. Bankman-Fried previously rebutted the idea Alameda was intertwined with FTX, saying to the Journal in February that none of FTX’s market makers have access to any nonpublic market data. And while Alameda trades on FTX, he said, “their volume is a very small fraction of overall exchange volume, and their account’s access is the same as others.”

—Juliet Chung, Alexander Osipovich, Eric Wallerstein, Paul Kiernan, Eliot Brown, Gunjan Banerji and Elaine Yu contributed to this article.

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## FTX on brink of collapse after Binance abandons rescue

Sam Bankman-Fried's crypto exchange dashes to fill \$8bn hole as Sequoia writes down equity on 'solvency risk'



Sam Bankman-Fried has appealed to investors for support to prop up FTX as customers fearful of its financial health demanded their money back © Bloomberg

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FTX is on the brink of collapse as chief Sam Bankman-Fried races to secure billions of dollars to salvage his empire after Binance ditched an eleventh-hour rescue of one of the world's biggest crypto exchanges.

Venture capital firm Sequoia Capital said it would mark down its \$214mn investment in FTX to zero after a run on the exchange in recent days blew a massive hole in its balance sheet and cast serious doubts over its survival.

"In recent days, a liquidity crunch has created solvency risk for [FTX](#)," Sequoia said in a note on Wednesday to investors in its fund.

The abrupt change in fortune for FTX and its sister trading firm Alameda Research marks a spectacular fall for [Bankman-Fried](#), a 30-year-old trader and entrepreneur who is one of the industry's most prominent figures. Bankman-Fried was one of the world's richest people just months ago, but large swaths of his \$24bn fortune will evaporate if FTX and

A collapse would also deal a blow to FTX's blue-chip backers, which include BlackRock, Canada's Ontario Teachers' Pension Plan, SoftBank and hedge fund billionaires Paul Tudor Jones and Izzy Englander.

In recent days, Bankman-Fried has appealed to investors for support to prop up the exchange as customers fearful of its financial health demanded their money back. FTX needs \$8bn to steady the ship, according to people with knowledge of the matter.

Bankman-Fried also turned to rival [crypto exchanges](#) including OKX and Binance for a bailout, which led to a shortlived plan by Binance chief executive Changpeng Zhao to buy FTX and backstop customers' funds.

Zhao walked away from the table after less than 48 hours of due diligence, having concluded the scale of the financial problems and potential wrongdoing at FTX made the deal impossible.

"As a result of corporate due diligence, as well as the latest news reports regarding mishandled customer funds and alleged US agency investigations, we have decided that we will not pursue the potential acquisition of FTX.com," [Binance](#) said.

The US Securities and Exchange Commission has expanded an investigation into FTX, which includes examining the platform's cryptocurrency lending products and the management of customer funds, according to a person familiar with the matter.

Wall Street's regulator launched the probe months ago but sought additional information after Binance's acquisition plans were announced on Tuesday, the person added. The agency is also examining FTX's relationship with a US entity, FTX US.

[Bitcoin](#), the largest cryptocurrency and a barometer of confidence in the sector, tumbled as low as \$15,700 before steadying at \$16,600, down 10 per cent from Wednesday morning. Investors and traders fear the collapse of FTX and Alameda will trigger another wave of market panic and losses for those exposed to the firms via lending and trading relationships.

"Given the size and interlinkages of both FTX and Alameda Research with other entities of the crypto ecosystem . . . it looks likely that a new cascade of margin calls, deleveraging and crypto company [and] platform failures is starting similar to what we saw last May [and] June following the collapse of Terra," JPMorgan analysts wrote.

Analysts at Moody's said the spillover from turmoil in the crypto sector to the traditional financial world was likely to be limited.

Fadi Massih, vice-president at Moody's Investors Service said: "The lack of regulatory oversight and the sector's overall opacity facilitate risky financial strategies, exposing firms to an environment in which rumours of illiquidity can become self-fulfilling prophecies."

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As a result of corporate due diligence, as well as the latest news reports regarding mishandled customer funds and alleged US agency investigations, we have decided that we will not pursue the potential acquisition of [FTX.com](#).

4:00 PM · Nov 9, 2022 · Twitter Web App



**Binance** @binance · Nov 9

Replying to @binance

In the beginning, our hope was to be able to support FTX's customers to provide liquidity, but the issues are beyond our control or ability to help.

303   1,236   8,573

**Binance** @binance · Nov 9

Every time a major player in an industry fails, retail consumers will suffer. We have seen over the past several years that the crypto ecosystem is becoming more resilient and we believe in time that outliers that misuse user funds will be weeded out by the free market.

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**Binance** @binance · Nov 9

As regulatory frameworks are developed and as the industry continues to evolve toward greater decentralization, the ecosystem will grow stronger.

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**Subject:** RE: FTX Liquidity / Sale Rumours

Good morning Sam,

Further to my note below, please see some initial queries from the Securities Commission of The Bahamas with respect to ongoing issues. Please advise as follows:

1. Number of clients registered on the FDM platform, total value of assets held for all FDM clients and whether those assets are held in a segregated account;
2. Total value of client withdrawals from FDM platform over the past week. Have there been any withdrawal requests that were unsatisfied or that remain outstanding?
3. The extent to which FDM clients' assets may have been invested, loaned, used as collateral or otherwise hypothecated or encumbered on behalf of FDM, Alameda, other related parties and/or third parties;

Please also provide an explanation with respect to the following:

1. Which FTX Group entity is party to the non-binding LOI with Binance? What are the terms of the LOI and what is the potential impact for clients of FDM;
2. Details of the connection between FDM and Alameda. Were there any services provided by Alameda to FDM or vice versa? Were there any related party or counterparty transactions between the entities.

Please also provide a sample of FDM's client agreement (including general terms and conditions).

Your urgent attention and response by end of day is needed. If you wish to discuss, please feel free to reach out to us.

With kind regards,

---

**From:** Christina Rolle  
**Sent:** 08 November 2022 3:11 PM  
**To:** [sam@ftx.com](mailto:sam@ftx.com); [jmurray@ftxdigitalmarkets.com](mailto:jmurray@ftxdigitalmarkets.com)  
**Cc:** Ashley Poitier <[apoitier@scb.gov.bs](mailto:apoitier@scb.gov.bs)>; Renaldo Harding <[rharding@scb.gov.bs](mailto:rharding@scb.gov.bs)>  
**Subject:** RE: FTX Liquidity / Sale Rumours

Thank you for your note, Sam

We are keen to understand the issues as they specifically relate to the regulated entity including potential impact for clients. Please get in touch soonest.

Due to the Tropical Storm alert, we will be working from home until the all clear is given but I will be reachable by email and by phone [REDACTED].

Take care and kind regards,

Sent from my Galaxy

----- Original message -----

From: Sam Bankman-Fried <[sam@ftx.com](mailto:sam@ftx.com)>

Date: 11/8/22 2:48 PM (GMT-05:00)

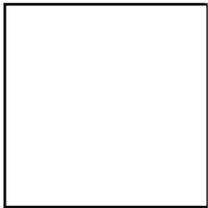
To: Christina Rolle <[crolle@scb.gov.bs](mailto:crolle@scb.gov.bs)>, [jmurray@ftxdigitalmarkets.com](mailto:jmurray@ftxdigitalmarkets.com)

Cc: Ashley Poitier <[apoitier@scb.gov.bs](mailto:apoitier@scb.gov.bs)>, Renaldo Harding <[rharding@scb.gov.bs](mailto:rharding@scb.gov.bs)>

Subject: Re: FTX Liquidity / Sale Rumours

Hey! I'm pretty pressed for time but will make sure that we talk to you ASAP; I'll briefly say that, as of now, no sale has happened or been finalized although there are active talks. We'll keep you updated about those.

—  
Sam Bankman-Fried



On November 8, 2022 at 8:43 PM GMT+3 [crolle@scb.gov.bs](mailto:crolle@scb.gov.bs) wrote:

Thanks for the acknowledgement, Jessica.

I will be tied up from 13:00 to 15:00... it would be good if that call can take place today.

With kind regards,

**From:** Jessica Murray [<mailto:jmurray@ftxdigitalmarkets.com>]

**Sent:** 08 November 2022 12:08 PM

**To:** Christina Rolle <[crolle@scb.gov.bs](mailto:crolle@scb.gov.bs)>; [sam@ftx.com](mailto:sam@ftx.com)

**Cc:** Ashley Poitier <[apoitier@scb.gov.bs](mailto:apoitier@scb.gov.bs)>; Renaldo Harding <[rharding@scb.gov.bs](mailto:rharding@scb.gov.bs)>

**Subject:** Re: FTX Liquidity / Sale Rumours

Hello Ms. Rolle,

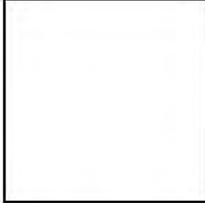
Your email is well received. Let me confirm a day and time and revert.

Kind Regards,

Jessica

—

Jessica Murray



On November 8, 2022 at 11:37 AM EST [crolle@scb.gov.bs](mailto:crolle@scb.gov.bs) wrote:

Good morning Sam / Jessica,

Please advise your availability to meet with the Securities Commission of The Bahamas to discuss recent press regarding liquidity issues as well as the potential acquisition of FTX by Binance.

We would appreciate to meet as soon as today, if possible. Let us know and we will set up a Zoom/Teams link for a call.

With kind regards,



**Christina Rolle** . Executive Director

e-mail: [crolle@scb.gov.bs](mailto:crolle@scb.gov.bs)

telephone: (242) 397-4100

fax: (242) 356-7530

Web: [www.scb.gov.bs](http://www.scb.gov.bs)

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The Bahamas



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**From:** Sam Bankman-Fried [<mailto:sam@ftx.com>]

**Sent:** 09 November 2022 9:27 PM

**To:** RYAN PINDER <[ryanpinder@bahamas.gov.bs](mailto:ryanpinder@bahamas.gov.bs)>

**Cc:** Joe Bankman <[jobankman@gmail.com](mailto:jobankman@gmail.com)>; Can Sun <[can@ftx.com](mailto:can@ftx.com)>; [rsalame@ftx.com](mailto:rsalame@ftx.com); [constance@ftx.com](mailto:constance@ftx.com); Christina Rolle <[crolle@scb.gov.bs](mailto:crolle@scb.gov.bs)>; [allyson@clementmaynard.com](mailto:allyson@clementmaynard.com)

**Subject:** Re: FTX / Binance

Hi all,

I'm really sorry about the delayed responses here -- it's been a hectic week but that's on me. Myself, and Joe (cc'ed), will be responsive going forward.

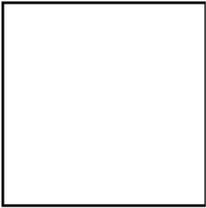
And I'm also deeply sorry for ending up in this position in the first place.

I'll give the answers I can give right now and try to get to the others ASAP.

- 1) Right now we are focused on one thing: making customers whole. We are focusing exclusively on doing that this week. We are ceasing all nonessential operations beyond that. I am doing everything I can to try to do right by our customers.
- 2) I have not briefed the securities commission. I would be more than happy to have a phone call with you, the PM, and the SCB in the next few days to give a thorough overview of the situation.
- 3) I am cautiously optimistic that we will be able to survive the turmoil and have enough liquidity for all customer withdrawals, and that is my sole focus this week. I will keep you guys updated.
- 4) We are investigating a more thorough answer to this question; we did not intend to, but are concerned that poor risk management lead to a liquidity issue.
- 5) As you saw, Binance did not end up following through on their transaction. However, we are in the middle of a separate process to make users whole; we will know within a week if that comes through. So far, we have strong indications of interest that would be more than enough to cover all liquidity needs; we are working on confirming those. I am cautiously optimistic that we will be able to.
- 6) We are deeply grateful for what The Bahamas has done for us, and deeply committed to it. We are also deeply sorry about this mess.

As part of this: we have segregated funds for all Bahamian customers on FTX. And **we would be more than happy to open up withdrawals for all Bahamian customers on FTX, so that they can, tomorrow, fully withdraw all of their assets, making them fully whole.** It's your call whether you want us to do this--but we are more than happy to and would consider it the very least of our duty to the country, and could open it up immediately if you reply saying you want us to. If we don't hear back from you, we are going to go ahead and do it tomorrow.

—  
Sam Bankman-Fried



On November 9, 2022 at 6:00 PM EST [ryanpinder@bahamas.gov.bs](mailto:ryanpinder@bahamas.gov.bs) wrote:

Thank you Sam. Joe, Constance, Ryan - please provide me with a brief and answers to the questions below so I can provide the Prime Minister an update

Ryan

**L. Ryan Pinder, K.C.**  
**Senator, Attorney General of The Commonwealth of The Bahamas**  
**Office of the Attorney-General and Ministry of Legal Affairs**  
Paul L. Adderley Building  
No. 18 John F. Kennedy Drive  
P. O. Box N-3007  
Nassau, N.P., The Bahamas

-----"Sam Bankman-Fried" <[sam@ftx.com](mailto:sam@ftx.com)> wrote: -----

To: "RYAN PINDER" <[ryanpinder@bahamas.gov.bs](mailto:ryanpinder@bahamas.gov.bs)>  
From: "Sam Bankman-Fried" <[sam@ftx.com](mailto:sam@ftx.com)>  
Date: 11/09/2022 04:16PM  
Cc: "Can Sun" <[can@ftx.com](mailto:can@ftx.com)>, "[rsalame@ftx.com](mailto:rsalame@ftx.com)" <[rsalame@ftx.com](mailto:rsalame@ftx.com)>, "[constance@ftx.com](mailto:constance@ftx.com)" <[constance@ftx.com](mailto:constance@ftx.com)>, "Joe Bankman" <[joebankman@gmail.com](mailto:joebankman@gmail.com)>  
Subject: Re: FTX / Binance

Hey!

Sorry giving updates as I can. Things moving quickly.

I can't give as confident answers as I'd like to all of those. My currently only priority is doing right by customers, and doing whatever I can for that; right now that means prioritizing, above everything else, getting funding to fill the liquidity gap so that all customers can be made liquid.

cc'ing Joe/Constance/Ryan who can give more details.

—  
Sam Bankman-Fried



On November 9, 2022 at 8:03 AM EST [ryanpinder@bahamas.gov.bs](mailto:ryanpinder@bahamas.gov.bs) wrote:

Thank you Dan and Can,

As I understand the structure, [FTX.com](https://ftx.com) (the entity subject of the LOI with Binance) is the trading platform and exchange operations and in a corporate structure separate from FTX Digital Markets, the Bahamian licensed entity. FTX DM however is in a corporate structure with Alameda Research who is an upstream shareholder of FTX DM. We are mindful of the balance sheet exposure that is reported for Alameda to FTT whose value has collapsed in the open market. As such, The Government of The Bahamas would like to ask some questions, and get an update on the current situation. I will be briefing the Prime Minister later today. Can you please assist with a briefing update as well as addressing the following questions:

- 1) Has a decision been made on the operations of FTX DM in The Bahamas? If so, what are they?
- 2) Has the Securities Commission been briefed on the matters affecting FTX and the reciprocal effects on FTX DM, the regulated entity? If so, please forward that brief.
- 3) What is the financial situation of Alameda and do you anticipate it to survive the current market turmoil?
- 4) At any time, and especially in the recent months and currently, has any company in the corporate structure of FTX DM, inclusive of Alameda, leveraged or exposed client assets in any way and for any purpose?
- 5) What are the timeframes to complete the Binance transaction, assuming it goes through, and how would that affect Alameda, FTX DM and the US operations of FTX?
- 6) What is the ongoing commitment to The Bahamas?

Thank you,

Ryan

**L. Ryan Pinder, K.C.**

**Senator, Attorney General of The Commonwealth of The Bahamas  
Office of the Attorney-General and Ministry of Legal Affairs**

Paul L. Adderley Building  
No. 18 John F. Kennedy Drive  
P. O. Box N-3007  
Nassau, N.P., The Bahamas

-----"Daniel Friedberg" <[dan@ftx.com](mailto:dan@ftx.com)> wrote: -----

To: "Can Sun" <[can@ftx.com](mailto:can@ftx.com)>, "RYAN PINDER"

<[RYANPINDER@bahamas.gov.bs](mailto:RYANPINDER@bahamas.gov.bs)>

From: "Daniel Friedberg" <[dan@ftx.com](mailto:dan@ftx.com)>

Date: 11/08/2022 04:58PM

Cc: [sam@ftx.com](mailto:sam@ftx.com)

Subject: Re: FTX / Binance

Hi Ryan - sorry for the delay. Can is on island and will coordinate.

On Tue, Nov 8, 2022 at 11:29 AM RYAN PINDER

<[RYANPINDER@bahamas.gov.bs](mailto:RYANPINDER@bahamas.gov.bs)> wrote:

Good morning, I know it must be a hectic time. Is there more information you can share with us regarding the purported LOI between FTX and Binance?

Ryan

**L. Ryan Pinder, K.C.**

**Senator, Attorney General of The Commonwealth of The Bahamas**

**Office of the Attorney-General and Ministry of Legal Affairs**

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■

**URGENT**VIA EMAIL: [CLAYTON.FERNANDER@OUTLOOK.COM](mailto:CLAYTON.FERNANDER@OUTLOOK.COM)9<sup>th</sup> November 2022

Clayton Fernander  
Commissioner of Police  
**Royal Bahamas Police Force**  
East Street,  
Nassau, Bahamas

Dear Commissioner Fernander,

**RE: Request for Police Investigation - FTX Digital Markets Ltd**

The Securities Commission of The Bahamas ("**the Commission**") hereby writes to request that the Royal Bahamas Police Force ("**RBPF**") Financial Crimes Investigation Branch conducts an investigation relative to FTX Digital Markets Ltd ("**FTX Digital**").

FTX Digital is a company duly incorporated under the laws of The Bahamas and is registered as a digital asset business under the *Digital Assets and Registered Exchanges Act, 2020* ("**the DARE Act**"). The Commission is the regulator of FTX Digital.

The RBPF may be aware of the reports in both the international and local media, which directly relates to and impacts FTX Digital, including the possible mishandling of clients' assets.

Regrettably, the Commission was informed today by Mr. Ryan Salame ("**Mr. Salame**") who is the Chairman of FTX Digital that clients' assets which may have been held with FTX Digital were transferred to Alameda Research ("**Alameda**"). Alameda and FTX Digital are related companies, specifically, Mr. Samuel Bankman-Fried is a founder of both FTX Digital and Alameda.

The Commission understood Mr. Salame as advising that the transfer of clients' assets in this manner was contrary to the normal corporate governance and operations of FTX Digital. Put simply, that such transfers were not allowed and therefore may constitute misappropriation, theft, fraud or some other crime.

Mr. Salame further advised the Commission that there were only three (**3**) persons who had the necessary codes (or passwords) to transfer clients' assets to Alameda in this manner, that is, the founders of FTX Digital who are: (i) Mr. Samuel Bankman-Fried; (ii) Mr. Nishad Singh and (iii) Mr. Zixiao (Gary) Wang.

Given this possible unlawful activity and the ramifications associated with same, we wish for the RBPF to investigate this matter on an urgent basis

Clayton Fernander  
Commission of Police  
Re: Request for Police Investigation – FTX Digital Markets  
9 November 2022

Based on the Commission's knowledge, Mr. Bankman-Fried, Mr. Nishad Singh and Mr. Zixiao (Gary) Wang are presently on the Island of New Providence and all normally reside at Albany. Mr. Salame is not in the jurisdiction and is reportedly in Washington, DC at present.

Please do not hesitate to contact me if you require further information from the Commission at this stage.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Christina Rolle', with a long horizontal flourish extending to the right.

Christina Rolle  
**Executive Director**

**COMMONWEALTH OF THE BAHAMAS**

**IN THE SUPREME COURT**

**Commercial Division**

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

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

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

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**AFFIDAVIT OF CHRISTINA R. ROLLE**

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2022  
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**Securities Commission of The Bahamas**  
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*Attorneys for the Petitioner/Applicant*